



Innovate United LLC Structure Protocols

Name of the Umbrella LLC

- Innovate United LLC

Different Company names as part of Umbrella LLC:

- Each sponsored company can have its own name which will be inter-dependent and semi-autonomous from the Umbrella LLC as a stand alone name.
 - For example: “Example Company”
 - The sponsored company can use this name for all activities, both legal and normal.
- The official “long type” legal name of a sponsored company would be:
 - “Innovate United LLC DBA Example Company” or “Example Company DBA of Innovate United LLC”
 - This only need be used for the highest level legal documentation, and simply ensures that it is clear that “Example Company” is semi-autonomous from just Innovate United LLC. If a contract is signed just in the Innovate United LLC name, it can technically bypass the sponsored company, and if the company signs the contract just in its own name, neither the sponsored company more Innovate United would have direct legal ownership, as it is still a Fictitious Business Name of Innovate United LLC.
- By signing with the full sponsored company “long type” name, which uses the entire legal name, the sponsored company has the most full, complete, and equity control in that decision and / or asset.

FBNs & Bank Accounts

- Each sponsored company will gets its own FBN and be able to open its own bank account using the same EIN/ Tax ID number of the Umbrella LLC. The owners and officers of the sponsored company will have control over their own bank account and assets. If at anytime the sponsored company decided to spin-off into its own company, it has direct control over its existing sponsored company assets and can transfer them at anytime.

Structure:

- Umbrella LLC
 - Umbrella Members/Owners & Community Partners
 - Umbrella Managing Board
 - Umbrella Managers/Officers Executive Committee
 - Primary Umbrella Manager / CEO
 - Sponsored Companies Leadership Council
 - Sponsored Company Members/Owners

- Sponsored Company Leadership Committees
 - Sponsored Company Managers/Officers

Membership

- Membership in the LLC is open to both individuals and companies. In addition to the primary membership of the umbrella LLC all owners of sponsored companies will be direct members of the umbrella LLC.
- Sponsored company owners are members and beneficiaries of the Umbrella LLC regardless of whether they sign on as a manager for legal filings. Because we are an LLC, members have liability risk protection and do not take on direct liability risks, but do have benefits in the case of profit distribution for both the sponsored companies they own, and to a lesser extent the overall Umbrella LLC membership equity.

Community Partners

- Any active worker or individual involved within any sponsored project that is part of Innovate United is automatically a Community Partner and although they do not have direct membership as an owner, they still have recognition within the Umbrella LLC. We do our best to track all people's time, support, and engagement in sponsored companies.

Managing Board

- The umbrella LLC primary Membership appoints the Managing Board, which appoints all acting Managers of the umbrella LLC.
- The Innovated United LLC Managing Board will consist of at least one Member and no more than 12. A minimum of 1, and up to 9 Board Members can be appointed by the Primary Membership of the Umbrella Partnership.
- If the Community Partners wants to appoint Board Members, they can appoint up to 3, but are not required to. All Community Partners who want to become Board Members must also become an official Member / owner of the umbrella LLC.

Managers

- The Primary Umbrella Manager / CEO will be appointed by the umbrella LLC Managing Board, and has the power of the full Managing Board except when problems or confusion occurs, in which case issues can also be brought to the full umbrella Membership.
- All legal decisions made by sponsored project members, owners, or managers/officers, must be approved by the Innovate United Primary Umbrella Manager / CEO, and if there are issues, problems, or confusion involved, the decision must go to the full Managing Board, or to the full umbrella Membership.
- Each sponsored company should appoint at least one primary manager, as well as a treasurer, both of whom can also be a sponsored company member/owner. The sponsored project primary manager(s) and treasurer, along with the Primary Umbrella LLC Manager will be signers on the bank account at the time of opening, and if changes are made the bank signing power should be updated.

Organization

- Innovate United LLC is primarily organized in a cooperative way with multi-stakeholders. In essence it is a worker run and membership owned cooperative, with multi-stakeholders having different ownership shares based on engagement. Innovated United LLC is an open and transparent organization and any community member can get involved, although sponsored

companies can make their own decisions and have their own membership criteria, and the Managing Board can set membership criteria as well if needed. Although “trade secrets” are fine as we don’t require any individual or company to give up product or service secrets, the basic functioning of the company including decision making, finances, and for-profit motives are open and transparent, and are publicly accessible, if someone chooses to ask for them, as are all Unity Network documents from any organization or project under the Unity Network umbrella.

New Members, Companies, & Spin-Offs

- Any company or individual can join the umbrella LLC, along with their new sponsored company, at anytime as long as their proposal meets the legal requirements for approval by the Managing Board, and approved by the Primary Umbrella LLC Manager / CEO. Each individual project can spin off at anytime, but must keep its own internal profit sharing structure. Spin-offs can keep their membership/owner equity within the umbrella LLC as long as the spin-off company allocates 10%-20%+ of its profit to benefit Community Equity for the whole network. In general the Primary Umbrella LLC Manager / CEO can only refuse fiscal sponsorship of a new project that does not meet legal criteria, and no individual project can be biased against another.

Taxes and Partnership Documents:

- Innovate United LLC is an umbrella LLC of individuals and companies collaborating on a variety of sponsored companies, both not-for-profit, but primarily on for-profit incubation for successful startups. Therefore the LLC is set up for tax purposes as a for-profit partnership and will issue K-1 (Profit and loss statements) for each individual Member. If a substantial profit occurs, above and beyond re-investment goals, each active and substantial beneficiary member will be issued a K-1 at the benign of the year. K-1 documents should equate to about \$0 as our goal is to have no profit or loss, e are overall a not-for-profit umbrella organization, but we can not foresee what may happen within any sponsored project. Typically these documents will be just for the an individual’s records, but in the case that it does need to be reported in your taxes, the K-1 profit or loss value is inputed into form 1040 line 17 after completing a Schedule E lines 28-29 of an individual tax return.

Profit Loss and Capital %:

- Each individual Member will be issued a specific ownership responsibility to the partnership in context of Losses, and a separate specific relationship in context of Profits. If necessary individuals will also be issued an asset/capital %, but to begin with the Assets will be held within Community Equity by 100% ownership to the non-profit Community LIFE Network 501c3 just as if a 501c3 dissolves its assets must go to a 501c3 organization that benefits the community.
- Loss %:
 - Because we are an LLC, individual Members have limited risk on losses. Yay! But because we are only a “limited” liability company, there may be situations where loss could still occur, but it will not need to be accounted for within your annual individual taxes.
- Profit %:
 - Each individual member get 1-5% of the total potential equity profit share, up to 25 members or community partners, at which point it will stay at 1% until 49 members have joined. Beyond 49 members each will get less than 1%.
 - The rest will be held by Community Equity in the name of the Community Life Network Incorporated 501c3 tax deductible public charity.

- A minimum of 51%, and a maximum of 100% of the overall general profit shares will go to benefit Community Equity to be established based on workers, worker time, investors, customers, customer loyalty, community need, future community need, society needs, and future society needs, and other essential factors in relation to distributing Community Equity throughout the entire Network. For now the 51%-100% Community Equity will be held as a place holder in the name of The Community LIFE Network Inc. 501c3 Charitable organization to ensure that the funds go to a charitable purpose if no other agreement can be made if substantial profit need be distributed.
- Currently the Shares of profit % is 5% to each of three existing members, and 85% to the non-profit.