Help! I have Current Inventory

AET OFFICE HOURS
1.22.25



Topics:

1. Understanding what contributes to current inventory values

2. How to manage the "fix"



Current Inventory — by definition

The inventory value of AET Experiences (SAEs), which is based on the cost of items used in the project.

For Example:

The student has a poinsettia project and purchases

\$400 in plants,

\$100 in pots and soil,

which gives the student a current inventory of \$500.

*A \$500 investment that has the potential of a return in product sales



When does Current Inventory Appear?

- Appears when a CASH investment amount is short of a "Return on Investment"
- Meaning:
 - a) The CASH debits exceed credits in an SAE
- How:
 - a) SAE is simply short of returns or sales (SAE losses are real)
 - b) SAE takes on year-end expenses which returns will follow in the next year
 - c) Products are growing and are not sold until the following year
- ASK: Do I have anything left that I bought or produced in the SAE?



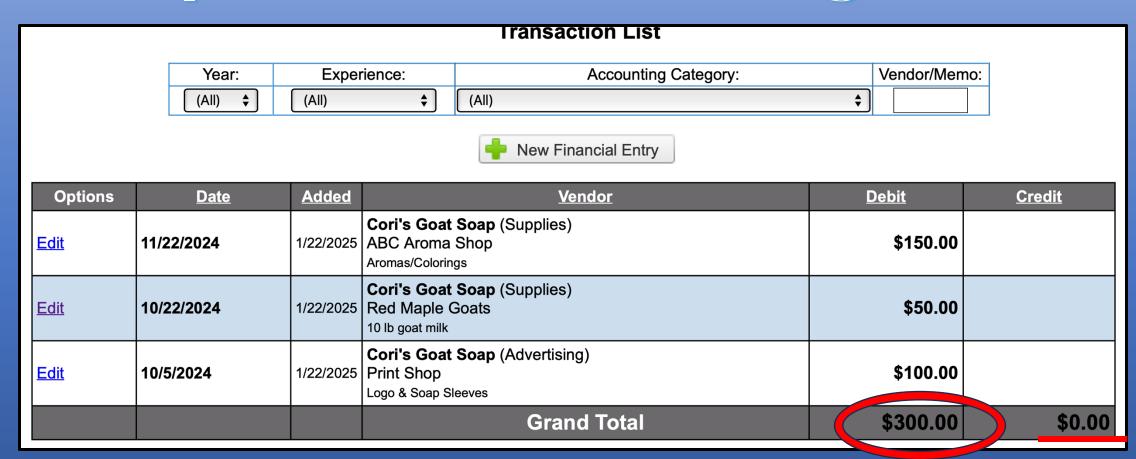
What financial action(s) impact the Current Inventory?

- 1. Product/Service Sales
- 2. Livestock Sales
- 3. Crop Forage Sales

NOTE: As cash sales occur, current inventory value is reduced because a Return on Investment is "reducing inventory" (cash investment paid)



Example: SAE Financial Ledger



CASH Debits (investments) are greater than Credits

• Items purchased to produce soap



Example – SAE MANAGER



Instructions:

There are two ways to estimate the financial value of your entrepreneurship experience:

- By default, the AET calculates your current inventory by looking at your expenses and income.
- Alternatively, you may choose to specify the value of your inventory by declaring individual assets below.
 This value should be based on market data.
- After an enterprise is marked "inactive", the closing inventory is automatically \$0.

Date	Suggested Value	Declared Inventory	Assets (this project)				
December 31, 2024	\$300.00		+ Add New Type No inventory a	Quantity	Description AET uses the suggested value	Value shown.	

