



TRELLIS

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## Legal Health Checklist

The health of your business is just like your own health. If something is broken or off, the whole system isn't going to work well. So sometimes it's good to do a check up and make sure everything is in good shape and work on the things that may not be.

This checklist is designed to help you do just that! And remember, you can always reach out for help with next steps.

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- I Have an Entity for My Business.** Having an entity like an LLC or corporation can provide good legal protection for your personal assets. This means that only the business assets are at risk if your business is sued. Also if you are operating a business under a name other than your personal name you need to have an entity or a fictitious name (also known as a "Doing Business As"), but often times filing a fictitious name is more expensive than forming an LLC and doesn't come with the same legal protections. Check out our blog posts on [LLCs](#) and [The Low-Down on Legal Costs](#) which discusses forming an entity.
  
  - I Have an Operating Agreement, Bylaws, or Partnership Agreement.** Having an entity is important, but so is having the proper governing document. If you don't operate your entity truly separate from yourself and have the proper documentation, then someone suing you may be able to get past the limited liability to your personal assets by arguing you are not separate from the business. An operating agreement is the appropriate document for an LLC, bylaws are for corporations or non-profit corporations, and a partnership agreement is for when multiple people are working together without an entity yet (though remember no entity=no limited liability). A governing document is important even if you are a single owner, and more important if you have multiple owners as crucial considerations such as how profits are divided, what happens if someone leaves or needs to be removed from the company, and how decisions are made are essential to have written down to avoid disputes.

### Next Steps:

- Check out our blog post on [Operating Agreements](#) and feel free to reach out if you aren't sure if you have one.
- If you need an operating agreement but don't have the budget for a lawyer right now, download one of our affordable Trellis Legal [Operating Agreement](#) templates! Reach out to us if you want help selecting the right one for your business.

- I Talked to an Accountant.** Speaking to an accountant is important when running a business. You need to make sure you understand what taxes you need to be paying and any specific tax registrations you need to file for. Attorneys only advise on the legal side of things (unless they are a tax attorney) so it is important you also understand the tax implications of your business. Accountants can also help you set up your bookkeeping practices and help you understand what is and isn't deductible as a business owner.
- I Have a Separate Business Bank Account.** If you have an entity, you need to make sure your business funds and personal funds are kept separate. All business money should be run through a separate business bank account. The rule of thumb is, you can always buy business things with your personal account (and reimburse yourself or deduct it later), but you can never buy personal things with your business account. Even if you don't have an entity yet, but are running a sole proprietorship or partnership having a separate business checking account is a good habit to get into to keep things clean and make it easier to know what you can deduct when you do your taxes.
- I Have Insurance.** While having an entity helps protect you from personal liability, you don't want to lose your whole business if you get sued. So, insurance is a great first line of defense. If your business does any in-person work or you have a store or venue, having insurance is crucial to covering costs if you get sued, or even if there is a fire or accident. Often times you can get business liability insurance from the same agent as your home insurance, but it is also important to shop around. So, talk to some agents, and make sure you tell them exactly what your business does, so you have all the right coverage you need.
- I Have Contracts.** If you are a service-based business (consultant, advisor, contractor, caterer, etc.) it is important to use contracts to clearly detail out expectations for the scope of work. This can help make sure both parties are on the same page from the beginning and have something clear to go back to if there is a dispute. Spelling out things such as scope of work, payments, timelines, liability, termination, and intellectual property are crucial to avoiding scope creep and misunderstandings. This is especially true when it comes to owning intellectual property. Even if you aren't a service-based business, having terms in your invoicing that cover important things like expected

deliverables, payments, and cancellation are important to make sure you don't lose money on the deal or have liability risks. It's also important to use contracts if you use independent contractors to clearly define liability and their expected scope of work.

**Next Steps:**

- Check out our [blog post](#) on contracts.
- Download one of our affordable Trellis Legal contract templates. We have a template for:
  - A [Client Agreement](#)
  - An [Independent Contractor Agreement](#)
  - [Non-Disclosure Agreements](#)
  - [An Activity Waiver](#)
  - [A Photo Release](#)
  - And more!

Reach out to us if you want help selecting the right one for your business.

- I Have Looked into Intellectual Property Considerations.** Intellectual property can be important for a business or non-profit. First, you want to make sure you aren't infringing on anyone else's intellectual property so ensure you are using copyright-free images on your social media and website (and any marketing materials), that your name or logo isn't owned by someone else, and that any contractors providing you with images or content take on the liability of making sure none of it constitutes infringement. It's also important to protect your own intellectual property. If you have a logo, product, or brand identity that you want protected (especially important if you are a product based company and looking for wide distribution) you should talk to an intellectual property attorney to see if getting a trademark, copyright, or patent is the right move for you.

**Next Steps:**

- Check out our blog on [Copyright Infringement](#) for more info.
- Check out our Trellis Legal contract template for basic [intellectual property language](#).
- Reach out to a lawyer

- I Have Looked into Employment Considerations.** This applies to you if you have or are looking to hire employees or independent contractors. First, make sure you know the difference between an employee and an independent contractor. If you misclassify an employee as an independent contractor, it could end up with costly ramifications. If you have employees, you must also make sure you know what information you need to collect upon hire and employment laws you need to comply with.

**Next Steps:**

- Check out our blog on [Employees vs. Independent Contractors](#) for more info.
- Check out our blog post on [Employment Basics](#)

- I Spoke to a Lawyer About Considerations Specific to my Business.** Every business has unique legal considerations specific to their operations. So even if you don't have a regular relationship with a lawyer, it is important to speak to one to make sure your business has all of its legal ducks in a row. Specific considerations can include zoning, permits, licenses, liability allocation, etc.