FORMSTACK LEGAL · COMPLETION GUIDE

How to complete a Statement of Shareholders' Equity

Roll-forward of shareholders' equity by component (common stock, APIC, retained earnings, treasury, AOCI) with beginning/ending balances.

What this form is for

This form shows how each component of your company's equity changed over a reporting period, typically one fiscal year. Banks review it to confirm your business has adequate capital, understand how profits were retained or distributed, and verify that equity transactions like stock issuances or buybacks were properly documented.

Before you start

- Your most recent balance sheet showing total shareholders' equity at both the beginning and end of the period
- Corporate charter and amendments specifying authorized shares, par value, and share classes
- Board resolutions or stock ledger entries for any new stock issued, shares repurchased, or dividends declared during the period
- Your income statement or profit-and-loss report showing net income for the period
- Documentation of any other comprehensive income items such as unrealized gains or foreign currency adjustments, if applicable
- IMPORTANT: Select your state of incorporation before submitting, as state law governs permissible equity structures and distribution rules

Step-by-step

1. Enter the beginning balance for each equity component: common stock at par, additional paid-in capital, retained earnings, treasury stock, and accumulated other comprehensive income. These must match the ending balances from your prior period statement.

2. Record any new common stock issuances during the period. Show the par value portion in the common stock column and any amount received above par in the additional paid-in capital column.

3. Enter net income for the period in the retained earnings column as an addition. This figure must tie exactly to your income statement bottom line.

4. Deduct any dividends declared or paid during the period from retained earnings. Include both cash dividends and any property distributions.

5. If your company repurchased its own shares, record the total cost in the treasury stock column as a negative number, reducing total equity.

6. Add any other comprehensive income items to the accumulated other comprehensive income column, such as unrealized investment gains or pension adjustments.

7. Calculate the ending balance for each column by adding or subtracting all activity from the beginning balance. Most banks prefer templates that auto-calculate these totals to reduce arithmetic errors.

8. Cross-check that the sum of all ending balances equals the total shareholders' equity shown on your current balance sheet.

What lenders look for

- Banks want to see positive retained earnings growth and stable or increasing total equity, signaling your business reinvests profits rather than draining capital through excessive dividends or buybacks.
- Red flags include negative retained earnings, large unexplained drops in equity, or missing documentation for stock transactions, all of which suggest financial distress or poor recordkeeping.
- Ensure every line of activity has supporting documents in your loan package; undocumented equity changes will trigger requests for additional information and delay approval.