

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

Transaction List

Year:	Experience:	Accounting Category:	Vendor/Memo:
(All) ▾	(All) ▾	(All) ▾	<input type="text"/>

 + New Financial Entry

Options	Date	Added	Vendor	Debit	Credit
Edit	11/22/2024	1/22/2025	Cori's Goat Soap (Supplies) ABC Aroma Shop Aromas/Colorings	\$150.00	
Edit	10/22/2024	1/22/2025	Cori's Goat Soap (Supplies) Red Maple Goats 10 lb goat milk	\$50.00	
Edit	10/5/2024	1/22/2025	Cori's Goat Soap (Advertising) Print Shop Logo & Soap Sleeves	\$100.00	
Grand Total				\$300.00	\$0.00

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	<u>\$300.00</u>		<div style="border: 1px solid #ccc; padding: 5px;"><div style="background-color: #f0f0f0; padding: 2px; margin-bottom: 5px;">+ Add New Asset</div><table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th>Type</th><th>Quantity</th><th>Description</th><th>Value</th></tr></thead><tbody><tr><td colspan="4">No inventory assets are declared. AET uses the suggested value shown.</td></tr></tbody></table></div>	Type	Quantity	Description	Value	No inventory assets are declared. AET uses the suggested value shown.			
Type	Quantity	Description	Value								
No inventory assets are declared. AET uses the suggested 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

The logo for AET, consisting of the letters 'AET' in a stylized, bold, white font with a slight shadow effect.

Award App – American Degree Income/Expense Page

Year 	2024
1. Revenues from Operations 	
a. Closing <u>Current Inventory</u> 	<u>\$300</u>
b. Beginning Current Inventory 	\$0
c. Change in Current Inventory 	\$300
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) 	+ \$300
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) 	\$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 	= \$0

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:

A. HARVESTED AND GROWING CROPS/PLANTS ON 12/31/2024

Description	Quantity	Total Value	
No records to display.			
TOTAL			

B. FEED, SEED, FERTILIZER, CHEMICALS, SUPPLIES, PREPAID EXPENSES, OTHER CURRENT ASSETS ON 12/31/2024

Description	Quantity	Total Value	
Cori's Goat Soap		<u>\$300</u>	Detail
TOTAL		\$300	

C. MERCHANDISE, CROPS, AND ANIMALS PURCHASED FOR RESALE ON 12/31/2024

Description	Quantity	Total Value	
No records to display.			
TOTAL			

SAE appears on Current Inventory Page – Example is UNMANAGED = **INCORRECT**



Interactive Record Book – Profit/Loss



ZZ - National FFA/SAE Test Account w/AET

Cori Inventory
Cori's Goat Soap

Generated:
1/22/2025 13:41

Profit/Loss Report - Cori's Goat Soap		
	0	
Type	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	Assets (this project)				
SOAP BARS December 31, 2024	\$300.00	\$360.00	+ Add New Asset				
			Type	Quantity	Description	Value	
			Merchandise, Crops, and Animals Purchased for Resale	45	\$8 per bar - variety of goat soaps (45 bar batch)	\$360.00	Delete Edit

OR

Date	Suggested Value	Declared Inventory	Assets (this project)				
SUPPLIES December 31, 2024	\$300.00	\$300.00	+ Add New Asset				
			Type	Quantity	Description	Value	
			Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	3 sets	Aromas and color dye kits	\$150.00	Delete Edit
			Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	500	Logo and printed soap sleeves - \$0.20 each	\$100.00	Delete Edit
			Feed, Seed, Fertilizer, Chemicals, Supplies, Prepaid Expenses, other Current Assets	10 lbs	Goat milk purchased for processing	\$50.00	Delete Edit



Award App – Current Inventory Page

Inventory Declared:

