

# How to complete a Statement of Shareholders' Equity in New York

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

## What this form is for

The Statement of Shareholders' Equity shows lenders how ownership value in your corporation changed over a reporting period, usually one year. Banks require this to verify you're building equity, not draining capital, and to confirm all stock transactions and profit retention are properly documented.

## Before you start

- Prior-period balance sheet showing last year's ending equity balances for common stock, additional paid-in capital, retained earnings, treasury stock, and accumulated other comprehensive income
- Current-period balance sheet with this year's ending balances for all equity components
- Income statement or profit-and-loss report showing net income for the period
- Documentation of any stock issuances, buybacks, or dividend payments made during the year
- Records of any other comprehensive income items such as foreign currency adjustments or unrealized gains on investments

## Step-by-step

1. Enter the beginning balance for each equity component in the first row, pulling figures directly from your prior year-end balance sheet. Common stock, additional paid-in capital, retained earnings, treasury stock, and accumulated other comprehensive income each get their own column.
2. Record net income for the period in the retained earnings column only. This figure must match your income statement bottom line exactly.
3. Document any dividends declared or paid during the period as a negative entry in the retained earnings column, reducing equity.
4. If you issued new common stock, enter the par value in the common stock column and any premium over par in the additional paid-in capital column. New York corporations must comply with Business Corporation Law Section 504 regarding minimum capital requirements.
5. Record any stock repurchases in the treasury stock column as a negative amount, reducing total equity.
6. Enter other comprehensive income items in the accumulated other comprehensive income column if applicable to your business, 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. Each column total should reconcile exactly to your current balance sheet equity section.

8. Sum all ending column balances horizontally to arrive at total shareholders' equity, which must match your balance sheet equity total precisely.

## What lenders look for

- Banks scrutinize retained earnings trends closely because consistent losses or aggressive dividend withdrawals signal cash-flow problems and increased credit risk, especially if you're asking for more debt.
- Reconcile every number to source documents because equity statement errors suggest weak internal controls, and lenders will delay approval until discrepancies are resolved with supporting schedules.
- New York lenders expect S-corporations and C-corporations to show different distribution patterns, so make sure dividend timing and amounts align with your tax election and board resolutions on file.