ILLINOIS · STATE-AWARE GUIDE

How to complete a Balance Sheet in Illinois

Itemized balance sheet with current/long-term assets, liabilities and owner's equity.

What this form is for

Banks require a balance sheet to evaluate your business's financial health at a specific date, typically month-end or year-end. It shows what you own (assets), what you owe (liabilities), and the difference between them (owner's equity), giving lenders a snapshot of your solvency and net worth.

Before you start

- Your most recent business bank and investment account statements showing exact balances as of the reporting date
- A detailed list of accounts receivable (money owed to you) and accounts payable (money you owe vendors) aged by date
- Current loan statements for all business debts including principal balances, monthly payments, and maturity dates
- Depreciation schedules and purchase records for equipment, vehicles, real estate, and other fixed assets
- Inventory valuation records if you carry stock, preferably at cost or lower-of-cost-or-market

Step-by-step

1. Enter the exact reporting date at the top of the form. Use the last day of the month or your fiscal year-end for consistency with tax filings.

2. List current assets first: cash in checking and savings, accounts receivable, inventory, and prepaid expenses. Enter each line item separately and total this section.

3. Record long-term assets including property, equipment, vehicles, and intangible assets like patents. Subtract accumulated depreciation if the form has a separate column for net book value.

4. Add your current assets and long-term assets together to calculate total assets. Most forms auto-calculate this sum, but verify the math.

5. Move to liabilities and enter current liabilities: accounts payable, credit card balances, current portions of loans due within 12 months, accrued payroll, and sales tax payable. Illinois sales tax liabilities must reflect your most recent filing period. Total this section.

6. List long-term liabilities including mortgages, equipment loans, and any debt with maturity beyond one year. Enter only the principal balance, not future interest.

7. Total all liabilities by adding current and long-term sections together.

8. Calculate owner's equity by subtracting total liabilities from total assets. For corporations, break this into stock, retained earnings, and current-year profit or loss. Sole proprietors in Illinois typically show a single

equity line.

9. Verify that assets equal liabilities plus equity. This must balance perfectly or the form is incorrect.

What lenders look for

- Banks focus on your current ratio (current assets divided by current liabilities). A ratio below 1.2 signals potential cash-flow problems and may require explanation or collateral.

- Never inflate asset values or omit liabilities. Lenders verify balance sheets against tax returns, and discrepancies kill deals faster than weak numbers presented honestly.

- Include footnotes for unusual items like shareholder loans, pending litigation, or seasonal inventory swings so underwriters understand context without follow-up questions.