

How to complete a Balance Sheet

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

What this form is for

Banks require a balance sheet to see your business's financial position at a specific point in time. This snapshot shows what you own, what you owe, and your net worth, helping lenders assess whether you can handle additional debt.

Before you start

- Recent bank statements for all business checking, savings, and money-market accounts
- Current invoices receivable and amounts customers owe you
- Inventory valuation at cost, not retail price
- Property appraisals or recent purchase documents for real estate, vehicles, and equipment
- Loan statements showing current balances for all business debts, credit cards, and lines of credit
- Articles of organization or corporate documents showing ownership structure and capital contributions

Step-by-step

1. Select your governing state from the dropdown or checkbox before starting, as some jurisdictions have specific equity accounting requirements for LLCs versus corporations.
2. Enter the date you're reporting as of, typically the last day of your most recent fiscal quarter or year-end.
3. Fill in current assets starting with cash, then accounts receivable, inventory, and prepaid expenses. Total this section carefully as most forms auto-calculate.
4. List long-term assets including real estate, vehicles, equipment, and intangible assets like patents. Enter the original cost, then accumulated depreciation, so the form shows net book value.
5. Complete current liabilities with accounts payable, credit card balances, current portions of long-term loans due within twelve months, accrued payroll, and taxes owed.
6. Enter long-term liabilities such as mortgages, equipment loans, and any debt not due within the year, using the remaining principal balance from your loan statements.
7. Calculate total liabilities by adding current and long-term sections together. Verify this number matches your records.
8. Fill in owner's equity, starting with capital contributions, then add retained earnings or accumulated profit. For corporations, break out common stock and additional paid-in capital separately.
9. Confirm that total assets equal total liabilities plus owner's equity. This fundamental accounting equation must balance or lenders will reject the form immediately.

What lenders look for

- Banks focus on your current ratio, calculated by dividing current assets by current liabilities. A ratio below 1.0 signals you may struggle to pay short-term obligations and often triggers automatic denials.
- Never inflate asset values or hide liabilities. Lenders cross-reference your balance sheet against tax returns and will discover inconsistencies during due diligence, torpedoing your credibility.
- Round to whole dollars unless the form specifies otherwise, and double-check that depreciation schedules match what you reported to the IRS.