C. MERCHANDISE, CROPS, AND ANIMALS PURCHASED FOR RESALE ON 12/31/2024

Description	Quantity	Total Value	
\$8 per bar - variety of goat soaps (45 bar batch) (Cori's Goat Soap)	45	\$360	Detail
TOTAL		\$360	

Description + **SAE Name** = **CORRECT**

B. FEED, SEED, FERTILIZER, CHEMICALS, SUPPLIES, PREPAID EXPENSES, OTHER CURRENT ASSETS ON 12/31/2024


















Description	Quantity	Total Value	
Goat milk purchased for processing (Cori's Goat Soap)	10 lbs	\$50	Detail
Aromas and color dye kits (Cori's Goat Soap)	3 sets	\$150	Detail
Logo and printed soap sleeves - \$0.20 each (Cori's Goat Soap)	500	\$100	Detail
TOTAL		\$300	

Description + **SAE Name** = **CORRECT**

Award App – American Degree

Soap
Bars

Supplies

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



Interactive Record Book



ZZ - National FFA/SAE Test Account w/AET

Cori Inventory
Cori's Goat Soap

Generated
1/22/2025 13:4

Profit/Loss Report - Cori's Goat Soap		
Type	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

SUPPLIES		SOAP BARS	
2024	Total	2024	Total
		\$60	
		\$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

Transaction List					
Year:		Experience:		Accounting Category:	
(All) ▾		(All) ▾		(All) ▾	
					
Options	Date	Added	Vendor	Debit	Credit
Edit	12/15/2024	1/22/2025	Cori's Goat Soap (Product/Service Sales) County Christmas Market 3 bars sold		\$24.00
Edit	11/22/2024	1/22/2025	Cori's Goat Soap (Supplies) ABC Aroma Shop Aromas/Colorings	\$150.00	
Edit	10/22/2024	1/22/2025	Cori's Goat Soap (Supplies) Red Maple Goats 10 lb goat milk	\$50.00	
Edit	10/5/2024	1/22/2025	Cori's Goat Soap (Advertising) Print Shop Logo & Soap Sleeves	\$100.00	
Grand Total				\$300.00	\$24.00

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		<input type="button" value="+ Add New Asset"/> <table><thead><tr><th>Type</th><th>Quantity</th><th>Description</th><th>Value</th></tr></thead><tbody><tr><td colspan="4">No inventory assets are declared. AET uses the suggested value shown.</td></tr></tbody></table>	Type	Quantity	Description	Value	No inventory assets are declared. AET uses the suggested value shown.			
Type	Quantity	Description	Value								
No inventory assets are declared. AET uses the suggested value shown.											

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

Date:		Value:	
10/15/2024		Value: 100	
Income (Labor):		Expense (Feed, Rent, etc):	
Experience:	Cori's Soap - Non-Cash	Cori's Soap - Non-Cash	
Type:	<input checked="" type="radio"/> Labor Exchange	<input type="radio"/> Advertising	<input type="radio"/> Other Expenses
		<input type="radio"/> Bank Charges	<input type="radio"/> Pension and Profit Sharing
		<input type="radio"/> Chemicals	<input type="radio"/> Rent and Lease
		<input type="radio"/> Commissions and Entry Fees	<input type="radio"/> Repairs and Maintenance
		<input type="radio"/> Conservation Expenses	<input type="radio"/> Seed and Plants
		<input type="radio"/> Custom Hire	<input type="radio"/> Storage and Warehousing
		<input type="radio"/> Dues and Subscriptions	<input checked="" type="radio"/> Supplies
		<input type="radio"/> Employee Benefits	<input type="radio"/> Taxes
		<input type="radio"/> Feed, Hay, and Forage	<input type="radio"/> Telephone and Internet
		<input type="radio"/> Fertilizer and Lime	<input type="radio"/> Travel
		<input type="radio"/> Freight and Trucking	<input type="radio"/> Utilities
		<input type="radio"/> Gas, Fuel, and Oil	<input type="radio"/> Vehicle Expense
		<input type="radio"/> Insurance	<input type="radio"/> Vet Fees, Medicine, and Breeding
		<input type="radio"/> Livestock Purchased	
Memorandum:	Kay's Kennel - 10 hrs @\$10	Print Shop - Logo and 500	Resource secured
Save & Journal Time/Skills		Cancel	

