Small Business & Entrepreneurship Seminar Series

July 24, 2013
Session 4
Agenda

1. State and Federal Regulatory Environment
2. Employment Laws and Regulations
3. Local Licensing and Permitting
Neither the faculty/staff nor students of the Community Law and Business Clinic, nor the Wake Forest University School of Law, represent you in any capacity legal or otherwise. We are not your attorneys.

Information in this presentation is not to be construed as legal advice, and does not take the place of a competent attorney.

If you have legal issues, please retain and consult a licensed attorney.
S is starting her jam business from scratch. What are the legal and regulatory steps she must comply with?

- Employment regulations
  - Workers’ Compensation Insurance
  - DOL regulations
- Food regulations
  - State and federal
- Business licensing
- Tax compliance
  - State and federal
- Governance regulations

Where should she begin?!
What is a regulation?

- Different from a law
- Promulgated by an agency in charge of that area of law
- Usually very specific
- Example of regulatory agencies
- Etc.
What regulations apply to startups?

- Depends heavily on the type of business
- Regulations include:
What is a license?

- Usually a local requirement
- For example in W-S:
  - Business privilege license
BREAK – 10 minutes
Types of Financial Statements

- Balance sheet
  - One-time snapshot of assets and liabilities
  - Assets = liabilities + shareholders’ equity

- Statement of cash flows
  - Cash generating activities through operations, financing and investment
  - Measures ability of company to generate cash from normal operations

- Income statement/statement of activities (NP)
  - Measure of profitability during given period
  - How revenue transforms into net income

- Statement of retained earnings
  - Amount retained by company rather than given as dividends
So what regulations and licensing requirements would S have to comply with?
BREAK
Cash Management in Startups

- Valuation
  - Not linear
  - Requires concrete stages of growth/milestones
  - Investment amounts/terms/rounds based on valuations

- Burn rate
  - How much cash a startup goes through in a given period of time
  - Trim expenses where possible, but not to the detriment of long-term growth/health

- Business can be profitable and still run out of cash!

- Cash is king in the startup world
Cash Management, cont.

![Diagram](image-url)
Employment Laws and Regulations

- Employment laws are often complex and an attorney is recommended
- Areas:
  - Wage and hour laws
  - Disabilities
  - Workers’ compensation insurance
  - Taxes and tax withholding
  - Whistleblower rules
  - Sexual harassment policy
  - Etc.
Employment at S’s Strawberry Jam, Inc.

- S wants to hire 4 employees to increase jam production. What must she do?
Licensing, Regulation and Employment Takeaways

- Know:
  - How much to pay workers
  - How to handle benefits
  - When and how to get workers’ comp
  - What licenses you need
  - When you need to call your attorney

- Etc.