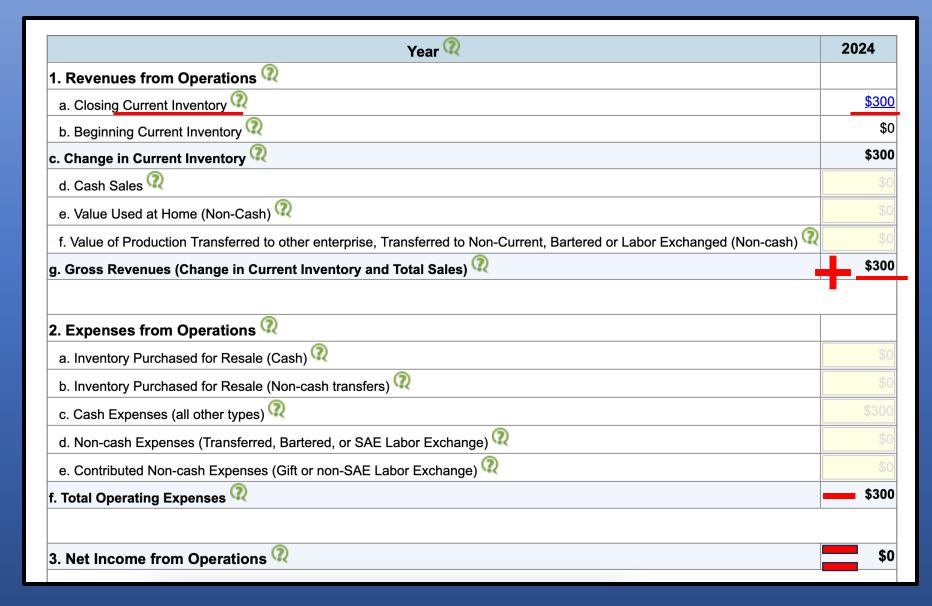
?? Do I have items of investment that remain in inventory as of 12.31.24?

YES

Supplies purchased or bars of soap produced



Award App — American Degree Income/Expense Page



Because we did NOTHING, AET accrued accounting gives the student credit for the investment.

Minus the \$300 investment = 0 Net Income from Operations



Award App — Current Inventory Page

No Inventory Declared:





Interactive Record Book — Profit/Loss



ZZ - National FFA/SAE Test Account w/AET Cori Inventory Cori's Goat Soap

Generated: 1/22/202513:41

Profit/Loss Report - Cori's Goat Soap	0	
Туре	2024	Total
1. Revenues from Operations		
Beginning Current Inventory		
Market Inventory Adjustments	\$0	
Ending Current Inventory	\$300	
Change in Current Inventory	\$300	\$300
Gross Cash Revenues		
Gross Non-Cash Revenues		
Gross Revenues	\$300	\$300
2. Expenses from Operations		
Advertising	\$100	\$100
Supplies	\$200	\$200
Total Cash Expense	\$300	\$300
Total Non-Cash Expense		
Total Operating Expense	\$300	\$300
3. Net Income from Operations	\$0	\$0

Because we did NOTHING, AET accrued accounting gives the student credit for the investment.

Minus the \$300 investment = 0 Net Income from Operations



Manage the Fix — Answer the Question

?? Do I have items of investment that remain on inventory as of 12.31.24?

Date	Suggested Value	Declared Inventory		As	ssets (this project)			
SOAP BAR December 31,	\$ \$300.00	\$360.00	+ Add New Asset	Quantity	Description	Value		
2024			Merchandise, Crops, and Animals Purchased for Resale	45	\$8 per bar - variety of goat soaps (45 bar batch)	\$360.00	<u>Delete</u>	<u>Edit</u>



Date	Suggested Value	Declared Inventory		A	ssets (this project)			
SUPPLI	EG		+ Add New Asset					
SUPPLI	ES		Туре	Quantity	Description	Value		
December 31,	\$300.00	\$300.00	Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	3 sets	Aromas and color dye kits	\$150.00	<u>Delete</u>	<u>Edit</u>
2024	Ψ300.00	\$300.00	eed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	500	Logo and printed soap sleeves - \$0.20 each	\$100.00	<u>Delete</u>	<u>Edit</u>
			Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	10 lbs	Goat milk purchased for processing	\$50.00	<u>Delete</u>	<u>Edit</u>



Award App — Current Inventory Page

Inventory Declared:







Award App — American Degree

Soap Bars

Supplies

Year 📿	2024	
1. Revenues from Operations 🍳		
a. Closing Current Inventory 🕡	<u>\$360</u>	
b. Beginning Current Inventory 📿	\$0	
c. Change in Current Inventory 📿	\$360	
d. Cash Sales 🔃	\$0	
e. Value Used at Home (Non-Cash)	\$0	
f. Value of Production Transferred to other enterprise, Transferred to Non-Current, Bartered or Labor Exchanged (Non-cash)	\$0	
g. Gross Revenues (Change in Current Inventory and Total Sales) 📿	\$360	
2. Expenses from Operations ②	\$0	
a. Inventory Purchased for Resale (Cash)		
b. Inventory Purchased for Resale (Non-cash transfers)	\$0	
c. Cash Expenses (all other types) 📿	\$300	
d. Non-cash Expenses (Transferred, Bartered, or SAE Labor Exchange)	\$0	
e. Contributed Non-cash Expenses (Gift or non-SAE Labor Exchange)	\$0	
f. Total Operating Expenses 📿	\$300	
3. Net Income from Operations Is this a fair value? YES	\$60	





