

How to complete a Balance Sheet in New York

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 point in time, typically when you apply for a loan or line of credit. This snapshot shows what you own (assets), what you owe (liabilities), and your ownership stake (equity), helping lenders assess creditworthiness and collateral.

Before you start

- Recent business checking and savings account statements showing current balances
- List of all outstanding debts with current balances: loans, credit cards, lines of credit, accounts payable
- Current values for physical assets like equipment, vehicles, inventory, and real estate (use purchase price minus depreciation or recent appraisals)
- Accounts receivable aging report showing money customers owe you
- Documentation of any prepaid expenses, security deposits, or other non-physical assets

Step-by-step

1. Enter the reporting date at the top of the form. Use the last day of your most recent month or quarter, and make sure all figures reflect balances as of that exact date.
2. List current assets first. Include cash on hand, checking and savings balances, accounts receivable expected within 12 months, inventory at cost, and prepaid expenses. Total this section.
3. List long-term assets next. Include property, equipment, vehicles (at original cost minus accumulated depreciation), long-term investments, and intangible assets like patents. Total this section, then calculate your total assets by adding current and long-term together.
4. Move to current liabilities. Record accounts payable, credit card balances, current portions of loans due within 12 months, accrued expenses like payroll taxes, and any short-term notes payable. Total this section.
5. List long-term liabilities. Include mortgage balances, equipment loans, and any other debt with payments extending beyond 12 months. Total this section.
6. Calculate total liabilities by adding current and long-term liabilities together.
7. Determine owner's equity by subtracting total liabilities from total assets. For sole proprietors and partnerships, this is your capital account. For corporations, break this into common stock and retained earnings if applicable.
8. Verify the balance sheet equation: Assets must equal Liabilities plus Owner's Equity. If they don't match, recheck your entries and calculations.

What lenders look for

- Lenders focus heavily on your current ratio (current assets divided by current liabilities). A ratio above 1.2 shows you can cover short-term obligations, which strengthens your application.
- Avoid inflating asset values or omitting liabilities. Banks will verify figures against tax returns and credit reports, and discrepancies raise red flags that can kill your application.
- In New York, if your balance sheet includes real property, be prepared to provide recent appraisals or tax assessments since commercial real estate values vary significantly by location and market conditions.