

End of the Year Business Checklist



G.A.M. LAW OFFICE P.C.
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GISELLE AYALA, ESQ.



ABOUT US

LEGAL SOLUTIONS PROVIDERS

G.A.M. LAW OFFICE is a law office focused on providing legal solutions for small and mid-size businesses. We offer solutions in business formation, contract transactions, trademarks and advertising, and litigation.

Giselle Ayala, Managing Partner

At GAM Law Office PC we take care of our clients' interests and help them create value for their personal or business projects, through strategic legal advice and representation.

The goals of our clients are a key part of our work, which is why our practices include flexible strategies appropriate to keep them updated on the status of their legal matters, respecting the value of their time and other resources.

We build relationships based on respect, honesty, mutual trust, and mutual communication.





End of the Year Business Checklist

While the last few weeks of the year are some of the busiest, it is also a great time to quickly review some of the legal aspects of your business.

An end-of-the-year review is important to ensure you are ready for the new year, and, more importantly, make sure your business is protected. Below are a few things to consider before the new year:

1. Corporate structure
2. Final Report
3. Business Changes
4. Minutes and Notice for the Annual Meeting
5. Vendor and other Agreements
6. Employee Handbook
7. Intellectual Property
8. Website
9. Taxes



1. Corporate Structure

“Corporate Structure” sounds like a very complex topic. However, it is relevant to you whether you have a small business, you work alone, or you have a start-up with several employees. If you have a sole proprietorship, or a business that you haven’t incorporated, NOW IS THE TIME TO DO IT.

If your business is unincorporated, you are unnecessarily exposed to personal liability, in other words, your personal assets and values respond for everything related to the business including employees and contractor’s misconduct. If you have not organized your business, speak to an attorney about which entity form will best suit the needs of your business and file the necessary paperwork with the Secretary of State. A properly set-up and well-maintained company can shield its owners from personal liability, minimize the tax impact, and provide flexibility.

When it comes to selecting a business entity to take your enterprise to the next level, it is essential to understand those key factors that make the difference, and ownership is only one of them. Control, governance structure, transferability, and income potential are some of the most important factors you consider before choosing between an LLC, Corporation, Partnership, or any other business structure.

2. Final Report

The end of the year is the perfect time to review the operations of the business and determine what worked and what did not. If your business has different participants, including investors and creditors, business reports act as a way to convey performance information and business strategies.

A Final Report of a business may include a variety of subject matter such as:

- Cash flow and income statements to assess business growth.
- Business plans to set the plans for the future.
- Mission statements to state the main objective of the company.
- Past year's performance.
- Feasibility studies to help determine future plans and projects.

The final report is crucial because it is the tools managers measure progress, monitor growth, provide performance evaluations, and track and address problems. With the final report you can make different analysis, like:

- Monitor operations procedures within the company.
- Review and correct actions that are not effective.
- Supply upper management important information to make decisions.
- Offer insight into the attitude and motivations of their employees.
- Provide employee performance evaluations to determine that work is being done properly and efficiently.
- Evaluating investment proposals.

3. Business Changes

After your business entity is properly formed, you must keep it in good standing by filing annual/biennial statements with the Secretary of State. It is also necessary to give notice of any amendments to the entity's information of record. For instance, you must give notice to the Secretary of State if you change your name, address, agent for service of process, number of owners, among others.

To report changes, you must file a Certificate of Amendment. As opposed to other filings, a Certificate of Amendment cannot be filed online. Therefore, if you want to have the business amendment finalized by the end of the year, you must promptly submit the certificate. You may also pay an additional fee if you need the Secretary of State to process the paperwork faster, for instance, within one day.

4. Minutes and Notice for the Annual Meeting

When it comes to proper business management, just having a Corporation or an LLC is not enough, you also need to follow the "corporate formalities", like holding an Annual Meeting.

When a business is formed, it has its legal identity separate from its owners. This independent identity of the business is the legal feature that protects the owners from liability. However, for the business to actually exist as a separate entity – which is key to maintaining the liability protections that are in place – business owners and managers must follow corporate formalities.

