

## Worksheet 2.1

## Balance Sheet for Bob and Cathy Case

A balance sheet is set up to show what you own on one side (your assets) and how you pay for them on the other (debt or net worth). As you can see, the Cases have more assets than liabilities.

BALANCE SHEET			
Name(s) <u>Bob and Cathy case</u>		Date <u>December 31, 2010</u>	
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Liquid Assets</b>		<b>Current Liabilities</b>	
Cash on hand	\$ 90	Utilities	\$ 120
In checking	575	Rent	
Savings accounts	760	Insurance premiums	
Money market funds and deposits	800	Taxes	
Certificates of deposit		Medical/dental bills	75
<b>Total Liquid Assets</b>	\$ 2,225	Repair bills	
<b>Investments</b>		Bank credit card balances	395
Stocks	1,250	Dept. store credit card balances	145
Bonds <u>Corp.</u>	1,000	Travel and entertainment card balances	125
Certificates of deposit		Gas and other credit card balances	
Mutual funds	1,500	Bank line of credit balances	
Real estate		Other current liabilities	45
Retirement funds, IRA	2,000	<b>Total Current Liabilities</b>	\$ 905
Other		<b>Long-Term Liabilities</b>	
<b>Total Investments</b>	\$ 5,750	Primary residence mortgage	\$160,000
<b>Real Property</b>		Second home mortgage	
Primary residence	\$185,000	Real estate investment mortgage	
Second home		Auto loans	4,250
Other		Appliance/furniture loans	800
<b>Total Real Property</b>	\$ 185,000	Home improvement loans	
<b>Personal Property</b>		Single-payment loans	
Auto(s): '07 Toyota Corolla	\$ 12,000	Education loans	3,800
Auto(s): '05 Ford Focus	8,300	Margin loans	
Recreational vehicles		Other long-term loans (from parents)	4,000
Household furnishings	3,700	<b>Total Long-Term Liabilities</b>	\$ 172,850
Jewelry and artwork	1,500	<b>(II) Total Liabilities</b>	
Other		\$ 172,850	
Other		<b>Net Worth [(I) - (II)]</b>	
<b>Total Personal Property</b>	\$ 25,500	\$ 45,625	
<b>(I) Total Assets</b>		<b>Total Liabilities and Net Worth</b>	
\$ 218,475		\$ 218,475	

### open account credit obligations

Current liabilities that represent the balances outstanding against established credit lines.

### long-term liability

Any debt due 1 year or more from the date of the balance sheet.

utility bills, rent, insurance premiums, taxes, medical bills, repair bills, and total **open account credit obligations**—the outstanding balances against established credit lines (usually through credit card purchases).

- **Long-term liability:** Debt due 1 year or more from the date of the balance sheet. These liabilities typically include real estate mortgages, most consumer installment loans, education loans, and margin loans used to purchase securities.

You must show all types of loans on your balance sheet. Although most loans will fall into the category of long-term liabilities, *any loans that come due within a year should*