Labor performed for the resource



Correct Labor Exchange Documentation

Date:	<input type="text" value="10/15/2024"/>
Project:	<input type="text" value="2024 Beg.- Cori's Soap - Non-Cash"/>
Skill Areas:	<input type="button" value="+ Add/Explore Skill Areas"/>
Time:	Hours <input type="text" value="10"/> + Minutes <input type="text"/>
Description of Activity: Check Spelling	<div style="border: 1px solid #ccc; padding: 5px;"><p>In Exchange for <u>Supplies</u>: I worked in my mom's dog kennel business <u>checking</u> in clients and setting up kennels for weekend boarding.</p><p><small>Fix errors: Press <input type="button" value="Tab"/></small></p></div>
Pictures: (optional)	<input type="text"/> <input type="button" value="Select"/>
Supervision:	<p>If your Ag Science Teacher visited/supervised your project for this journal entry, please choose the Teacher. The "description" above should include your teacher's assessment, comments, and recommendations for your project.</p> <input type="text" value="(None/Unsupervised)"/>
Photos:	


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:
(All) ▾	Cori's Soap - Non-Cash ▾	(All) ▾	<input type="text"/>

 New Financial Entry

Options	Date	Added	Vendor	Debit	Credit
Edit	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	Cori's Soap - Non-Cash (Non-cash Income - Labor Exchange) Labor Exch: 2024 Beg.- Cori's Soap - Non-Cash Kay's Kennel - 15 hrs @\$10/hr		\$150.00
Edit	10/15/2024	1/22/2025	Cori's Soap - Non-Cash (Non-Cash Expense - Supplies) Labor Exch: Cori's Soap - Non-Cash Print Shop - Logo and 500 Sleeves	\$100.00	
Edit	10/15/2024	1/22/2025	Cori's Soap - Non-Cash (Non-cash Income - Labor Exchange) Labor Exch: Cori's Soap - Non-Cash Kay's Kennel - 10 hrs @\$10/hr		\$100.00
Edit	10/15/2024	1/22/2025	Cori's Soap - Non-Cash (Non-Cash Expense - Supplies) Labor Exch: 2024 Beg.- Cori's Soap - Non-Cash 10 lb milk	\$50.00	
Edit	10/15/2024	1/22/2025	Cori's Soap - Non-Cash (Non-cash Income - Labor Exchange) Labor Exch: 2024 Beg.- Cori's Soap - Non-Cash Flower Beds - Spring 5 hrs @\$ 10/hr		\$50.00
Grand Total				\$300.00	\$300.00

CASH Debits (investments) are EQUAL to Credits DIFFERENCE = \$0



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		<div style="border: 1px solid #ccc; padding: 5px;"><div style="border: 1px solid #ccc; padding: 2px; margin-bottom: 5px;">+ Add New Asset</div><table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th>Type</th><th>Quantity</th><th>Description</th><th>Value</th></tr></thead><tbody><tr><td colspan="4">No inventory assets are declared. AET uses the suggested value shown.</td></tr></tbody></table></div>	Type	Quantity	Description	Value	No inventory assets are declared. AET uses the suggested value shown.			
Type	Quantity	Description	Value								
No inventory assets are declared. AET uses the suggested value shown.											

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

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:


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Adjustments Made in Current Inventory in Non-Cash Expense Use

SAE Manager:

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

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	Delete Edit
TOTAL		\$225	

Award App – American Degree (Non-Cash)

Year ?	2024
1. Revenues from Operations ?	
a. Closing Current Inventory ?	\$225
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 Non-cash 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