FILM LLC TOOLKIT

A Practical Guide to Setting Up, Structuring, and Protecting Your Film's Legal Entity

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1. FILM LLC FORMATION CHECKLIST

A step-by-step roadmap for setting up your LLC the way professional producers do.

Step 1: Identify What This Entity Is For

A Film LLC is a single-purpose entity for one project only. Clarify before you file whether this LLC is for a single film or short. If you have multiple projects, each one needs its own LLC.

- ☐ Confirm this LLC is for one project only
- ☐ Confirm the entity name matches what will appear on contracts, permits, insurance, and credit blocks

Step 2: Select Your State of Formation

Where you form depends on where you film, where your investors are, and whether you need state-specific production incentives. Document your reasoning inside the LLC records.

- ☐ Confirm filming location
- ☐ Confirm investor state(s) of residence
- ☐ Confirm whether state production incentives apply (GA, NY, CA, LA, NM)
- ☐ Choose formation state and document the reason

Step 3: Prepare Your Chain of Title Baseline File

Your LLC can only own what you assign to it. Gather every rights document before you form the entity.

- ☐ Screenplay rights or option agreement
- ☐ Any pre-existing agreements for music, artwork, or story material
- ☐ Underlying rights licenses
- ☐ Exclusive writer agreements

Step 4: File Articles of Organization

Each state has its own filing portal and fee. Include the LLC name, business address, registered agent, and organizing member or manager.

- ☐ File Articles of Organization with the state
- ☐ Save the formation confirmation in your Chain of Title / Corporate folder

Step 5: Draft a Film-Specific Operating Agreement

Mandatory for multi-member entities. Strongly recommended for single-member entities. Generic business templates do not cover chain of title, rights assignment, investor waterfalls, or film-specific disputes.

- ☐ Operating Agreement includes ownership percentages
- ☐ Capital contributions and capital accounts
- ☐ Voting rights and decision-making authority
- ☐ Admission of new members and investors
- ☐ Waterfall and profit allocation
- ☐ Producer compensation
- ☐ Dispute resolution
- ☐ Rights assignment provisions

Step 6: Obtain an EIN

Free from the IRS. Required before you can open a business bank account. Store the EIN confirmation letter in your corporate folder.

- ☐ Obtain EIN from IRS.gov
- ☐ Store confirmation in corporate folder

Step 7: Open a Dedicated Production Bank Account

Every dollar that flows through this project should flow through this account. Commingling personal and project funds pierces the liability protection the LLC is designed to provide.

- ☐ Open account in the LLC's name
- ☐ Bring: EIN letter, Operating Agreement, Articles of Organization
- ☐ Never use this account for personal expenses

Step 8: Record Initial Capital Contributions

Every contribution needs a paper trail. Document whether each contribution is equity (ownership) or a loan (repayable with interest).

- ☐ Each contributor signs a contribution record
- ☐ Record: amount, date, classification (capital or loan), repayment terms if applicable
- ☐ File in the financial audit folder

Step 9: Assign All Rights to the LLC

The LLC owns only what is formally assigned to it. Every creator who contributed something protectable must sign an assignment agreement or work-for-hire agreement.

- ☐ Screenplay assignment or work-for-hire agreement from the writer
- ☐ Assignment agreements from composer, production designer, any prior creators
- ☐ Copyright assignments stored in chain-of-title folder

Step 10: Contract Under the LLC Name

Every agreement the project enters into should identify the LLC as the Producer. Agreements signed in your personal name create personal liability and chain of title problems.

- ☐ All vendor contracts identify the LLC as Producer
- ☐ All crew agreements identify the LLC as Employer or Producer
- ☐ All cast agreements identify the LLC as Producer
- ☐ Music licenses, location agreements, and releases identify the LLC as licensee

Step 11: Secure Production Insurance

Most payroll companies, E&O insurers, and completion bond companies will not contract with an individual. They require an LLC.

- ☐ General liability insurance in LLC name
- ☐ E&O insurance (required by most distributors at delivery)
- ☐ Workers' compensation if you have employees
- ☐ Equipment and production package coverage

Step 12: Maintain the Chain of Title File

Chain of title documentation is what a distributor's legal team will review before acquiring your film. Build it from day one rather than reconstructing it at delivery.

- ☐ Corporate documents: Articles, EIN, Operating Agreement
- ☐ All rights assignments and work-for-hire agreements
- ☐ Music licenses and cue sheets
- ☐ Cast releases and appearance releases
- ☐ Location agreements and permits

☐ E&O application and policy

2. YOUR PRODUCTION COMPANY VS YOUR FILM LLC

This is one of the most common sources of confusion in indie film, and it has real legal and financial consequences.