Interactive Record Book



ZZ - National FFA/SAE Test Account w/AET Cori Inventory Cori's Goat Soap

Generated 1/22/202513:4

Profit/Loss Report - Cori's Goat Soap	SUPP	IES
Туре	2024	Total
1. Revenues from Operations		
Beginning Current Inventory		
Market Inventory Adjustments	\$0	
Ending Current Inventory	\$300	
Change in Current Inventory	\$300	\$300
Gross Cash Revenues		
Gross Non-Cash Revenues		
Gross Revenues	\$300	\$300
2. Expenses from Operations		
Advertising	\$100	\$100
Supplies	\$200	\$200
Total Cash Expense	\$300	\$300
Total Non-Cash Expense		
Total Operating Expense	\$300	\$300
3. Net Income from Operations	\$0	\$0

SOAP E	ARS
2024	Total
\$60	
\$360	
\$360	\$360
\$360	\$360
\$100	\$100
\$200	\$200
\$300	\$300
\$300	\$300
\$60	\$60

When itemized, new values transfer to the interactive record book F. Ag Experiences

- Choose SAE
- P/L Page



Current Inventory - When Income Occurs



CASH Debits (investments) are greater than Credits, DIFFERENCE = \$276



When Income Impacts Investment Returns

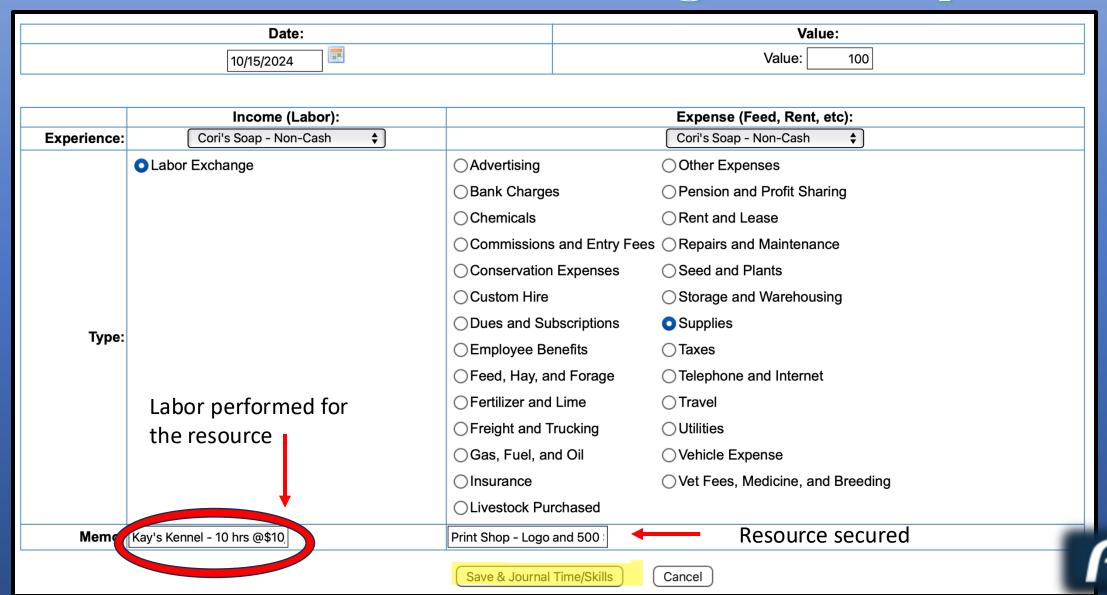
Date	Suggested Value	Declared Inventory		Assets (this project)	
December 31, 2024	\$276.00		+ Add New Asset Type Quantity No inventory assets are declared. AET	Description Γ uses the suggested value shown.	Value

NOTE:

