

Using the Balance Sheet (Net Worth) Spreadsheet

This spreadsheet is designed to help you create your family's "balance sheet," much like what is done by businesses regularly when they need to determine their financial position. Put simply, the balance sheet (also called a "net worth statement") is a snapshot of the value of what you own (assets) versus what you owe (liabilities) at a *single, given point in time*. Thus, it allows you to determine your family's net worth at (again) a given point in time.

This spreadsheet should make the process as simple and efficient as possible. Before you begin, though, a few definitions may be necessary:

Net Worth: (Total value of all family assets) minus (total value of all family liabilities).
Current Liability: Any debt due within one year.
Long-Term Liability: Any debt due after one year or longer.

Most experts recommend completing a balance sheet at least once per year, as it is the only way to get an idea of your true financial picture. For those families who make regular contributions to retirement accounts and debt paydowns, the balance sheet may be the best way for them to see the progress that they're making — even though they may not "feel" that progress on a month-to-month basis. In cases like this, it may be more beneficial to complete your balance sheet more often . . . say, once every quarter or so.

Before Filling in the Spreadsheet: Generally, the most time-consuming portion of completing a balance sheet rests in the record-gathering. It's a good idea to glance over the "Assets" and "Liabilities" spreadsheet pages and round up the needed info and statements before you begin inputting values.

When it comes to determining values of autos, you can go Kelley Blue Book's web site (<http://www.kbb.com>) for estimations of value. For other personal-property items, such as furniture, electronics, and jewelry, eBay auctions (<http://www.ebay.com>) can often give you an idea of approximate value.

Filling Out the Spreadsheet:

- 1) Begin on the "Assets" page. Fill in the values in columns 'E' and 'J'. Column 'D' may be used to enter identifying descriptions of some items, such as account numbers or vehicle makes. If an item does not apply to you, leave it blank. Use estimations of current fair market value when called for, **not** what you paid for the item.
- 2) Continue with the "Liabilities" page. Fill in the values in columns 'E' and 'J'. Columns 'D' and 'I' may be used to enter identifying descriptions of some items. If an item does not apply to you, leave it blank.
 - a) Note that items "Utilities" down through "Repair Bills" denote only any outstanding unpaid amounts in these areas, **not** your monthly payment amount.
- 3) Finish on the "Balance Sheet" page. Enter your name and the date in the designated boxes at the top. All other values here are calculated for you, based upon your entries on the previous two pages. For more information on what the various financial ratios mean, check the Quickies page (<http://www.mdmproofing.com/iy/quickies.shtml>) for definitions.