

*A PUBLICATION BROUGHT TO YOU BY THE KNOX LAW CENTER*



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## IF YOU ARE STARTING YOUR OWN BUSINESS. . . SOME THINGS YOU SHOULD KNOW. . .



*Contributed By: Lisa Godfrey, Esq.*

- Should I incorporate?** There are three reasons why you might want to incorporate your small business. First, if you have one or more partners, it is advisable to own a business as a corporate entity. Second, a corporation will limit your personal liability for contracts entered into on behalf of the business and for negligent acts by employees of the business. Limitation of personal liability is the primary reason most people incorporate. Finally, some tax advantages may be obtained by operating your business as a corporate entity. Each particular type of business has its own tax issues, and you should consult your accountant as to whether incorporating your business could gain you advantages on your income tax.
- What form of incorporation should I use?** In North Carolina, there are two main forms of corporate existence. The traditional form is a "corporation". Most people who incorporate their businesses use this form. Under IRS rules, an incorporation may be an S-corp or a C-corp. An S-corp pays no taxes

itself. It is a "flow-through" entity. This means that all of the income (or losses) of the corporation "flow through" to the individual shareholders. S-corps can only be owned by individuals, and cannot be owned by other corporations, trusts or other entities. They can have many tax advantages for their owners depending on the particular circumstances of the business.

The other type of entity used by many small businesses is the "limited liability company". A limited liability company is also a "flow-through" entity. The limited liability company (or LLC) does not pay taxes on its income, but passes the profit (or loss) through to its owners. Unlike subchapter S corporations, limited liability companies can be owned by other companies, trusts or corporations. Limited liability companies are frequently used if the company is going to own or trade real estate.

The decision to form a business as a subchapter S corporation or limited liability company should be made in consultation with both your attorney and your accountant. They can guide you as to the best form of business entity for your particular needs.

- **Should I try to incorporate my own business?** In most cases, this is not advisable. The costs to incorporate your business are relatively small compared to the costs to you and/or your business if the corporate work is not handled properly from the start. If you fail to observe the proper corporate formalities, your corporation may not be valid as against a creditor. Also, if more than one owner is involved, an attorney can create a "Shareholders Agreement" which will control the parties' rights and responsibilities in the event one shareholder dies or wishes to leave the business. It is much better to have this type of arrangement decided on the front end when the parties are friends. All in all, the money spent for an attorney's advice in an initial incorporation is money well spent.

**LISA GODFREY** advises a variety of small businesses on incorporation and transactional issues. If you are planning a new business venture or if there are changes on the horizon for your current business call 704-372-1360 to schedule a consultation with Lisa.

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## FIGHTING FOR WOMEN WITH FASHION

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*Contributed By: Heather Piercy, Esq*



Over the course of the last year, I had the privilege to volunteer by helping to raise funds for the **4th Annual Fighting for Women with Fashion** event. Each year, a silent auction, raffle, and a fashion show featuring local attorneys and physicians is held, and the proceeds from the event benefit the 80-bed Clyde and Ethel Dickson Domestic Violence Shelter in Charlotte. This year's fashion show raised money to support building an onsite healthcare clinic at the shelter. The event was held at Foundation for the Carolinas, 220 N. Tryon Street. I had the honor of representing Knox, Brotherton, Knox & Godfrey as a member of this year's fashion presentation.

The event is presented by collaboration between Safe Alliance, Charlotte Women Attorneys, and The Mecklenburg County Women Physicians Section. Female attorneys and physicians work together with Safe Alliance to support those in need of protection and an escape from abusive relationships. If you are in a crisis situation, please call the Crisis Hot line at 704-332-2513 (24-hours, 7 days/week). If you would like to consider making a donation to the domestic violence shelter, please visit [www.safealliance.org](http://www.safealliance.org). In addition, I have listed items on the shelter wish list for 2014. Please contact me at [hpiercy@knoxlawcenter.com](mailto:hpiercy@knoxlawcenter.com) if you have any questions.

**These items can be brought to both office locations as we will have boxes ready; we greatly appreciate your help!**

- coffee
- sugar
- creamer
- canned pasta
- microwave mac 'n cheese
- juice boxes
- graham crackers
- granola bars/fruit bars
- New bath towels (or gently used)
- New twin size bed linens (sheets, blankets)
- Hand/body lotion
- liquid laundry detergent
- Automatic dishwasher detergent
- Dish washing soap
- cleaning supplies (i.e. Lysol, spray w/bleach, cleanser)
- toilet paper
- paper towels
- 13 gal. trash bags
- 30 gal. trash bags
- AA batteries, 9volt batteries
- Disposable diapers/Pull-Ups (size 4,5,6 ONLY!)
- Baby wipes
- umbrellas

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## PROTECTING OUR VALUES IN THE “TECHNOLOGY ERA”

*Contributed by: Frances Knox, Esq.*



We live in an age of instant everything from television, computers, internet and cell phones. Our relationships with people have moved from talking to texting or emailing. Our law firm has always prided itself on being accessible by phone or in person with our clients. We do not engage an automated phone system to answer our phone, but have “real” people answer so that we can quickly address your problems. We provide voicemail for after-hours service in the event of emergencies.

Many of our clients find us through social media venues and by reading Facebook or Avvo posts about our work. While this is important, we still like to have the face-to-face meetings with you so that we both can talk out issues and come to a resolution.

I had an emergent eye issue one Friday morning recently and drove to my doctor without an appointment. I have never done that. I apologized. To my surprise, I was greeted warmly and treated quickly. One technician that I had not seen came to me and said “I did not see you on our appointment calendar today and hope you are okay.” I left there feeling that my concerns were important to that staff.

I hope that you always feel that way after you have visited or called our offices. We are here to listen to you, to understand your situation and try to resolve your problems. If you have any problems ever with our communications, I hope you will let us know. Our goal has always been to put our clients first.

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## NEWS & EVENTS

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### 2014 NCSU Evening of Stars “Distinguished Alumni Award”

Our own Senior Partner Eddie Knox was honored by his Alma Mater, North Carolina State University at the 10<sup>th</sup> Annual Evening of Stars Gala. Eddie was awarded the honor because of his outstanding success earned after graduation.



### 2014 Lincoln County Chamber of Commerce Luncheon

On October 15, the annual Lincoln County Chamber of Commerce’s luncheon was held at Eddie and Frances Knox’s restaurant: Guilties at Verdict Ridge Golf and Country Club. Attorney Allen C. Brotherton spoke about the Knox Law Center’s areas of legal services provided in Lincoln County and thanked our many clients for their support.



### 4<sup>th</sup> Annual Legal Eagle Charity Golf Tournament

On October 24, the Mecklenburg County Bar had its 4<sup>th</sup> annual charity golf tournament. The Bar recognized Eddie Knox for allowing the tournament to be held at Verdict Ridge Golf and Country Club. This is yet another great cause to which Eddie has contributed during his service-oriented life. He is an outstanding mentor, boss, and member of the community and helps set an example for the rest of the firm. We are proud to be Knox Law Center employees!



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