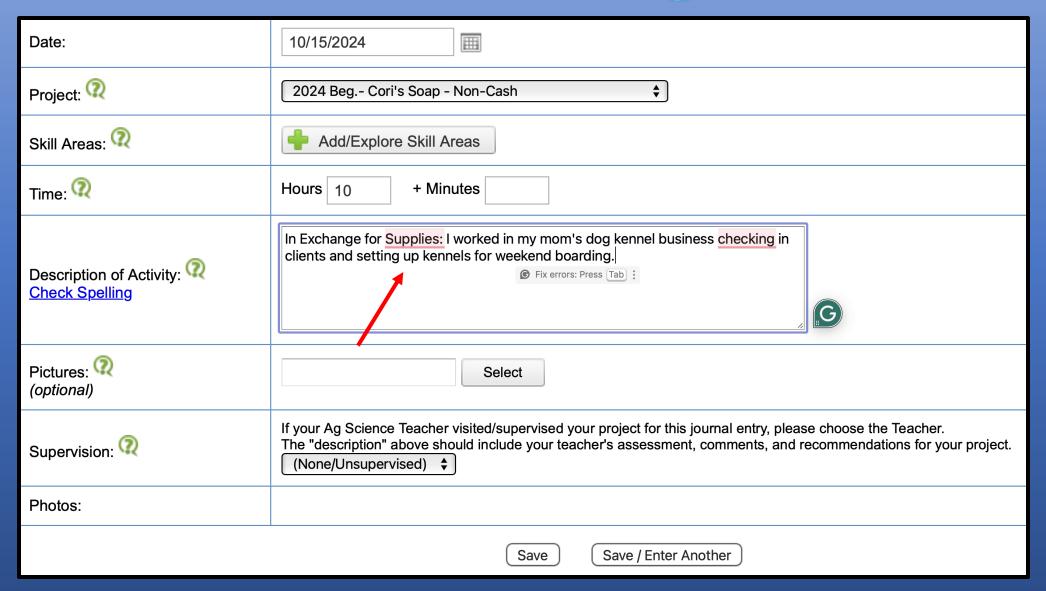
- Product sales have occurred
- It is assumed, that supplies have been utilized in processing
- What remains on investment then would be FINISHED PRODUCT (Bar Soap)
- **Sales have started to put a "return on investment", thus the balance without a

return becomes less

Non-Cash Labor Exchange for Expenses



Correct Labor Exchange Documentation



Details explain how the resource is secure without cash

Hours do not impact any award



NON-CASH Relation to Current Inventory

	Year:		Experience:	Accounting Category:		Vendor/Memo):
	(AII) \$	Cori's	Soap - Non-Cash 💠	(All)	\$		
				New Financial Entry			
Options	<u>Date</u>	<u>Added</u>		<u>Vendor</u>		<u>Debit</u>	<u>Credit</u>
<u>Edit</u>	10/15/2024	1/22/2025		Cori's Soap - Non-Cash (Non-Cash Expense - Supplies) Labor Exch: 2024 Beg Cori's Soap - Non-Cash Aroma & Color Kits		\$150.00	
Edit	10/15/2024	1/22/2025	Labor Exch: 2024 Beg	Cori's Soap - Non-Cash (Non-cash Income - Labor Exchange) abor Exch: 2024 Beg Cori's Soap - Non-Cash ay's Kennel - 15 hrs @\$10/hr			\$150.00
<u>Edit</u>	10/15/2024	1/22/2025	Cori's Soap - Non-Ca Labor Exch: Cori's So Print Shop - Logo and 500 S	•		\$100.00	
<u>Edit</u>	10/15/2024	1/22/2025	Cori's Soap - Non-Ca Labor Exch: Cori's So Kay's Kennel - 10 hrs @\$10/				\$100.00
Edit	10/15/2024	1/22/2025		ash (Non-Cash Expense - Supplies) g Cori's Soap - Non-Cash		\$50.00	
<u>Edit</u>	10/15/2024	1/22/2025		ash (Non-cash Income - Labor Exchange) g Cori's Soap - Non-Cash @\$ 10/hr			\$50.00
				Grand Total		\$300.00	\$300.00



Current Inventory — SAE Manager



Experience - Yearly Inventory Valuation 2024 Beg.- Cori's Soap - Non-Cash

There are two ways to estimate the financial value of your entrepreneurship experience:

- By default, the AET calculates your current inventory by looking at your expenses and income.
- Alternatively, you may choose to specify the value of your inventory by declaring individual assets below. This value should be based on market data.
- After an enterprise is marked "inactive", the closing inventory is automatically \$0.

Return to Project Manager

Date	Suggested Value	Declared Inventory	Assets (this project)				
December 31, 2024	\$0.00		+ Add Net Type No inventory	Quantity	Description uses the suggested value shown.	Value	

No Cash has been invested...... CAN items be on hand when the value is \$0?