Your Production Company	Your Film LLC
What it is	Your ongoing business entity. The banner under which you develop, produce, and sell projects.
How many projects	Can span many projects, many years, many partners.
What it owns	Your brand, your relationships, your development pipeline.
Investor money	Should never hold investor money for a specific film.
Liability	Carries liability from every project that flows through it.
Distributor view	A company with multiple projects, multiple liabilities, multiple unknowns.

Your Film LLC	Why It Matters
One project only	One film, one bank account, one set of books, one chain of title.
Investor money	All investor funds held in a dedicated production account, traceable to this film only.
Liability	Liability is isolated to this project. A lawsuit from another production cannot reach this film's assets.
Distributor view	One clean entity created for this film. Exactly what a distributor's legal team expects.
Dissolution	Dissolves when the project is complete. Clean exit, no ongoing obligations.

The Rule

Your production company is your business. Your Film LLC is your movie. Every film you make should have its own LLC. Using your production company to produce multiple films under one entity commingles investor funds, crosses liabilities, and creates chain of title problems that surface at the worst possible time.

3. OPERATING AGREEMENT CLAUSE BANK

Sample language for the provisions most commonly missing from generic templates. These are starting points. Have an entertainment attorney review before use.

Capital Contributions	Each Member's initial capital contribution shall be recorded in the Company's books and reflected in the operating ledger. Additional contributions may be accepted only with written approval of the Members holding a majority ownership interest, unless otherwise provided herein.
Waterfall — Distribution Priority	Distributable cash shall be applied in the following order: (1) repayment of third-party costs and distribution expenses; (2) repayment of Member loans with agreed interest; (3) return of Investor capital contributions multiplied by the applicable recoupment multiple; (4) thereafter, fifty percent (50%) to the Investor pool pro rata by contribution and fifty percent (50%) to the Members per their Percentage Interests.
Admission of New Members	New Members may be admitted only upon execution of a Joinder Agreement and approval of the existing Members. The Company's ownership schedule and capital accounts shall be updated to reflect revised membership interests.
Authority to Bind	Only the Manager or Members expressly authorized in writing may enter agreements on behalf of the Company. All others are prohibited from binding the Company contractually.
Rights Assignment	The Member(s) hereby assign and transfer to the Company all right, title, and interest in and to the Property, including all copyrights, renewals, and derivative rights, to be held by the Company as a work made for hire or by assignment. The Member(s) shall execute any documents reasonably required to confirm this transfer.
Chain of Title Maintenance	The Manager shall maintain a complete chain of title file including all rights agreements, writer agreements, assignment documents, music licenses, location releases, and clearances. The Manager shall obtain E&O coverage as required by any distributor or financier.
Commingling Prohibition	Company funds shall be held exclusively in accounts opened in the Company's name. No Member or Manager shall commingle Company funds with personal funds or with funds of any other project or entity.
Reversion of Rights on Dissolution	Upon dissolution of the Company, if the Company's rights in the Picture have not been otherwise disposed of, all copyrights and related rights in the Picture shall transfer to [MEMBER NAME], and the parties shall execute all documents necessary to effect that transfer.
Investor Inspection Rights	Each Investor may, upon reasonable prior written notice and no more than once per calendar year, inspect the Company's financial books and records relating to the Picture's proceeds at the Investor's expense during normal business hours.
Dispute Resolution	Any dispute arising under this Agreement shall first be submitted to mediation. If mediation does not resolve the dispute within sixty (60) days, the matter shall be submitted to binding arbitration in [CITY, STATE] under applicable arbitration rules.
AI and Digital Likeness	No party may use, authorize, or permit the use of any artificial intelligence tool to generate, replicate, or synthesize the likeness, voice, or performance of any cast member in connection with the Picture without that cast member's prior written consent and as otherwise required by applicable guild agreements.
Force Majeure	If production is prevented or interrupted by any cause beyond the Company's reasonable control, including strike, pandemic, or governmental order, all deadlines shall be extended for the duration of the event, provided the total extension shall not exceed twelve (12) months without mutual written agreement.

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4. INVESTOR PROTECTION BASICS

Taking money from investors in exchange for a share of your film's profits is a securities transaction. Federal law applies regardless of the amount, the relationship, or whether it feels informal.

Regulation D, Rule 506(b)

The most commonly used exemption for indie film raises. Allows you to accept investments from people you have a pre-existing relationship with, without registering the offering with the SEC.

