PENNSYLVANIA · STATE-AWARE GUIDE

How to complete a Balance Sheet in Pennsylvania

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 a snapshot of your business's financial health at a specific date. This document lists everything your company owns, everything it owes, and the resulting owner's equity, proving you have sufficient assets to support the loan you're requesting.

Before you start

- Recent bank statements for all business checking, savings, and money-market accounts
- Current outstanding loan balances including vehicle loans, equipment financing, and any other business debt
- Inventory valuation records or cost-of-goods figures if you stock physical products
- Accounts receivable aging report showing what customers owe you
- Accounts payable records listing what you owe suppliers and vendors

Step-by-step

1. Choose the balance sheet date, typically the last day of your most recent fiscal quarter or month-end. Pennsylvania lenders prefer dates within 90 days of your application submission.

2. List current assets first: cash in bank accounts, accounts receivable expected within 12 months, inventory at cost or lower market value, and prepaid expenses like insurance or rent paid in advance.

3. Calculate your current assets subtotal. Many forms auto-calculate; if not, add the line items yourself and double-check your math.

4. List long-term assets: property, buildings, equipment, vehicles, and any intangible assets like patents. Use original purchase price minus accumulated depreciation, not current market estimates unless the form specifically requests fair market value.

5. Total all assets by adding current assets and long-term assets together. This is your balance sheet's left side.

6. List current liabilities: credit card balances, accounts payable due within 12 months, current portion of long-term debt, accrued payroll, and taxes owed.

7. List long-term liabilities: mortgages, equipment loans, and any debt not due within the next year. Include only the remaining principal, not future interest.

8. Total all liabilities. Subtract total liabilities from total assets to determine owner's equity, also called net worth or capital. This figure must match exactly on both sides of the balance sheet.

What lenders look for

- Underwriters calculate your current ratio by dividing current assets by current liabilities. A ratio below 1.0 signals cash-flow risk and may trigger additional scrutiny or require explanations.

- Never inflate asset values or omit liabilities. Lenders verify figures against tax returns and will withdraw offers if they discover inconsistencies, and Pennsylvania banks commonly cross-reference state tax filings.

- Negative equity is not automatically disqualifying but requires a strong explanation tied to startup costs, recent expansion, or owner draws you plan to reverse.