

Annual Business Health Checklist

A legal and operational checkup for small business owners — Ament Law Group, P.C.

Most legal problems in small businesses are preventable. Run through this checklist once a year — ideally at year-end or when you renew your business registration. Items marked with a warning are the ones that most commonly create serious liability.

Entity & Registration

- Business is properly registered and in good standing with the PA Department of State
Check at: dos.pa.gov — search your business name
- Decennial filing is current (PA LLCs must file every 10 years)
Due in years ending in 1 (2021, 2031, etc.) — missing this can result in administrative dissolution
- Registered agent information is current
If your address or agent has changed, update with the state — legal notices go here
- Business licenses and local permits are current
Check with your municipality — some trades and locations require annual renewal
- Federal EIN on file and accurate with the IRS**

Corporate Formalities — The #1 Liability Risk

Why this matters: Failing to maintain corporate formalities is the most common reason courts "pierce the corporate veil" — meaning they hold the owner personally liable for business debts. Your LLC or corporation only protects you if you treat it like a separate entity.

- Business has its own separate bank account — no personal funds mixed in
This is the single most important protection you have
- All significant contracts are signed in the name of the business, not your personal name
Sign as: "John Smith, Member/Manager of ABC LLC" — not just "John Smith"
- Annual minutes or resolutions documented (if required by your operating agreement)
S-Corps and C-Corps must hold annual meetings; most LLCs should document major decisions
- Operating agreement / shareholder agreement is current and reflects actual ownership
If ownership or management has changed and the agreement has not been updated, you have a problem
- No loans between you and the business are undocumented
Any money in or out should be properly characterized as a loan, capital contribution, or distribution

Contracts & Agreements

- Client / customer contracts are in writing and reviewed by an attorney
Verbal agreements are enforceable but nearly impossible to prove — always get it in writing
- Vendor and supplier agreements are documented**
- Independent contractor agreements are in place for all 1099 workers
Employee misclassification is one of the most expensive mistakes a business can make
- Non-disclosure agreements in place for employees, contractors, and key vendors with access to proprietary info**

- Non-compete / non-solicitation agreements reviewed for enforceability
PA courts will not enforce overly broad non-competes — make sure yours would hold up
- All contracts have a governing law clause specifying Pennsylvania**

Employees & Human Resources

- Employee handbook is current and has been reviewed by counsel
PA employment law changes regularly — a handbook from 2018 may expose you to liability
- All employees have signed offer letters and acknowledgments
Documented at-will employment language protects you in termination disputes
- I-9 employment eligibility verification on file for all employees**
- Workers compensation insurance is current and adequate**
- Payroll taxes are current — no outstanding liability with IRS or PA DOR
Unpaid payroll taxes are personally collectible from owners — they are never dischargeable in bankruptcy

Insurance

- General liability insurance is current and limits are adequate for your business size**
- Professional liability / E&O coverage in place if you provide professional services**
- Business owner or umbrella policy reviewed in the last 2 years**
- Key-person life insurance in place if the business depends on one or two individuals
If you died tomorrow, could the business survive? Could it fund a buyout?
- Business interruption coverage reviewed**

Intellectual Property & Confidentiality

- Business name and logo trademarked or trademark search conducted
Using a name someone else has federally trademarked exposes you to an infringement claim
- Website terms of service and privacy policy current and legally compliant
Required if you collect any user data — GDPR and state privacy laws apply to PA businesses too
- Proprietary processes, software, or formulas are documented and protected**

Succession & Exit Planning

- Buy-sell agreement exists and addresses death, disability, divorce, and voluntary exit
Without this, your co-owner's spouse could become your new business partner
- Buy-sell agreement is funded (typically with life and disability insurance)
A buy-sell with no funding source is largely unenforceable in practice
- Your personal estate plan addresses what happens to your business interest
A will that leaves "all my assets" to your spouse does not necessarily transfer an LLC interest cleanly

Not sure where you stand? A business legal checkup takes about an hour and can identify gaps before they become expensive problems. Call our office at (724) 733-3500 or visit ament.law to schedule.

Ament Law Group, P.C. | 3950 William Penn Highway, Murrysville, PA 15668 | (724) 733-3500 | ament.law | Free initial consultations available