



SMALL BUSINESS
KNOWLEDGE AND
TRAINING PORTAL

TSBDC.org

AMERICA'S
SBDC
TENNESSEE

ANALYZE YOUR FINANCES BEFORE STARTING A BUSINESS

LESSON TOPICS

1. What is a Personal Financial Statement?

A personal financial statement is a snapshot of your assets. The equation for a personal financial statement is:
 $\text{assets} - \text{liabilities} = \text{personal net worth}$.

2. Examples of Assets and Liabilities

Assets would include:
cash, savings account, retirement account, account receivables, life insurance (including cash surrender value), stock and bonds, real estate, and automobiles at their market values.

Liabilities would include:
accounts payable, notes payable, residential mortgage balance, investment mortgage balance, installment loans (including auto and of other balance), unpaid taxes and etc..

3. Personal Financial Statement Tips for Obtaining a business Loan

Complete a personal financial statement for each person in the business.

- Order a credit report from three different credit bureaus.
- Be able to explain any negative credit report findings.
- An example of a personal financial statement form can be found at: www.tsbdc.com