

FILLING OUT A BALANCE SHEET

Filling out a balance sheet can be an intimidating, but it doesn't have to be!



Use the balances and values as they are on the day you complete your balance sheet.

What is an asset?



An asset on a balance sheet is anything that is owned that holds economic value. Assets are split into three different sections: current assets, intermediate assets, and fixed or long-term assets.

A **current asset** allows a lender to look at liquidity and cash reserves. It is crucial that this section is completed accurately.

Current assets include, but are not limited to: cash - checking - savings (this includes certificates of deposit) - assets that can easily be turned into cash, such as market livestock crops held for resale, feed, seed, or supplies, investments in growing crops, accounts receivable or stocks and bonds

Intermediate assets are items that are not as easily turned into cash as current assets.

Intermediate assets include, but are not limited to: automobile values - machinery and equipment values - boats/RVs/ATVs - breeding livestock - retirement - IRA - 401K - cash value of life insurance - contracts or notes receivable - personal property

Another interchangeable term is a **long-term** or **fixed assets**. These are items that are not as easily turned into cash.

Long-term or fixed assets include, but are not limited to: primary residences - farm or timber land - lots - recreational property - rental properties - interest in entities

Once you have all three asset sections complete, you will want to total up each category. Then, add all three category subtotals together to obtain the total of all of your assets.

What is a liability?



Liability are the debts owed. As with assets, liabilities are split into three different sections: current liabilities, intermediate liabilities, and long-term liabilities.

Current liabilities are notes/debts that are usually payable within a year.

Current liabilities include, but are not limited to: credit cards - accounts payable - veterinarian, seed supplier, feed supplier, etc. - operating loans (lines of credit for farm/business expenses) - real estate or income taxes - unpaid medical bills - operating lease payments (example: payments due for rented land for farm operation)

Intermediate liabilities are notes that are set to mature/pay off in a period of time greater than a year, but less 10 years.

Intermediate liabilities include, but are not limited to: auto loans - student loans - machinery and equipment loans - home equity loans

Long-term liabilities are notes that are set to mature/pay off in a period of time greater than 10 years.

Long-term liabilities include, but are not limited to: mortgages on primary residences or rental properties - land or lot loans - home equity lines of credit

Once you have all three liability sections complete, you will want to total up each category. Then, add all three category subtotals together to obtain the total of all of your liabilities.



Total Assets – Total Liabilities = Net Worth

Additional considerations

- Individuals often forget to list any liability that they are a ‘co-signor’ on. Even if you are not the one making the payments, your name can still be reported to the credit bureaus and the liability will be included on your credit report. Any co-signed liability needs to be listed on the balance sheet. These items will be listed in their appropriate location. For example, if you co-signed on a family member’s new vehicle, that would be listed in intermediate liabilities.
- If possible, it is good to have a statement to verify current assets. For example, if you put you have \$250,000 in savings, have documentation to authenticate.
- Some items on a balance sheet may not apply to you and that is okay! If there is a section you do not have asset or liability, it is acceptable to leave blank or put in \$0.
- Balance sheets encompass a plethora of information. It can be easy to forget an expense or asset here and there. However, it is extremely important to fill out the entirety of the balance sheet.

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