Rule	Requirement
General solicitation	Prohibited. You cannot post publicly about the investment opportunity or approach strangers. Solicitation must be limited to people in your existing network.
Non-accredited investors	Permitted up to 35. If any investor is non-accredited, you must provide disclosure documents describing the investment, the risks, the use of proceeds, and the waterfall.
Accredited investors	Unlimited. Lighter disclosure obligations.
Form D filing	Required. File with the SEC within 15 days of the first sale.
State filing	Required. California requires a 25102(f) notice filing within 15 days of the first sale. Other states have their own requirements.

Accredited vs Non-Accredited Investors

The distinction determines what disclosure you must provide. For most friends-and-family raises, assume non-accredited unless you have confirmed otherwise.

Category	Definition
Accredited Investor	Individual with annual income over $200,000 ($300,000 joint) for the past two years with expectation of the same, OR net worth over $1 million excluding primary residence, OR holders of certain professional licenses (Series 7, 65, 82).
Non-Accredited Investor	Anyone who does not meet the above thresholds. Up to 35 permitted under 506(b), but disclosure obligations are significantly higher.

Documents to Have in Place Before the First Check

Document	Purpose
Operating Agreement	Governs ownership, voting, waterfall, and investor rights inside the LLC.
Investment Agreement / Subscription Agreement	Each investor signs to confirm they have received disclosure documents, understand the risks, and are investing voluntarily.
Distribution Waterfall Summary	A plain-language summary of how proceeds will be distributed, provided to investors before they commit.
Risk Disclosure	Required for non-accredited investors. Describes the speculative nature of film investment, the absence of guaranteed return, and the possibility of total loss.
Form D	SEC filing due within 15 days of the first sale. Filed electronically through EDGAR.

Document	Purpose
State Notice Filing	California 25102(f) or equivalent. Due within 15 days of the first sale in the applicable state.

Important
The 'they're friends' approach does not create a securities exemption. The SEC does not distinguish between friends and strangers. 506(b) exists precisely for this kind of raise. Use it correctly.

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5. AI PROVISIONS CHECKLIST

AI-generated content raises copyright, chain of title, and consent issues that most production agreements written before 2023 do not address. Review every agreement for the following.

Chain of Title

- ☐ Identify every element of the production that was generated using AI tools
- ☐ Confirm that all AI-assisted elements involved sufficient human creative contribution to qualify for copyright protection
- ☐ Document the human creative decisions made in connection with each AI-assisted element
- ☐ Disclose AI-generated elements to E&O insurer before submitting the application

Performer and Creator Agreements

- ☐ Confirm that no cast member's likeness, voice, or performance has been or will be replicated using AI without written consent
- ☐ On SAG-AFTRA productions: confirm compliance with 2023 MBA AI consent and compensation provisions
- ☐ On non-union productions: include a specific AI likeness provision in each performer agreement
- ☐ Confirm that no crew member's creative contribution has been replicated or replaced using AI without disclosure

Production and Distribution Agreements

- ☐ Review distribution agreement for AI provisions: does the distributor require disclosure of AI-generated content?
- ☐ Confirm that any AI tool license terms are compatible with commercial exploitation of the finished film
- ☐ Confirm that AI platform terms of service do not claim ownership of outputs used in the production
- ☐ Include AI usage representation in seller's reps and warranties in distribution agreement

The Copyright Rule

> **Copyright and AI-Generated Content**
> Under current U.S. copyright law, content generated by AI without sufficient human creative authorship is not copyrightable. It enters the public domain at the moment of creation. Only the human-authored elements of a production are protectable. Any distribution strategy that relies on exclusive rights to purely AI-generated content is legally vulnerable. Document the human creative contribution to every AI-assisted element.

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6. MEMBER CONTRIBUTION RECEIPT

Used to document any capital contributed to the LLC. Essential for accounting, investor relations, and tax purposes.

Project LLC Name	
Member / Investor Name	
Amount Contributed	$
Date of Contribution	
Classification	☐ Capital (Equity) ☐ Loan
Repayment Terms (if Loan)	
Units / Percentage Interest Granted (if Equity)	
Member Signature	
Authorized Company Representative	
Date	

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7. CHAIN OF TITLE STORAGE MAP

Your chain of title file is what a distributor's legal team reviews before acquiring your film. Build it from day one. The folder structure below mirrors what distributors expect during QC review.

Folder	What Goes Inside
1. Corporate Documents	Articles of Organization, EIN letter, Operating Agreement, any amendments.
2. Underlying Rights	Script rights, option agreements, book rights, life rights, any pre-existing IP licenses.

