Instructions for Preparing Balance Sheets

- The Balance Sheet provides a "snapshot" of a company's financial position at any given point in time. It is a listing of what the company owns (assets) and what the company owes (liabilities).

- Current assets are the assets you have received during that year. For instance, if you are completing your Balance Sheet for year ending December 2000 (Year 1), you will list your current assets as the value of your cash, inventory, etc during the year 2000.

- Short Term Notes Payable are any loans that will be paid off during the year that your are reporting.

- Current Long Term Debt is the portion of your long term debt that will be paid during that year. For example, if you will pay $12,000 on a 30 year mortgage (a long term debt) during the year 2000, that amount will be the current long term debt for the year ending December 2000. It was the portion of the long term debt that was due/paid during the year.

- Owner's Net Worth is your total assets minus your total liabilities. On the sample balance sheet, this calculation would be: $292,912.00 - $268,733.00 = $24,179.00
- This amount is what the business is worth.

- The "Total Liabilities and Net Worth" field on the balance sheet is exactly what it says. It is the amount of your Total Liabilities plus the amount of your Owner's Net Worth. On the sample balance sheet, this calculation would be: $268,733.00 + $24,179.00 = $292,912.00

- The % Compared to Prior Year fields on the Balance Sheet tells you how each line item on the Balance Sheet has changed from the previous year. On the sample Balance Sheet, the Cash line item increased by 147%. This means that Year 2 had 147% more cash than Year 1. To calculate the % Compared to Prior Year, you take the amount in Year 2 and subtract the amount from Year 1. You would then divide that figure by the amount in Year 1 and then multiply your answer by 100. On the sample balance sheet, this calculation would be (for the cash line item):
    - $3,698 - $1,500 = $2,198
    - $2,198 / $1,500 = 1.465
    - 1.465 * 100 = 147%

MetroAction provides these sample documents solely to illustrate the information needed to complete the loan application process. MetroAction is not responsible for their use or any claims arising from their use. Your legal counsel, your accountant and other professionals should be consulted in all relevant matters.

Balance Sheet

	Year 1	Year 2	% Compared to Prior Year
For year ending:			
ASSETS			
Current Assets			
Cash			
+ Accounts Receivable			
+ Inventory			
+ Prepaid Expenses			
= **Total Current Assets**			
Fixed Assets			
Land, buildings			
+ Furniture and Fixtures			
+ Equipment			
= **Total Fixed Assets**			
TOTAL ASSETS (Current + Fixed)			
LIABILITIES			
Current Liabilities			
Accounts Payable			
+ Short Term Notes Payable			
+ Taxes Payable			
+ Accruals			
+ Current Long Term Debt			
= **Total Current Liabilities**			
Long Term Liabilities			
Mortgages Payable			
+ Long Term Notes Payable			
+ Equipment			
= **Total Long Term Liabilities**			
TOTAL LIABILITIES (Current + Long Term)			
Owner's Net Worth			
Total Liabilities and Net Worth			

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