

27 POINT CHECKLIST
MAINTAINING BUSINESS FORMALITIES

Maintaining business formalities is important in the event you get sued or audited. The court will (and opposing counsel) will look to see if the LLC is conducting itself as its own separate entity rather than an *alter ego* of you personally. If the court does find the LLC is an *alter ego* of yourself, then you will be held personally liable for instead of the LLC. Below is a checklist of twenty-seven business formalities that should be maintained during the operation of your company. Although they are all important, the ones marked with an asterisk are very important and should be paid particular attention to.

	Yes	No	???
1. Have you read and do you fully understand your Articles of Organization?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*2. Have you fully executed and filed your Articles of Organization?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*3. Have you appointed the appropriate members and managers of your company and had them sign the appropriate documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Have you issued Membership Interest Certificates?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Do you have a ledger of your Membership Interest Certificates?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Are you holding annual meetings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Have you given appropriate notice, and kept copies, of the Meeting(s) of the Managers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Have you kept proper and adequate minutes for the annual Meeting of the Managers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*9. Have you adopted the Operating Agreement for your LLC?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
*10. Do you understand what is covered by the Operating Agreement and what protection it gives you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Has the LLC secured a Federal Tax ID number from the IRS with proper address?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Have you made the proper tax election? (Partnership, S-Corp, Sole Proprietor)
- *13. Is your LLC legally doing business in other states? If so, have you been sure to file all necessary filings in those states that your company is doing business in?
14. Have you made the appropriate resolutions of the Managers to authorize and document all major acts?
- *15. Have you kept separate books and bank accounts for the company and yourself, making sure at all times never to commingle any funds?
- *16. Are you sure that your tax returns, books of account, and company records say the same thing?
- *17. Are you sure you have properly documented all transactions between you and the company, with resolutions, minutes, etc.?
- *18. Have you executed every document that you have executed on behalf of the company as its manager/member, to guard against personal liability?
- *19. Was your LLC properly capitalized?
20. Have you documented all major transactions of the company business with resolutions, notes, contracts, etc.?
21. Do you have a resolution documenting the business purposes for any questionable deductions?
22. Are you current on the above formalities and paperwork? If you're behind, do you know how to catch up?
23. Has your LLC adopted an expense account form for official company use that meets IRS guidelines?

*24. Does your LLC have an actual physical address, and the cancelled checks to prove it?

25. Does your LLC have a phone in its own name, and canceled checks and statements to prove it?

26. Does your LLC have its own business license?

*27. Does your LLC have its own bank account

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