Folder	What Goes Inside
3. Writer Agreements	Writer agreement, deal memo, copyright assignment, certificate of authorship.
4. Work-for-Hire Agreements	Editor, composer, production designer, VFX, BTS, trailer editor, and all other creative contributors.
5. Assignments and Releases	Cast releases, appearance releases, location releases, extras releases.
6. Music Licenses	Score agreements, sync licenses, master use licenses, cue sheets, temp clearance documentation.
7. AI Documentation	Disclosure of AI-assisted elements, human creative contribution records, AI tool license terms.
8. Deliverables and Logs	Editor file logs, VFX logs, composer file logs, technical QC reports.
9. Distribution Documents	Term sheets, distribution agreements, territory map, delivery schedule.

8. SINGLE-MEMBER VS MULTI-MEMBER FILM LLC

The structure you choose determines how the LLC is taxed, how decisions are made, and what your Operating Agreement must cover.

Single-Member LLC	Multi-Member LLC
One owner	Two or more owners, co-producers, or investors with equity
Taxed as sole proprietorship (disregarded entity)	Taxed as a partnership. Requires Form 1065 and K-1s for each member.
Full control flows to one person	Voting rights, decision authority, and quorum requirements must be defined in the Operating Agreement.
Simpler Operating Agreement	Operating Agreement must define ownership percentages, capital accounts, waterfalls, admission of new members, and what happens if a member leaves or dies.
Cannot accommodate equity investors	Required structure for any film with equity investors or producing partners with ownership.
Clean for micro-budget self-funded shorts	Standard structure for features, investor-backed productions, and co-productions.

Converting from Single to Multi-Member

If you form a single-member LLC and later bring in an investor or co-producer with equity, you must convert to a multi-member structure. This requires amending the Operating Agreement, updating the LLC records, and addressing the tax implications of the new partnership structure before any funds are transferred.

9. RED FLAGS CHECKLIST

If any of the following apply to your current production, address them before you proceed to the next stage.

Operating Agreement	Your Operating Agreement doesn't include profit waterfalls, admission procedures, capital accounting, or dispute resolution. You have an incomplete LLC.
Generic Template	You used a template from LegalZoom, RocketLawyer, or a state website. These do not cover chain of title, rights assignment, investor waterfalls, or film-specific disputes.
Pre-LLC Payments	Payments were made before the LLC existed. Document them immediately as loans to the LLC and transfer them into the production account.
Wrong Name on Contracts	Agreements identify you personally rather than the LLC. These must be amended before production begins.
No Rights Assignment	The screenplay, score, or other creative contributions are still in the creator's personal name. The LLC cannot own what was never assigned to it.
Commingled Funds	Production money is moving through your personal account or your production company account. This pierces the liability protection the LLC exists to provide.
No Separate Bank Account	A separate bank account is necessary but not sufficient. The account must be in the LLC's name. A personal account used exclusively for one project is still a personal account.
Multiple Films, One LLC	You are producing more than one project through the same entity. Each film must have its own LLC. Using one entity for multiple films commingles investor funds and crosses liabilities.
No Chain of Title Folder	You have no organized chain of title documentation. Build it now, before you submit to festivals or approach distributors.
Investor Money Without Documents	You have accepted money from investors without a signed Investment Agreement, Subscription Agreement, or Risk Disclosure. This is a securities compliance problem.
AI Content Undisclosed	Your production includes AI-generated content that has not been disclosed to your E&O insurer, documented in your chain of title, or addressed in your distribution agreement.
No Lab Access Letter	Your distribution agreement does not include a lab access letter giving you direct access to your master files if the distributor defaults or files for bankruptcy.

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10. STATE COMPARISON MATRIX

Formation state affects fees, investor expectations, publication requirements, and production incentive access. Use this as a starting point and confirm current requirements with an attorney.

State	Key Considerations
California	Best if you live or shoot in CA. Familiar to distributors and insurers. Annual franchise tax of $800 is unavoidable. Standard for productions operating within the state.

State	Key Considerations
Delaware	Best for investor-backed features. Strong legal precedent, investor-friendly courts, flexible multi-member structure. You will likely need to foreign qualify in the state where you film.
New York	Publication requirement makes formation expensive. Best if your film shoots in NY or uses NY production incentives. Foreign qualification may be an alternative to full formation.
Georgia	Strong choice for films using the GA film tax credit. Low fees, efficient processing. Local LLC creates smoother rebate and incentive workflows.
Louisiana	Production-friendly with significant state tax incentives. Best for projects shooting in Louisiana that need to qualify for the LA Motion Picture Tax Credit.
New Mexico	Growing production hub with meaningful incentive programs. Best for projects shooting in NM that intend to apply for NM film incentives.