During the Annual Meeting, the managers of the business review the Annual Report, make important decisions like investment decisions, and memorialize compliance with corporate formalities. To properly document the annual meetings, managers should always create a minute that states:

- The date of the meeting
- The name of the Chair
- The name of the Secretary
- The participants of the meeting
- Voting protocols, if any
- Resolutions

5. Vendor and other Agreements

As part of your end-of-the-year review, it is also important to go through your agreements and organize them. You should determine if the current contracts align with how you do business in the present. You might still be using a contract drafted in 2010, or you might be using boilerplate agreements taken from the internet. During the review, make sure they are tailored to your specific needs and that they adequately protect you and your business.

Examine Important Terms and Clauses

It is important to go through the entire contract with a fine-tooth comb, so start, review key terms and clauses, for instance:

- Terms and conditions
- Indemnification clause
- Termination and Amendment clause

Termination and Renewal Rules

Contracts usually include a termination clause that specifies a predetermined execution time. This means that after the said period is completed, the contract ends, or other provisions regarding renewal or termination obligations operate. Make sure you agree to and understand these rules during your contract review.

The Contract Language

Contracts can contain some tricky language, which can sometimes confuse the parties. As part of this end-of-the-year review, set some time aside to read your entire contract in full, paying attention to any confusing or misleading wording that might be included. You may also create a list of unclear terms to discuss with the other contract parties, and don't be afraid to request revisions.

Review Default Regulations

A contract review is an opportunity to identify if a party performed as expected, in other words, if the other party complied with its part of the bargain. If not, you need to review the provisions of the contract regarding default. Before making any decisions, you need to understand what could happen if you fail to perform your duties and what legal recourse you have if someone else does.

Confirm Key Dates

To avoid default, consumer complaints, or sanctions, a contract should clearly state any timelines, deadlines, and other important dates. Carefully review these dates to ensure they work with your schedule before signing anything, if you have already signed, make any necessary arrangements to comply with them.

Look for Blank Spaces

Finally, if you are doing business online or using a template contract to memorialize your agreement, it is always necessary to revise the document to ensure accuracy. It is common to have blank spaces in templates, review them carefully. Any inaccuracy or inconsistency could lead to an incomplete contract, which could result in a contract that is not legally sound.

6. Employees

Do have a clear understanding of your team? Who is an employee and who is a contractor, and what are the legal implications of it? Now is a good time to assess each team member's situation. Connecting this to the prior point, once you have reviewed your contracts, identify the rights and responsibilities of both you as an employer and the staff member.

After that, you should be in a good position to handle a second issue, do you have an employee handbook? Having a valid employee handbook may be one of your best defenses against a lawsuit or other legal issues with employees. It will also serve as a guide if you hire managers, directors, or officers for your business.

7. Intellectual Property

As part of your end-of-the-year review, take a look at your branding and goodwill. A key component of any business is branding. To protect your brand and keep its value, it is crucial to secure certain elements, such as trademarks, trade dress, web address, or copyrights. Filing a trademark registration or taking precautionary measures to protect confidential information is easier and less costly than enforcing your rights in court. It is also crucial to make an intellectual property assessment to identify the assets or branding elements that require urgent protection.

8. Website

In connection with the review of your contracts and your intellectual property, we can't forget a review of your website. Your website is probably one of your most important marketing tools and the virtual space where you interact with current and potential customers. As part of your review, be on the lookout for any outdated terms, and make sure your terms of use and privacy policies are coherent with your business operations. It is also important to review your policy regarding user-generated content and the identification of infringing content.

9. Taxes

One of the main concerns of business owners is their tax burden. Therefore, the end of the year is the perfect time to review your numbers and gather your receipts, financial reports, and other tax documents.

Your income tax return for 2022 won't be due until April 18, 2023, which means that you have time to take several actions you can take now that could help you out when it comes time to complete your 1040 form. The end of the year is a great time to review your situation and make changes to reduce tax liability and maximize your refund. For instance, it is a good idea to double-check your paycheck for tax withholding, make charitable contributions, and strategize your business expenses.

10. The New Year Checklist

Finally, once you complete your end-of-the-year review, create a checklist of those aspects of your business that require attention. You may want to include at least some of the following items:

- Planning and Networking
- Increasing your online presence
- Renovation of business premises
- Increasing sales

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