How to estimate value when Non-Cash is used for expenses

Ask the following questions:

- 1. Are prepared products on inventory?
- 2. Are there purchased supplies remaining on inventory?
- *If Yes, make the edits in the LINE Graph by clicking "ADD New Asset"

WHAT value can be claimed?

• Use Fair Market Value based on market data, not retail value

There are two ways to estimate the financial value of your entrepreneurship experience:

- By default, the AET calculates your current inventory by looking at your expenses and income.
- Alternatively, you may choose to specify the value of your inventory by declaring individual assets below. This value should be based on market data.
- After an enterprise is marked "inactive", the closing inventory is automatically \$0.



Adjustments Made in Current Inventory in Non-Cash Expense Use

SAE Manager:

Date	Suggested Value	Declared Inventory			Assets (this project)			
December 31,	\$0.00	\$225.00	+ Add New Asset Type	Quantity	Description	Value		
2024	V	,	Harvested and Growing Crops/Plants	45	Bar Soap produced at cost \$5 each	\$225.00	<u>Delete</u>	<u>Edit</u>

Application:

C. Merchandise, Crops, and Animals Purchased for Resale on 12/31/2024 🕡								
Description	Quantity	Total Value						
Bar soap at cost to produce \$5 each (Cori's Goat Soap NON CASH)	45	\$225	<u>Delete</u> <u>Edit</u>					
TOTAL \$225								



Award App — American Degree (Non-Cash)

Year 🕡	2024
1. Revenues from Operations 🍳	
a. Closing Current Inventory 🔍	<u>\$225</u>
b. Beginning Current Inventory 🔃	\$0
c. Change in Current Inventory 🔃	\$225
d. Cash Sales 🔃	\$0
e. Value Used at Home (Non-Cash) 🕡	\$0
f. Value of Production Transferred to other enterprise, Transferred to Non-Current, Bartered or Labor Exchanged (Non-cash)	\$300
g. Gross Revenues (Change in Current Inventory and Total Sales) 🕡	\$525
2. Expenses from Operations 📿	
a. Inventory Purchased for Resale (Cash) 📿	\$0
b. Inventory Purchased for Resale (Non-cash transfers)	\$0
c. Cash Expenses (all other types) 📿	
d. Non-cash Expenses (Transferred, Bartered, or SAE Labor Exchange) 🕡	\$300
e. Contributed Non-cash Expenses (Gift or non-SAE Labor Exchange)	\$0
f. Total Operating Expenses 🕡	\$300
3. Net Income from Operations 🍳	\$225

Non-cash income, line 1f offsets Noncash expense, line 2d = NET 0

Claimed value of current inventory becomes Net Income to Operation LINE 3



What Things Are Current Inventory

1. Crops/plants growing in the field or in storage

- Planted crops that will lay over 12/31 until harvest the following year
- Value is calculated as inputs to date to start the crop (seed, custom use equipment, land rent, chemicals)

2. Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses

- Any production input used to produce a crop or product
- Animal feed, plant seeds, crop fertilizer or chemicals, product packaging and supplies

3. Merchandise, Crops, and Animals Purchased for Resale

- Unsold products or merchandise in a business
- Harvested crops corn, soybeans, hay, straw, vegetables etc.
 - Value is cash market or contracted price
- Exhibition animals fed for Winter or Spring shows or show horses
- Purchased young immature females and males growing to maturity for reproduction

4. Raised Market Animal

- Animals under 1 year of age born outside the start of ag that the student brings into an SAE
- Lambs, calves, kids, piglets born in the calendar year as part of SAE
- Replacement animals, unweaned offspring listed in the breeding manager



Rules for Determining Value of Current Inventory Items

- Use of CASH EXPENSES allows students to claim the invested value
- Use of NON-CASH EXPENSES limits the student to claim only the Fair Market Value rather than an anticipated selling price or an inflated purchase price
- When the market manager is used in livestock projects:
 - Cash expenses will be distributed among the number of animals to identify a market value for each animal on inventory and for the total inventory
 - Non-cash expenses will show 0 for the value of each animal and the entire inventory
 - These values are also called a breakeven for the animal or for the project
- Key is to be detailed to support the value used



RESOURCES:

- AET Office Hours
 - Full bank of PowerPoint resources
 - All are housed in AET in the Classroom Tab
 - Click for Learning Resources for Teachers and Students

