

Financial Investment In An Entrepreneurship Supervised Agricultural Experience (SAE)

The investment is financial values to grow your SAE!

Finances



Record your investment of money, such as income/expenses, capital items. Access the Livestock Management Modules, and record paychecks.

B. Documenting Finances

All Entrepreneurship SAEs require financial investments.

Examples of financial records include:

1. Beginning financial inventory of on-hand items related to your SAE used prior to starting your first agricultural education course
2. Recording expenses that directly support your SAE (Current Inventory)
3. Recording income (sales) related to your SAE
4. Recording non-cash transactions that directly support your SAE
5. Buying or selling non-current (capital) inventory



1. Documenting Beginning Inventory (3 Areas)

Beginning inventory includes items purchased before your first ag education course:

1. Expense items (Current Inventory) used during in-progress SAE projects, such as:

- Inventory purchased for re-sale (show animal) \$1,200 cost
- Feed fed, supplies, veterinary services and other expense items \$500

= \$1,700 beginning project value
(Current Inventory)

2. Non-current inventory (capital) purchased, such as:

- Show tack items (grouped halters, brushes, feed buckets etc) - \$800
- Show box - \$400

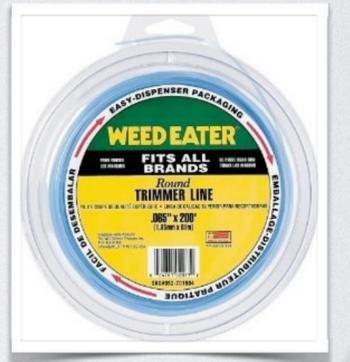
3. Cash on hand, which is any funds to be used to support your SAE project



2. Documenting SAE Expenses (Build Current Inv.)

Expenses either support (1) products that are grown/sold or (2) items needed to perform a service. Example transactions include:

1. Items purchased to later sell at a greater price (show animals, replacement breeding animals and market animals)
2. Supplies needed to support the project that will be consumed (feed, veterinary medicine, seed, fertilizer and similar items)
3. Repairs expense for equipment and other items
4. Rent expense for equipment or land
5. Paying others for their labor to assist you



SAE Expenses And Current Inventory Value

Lawn care business SAE (one month)	Show Animal SAE (prior to selling)	Animal Breeding SAE (one year)	Beehive / Crop Pollination SAE
Fuel, machinery repair and other cost are \$800	Inventory purchased for resale \$450	Breeding female feed and care \$1,200 (2 head)	Purchased bees and other supplies \$300
Labor is \$200	Feed, medications, entry fees are \$450	Breeding expenses, and other \$200	Repair, fuel & other expenses \$100
Value of SAE (current inventory) before revenue is \$1,000	Value of SAE (current inventory) before revenue is \$900	Value of SAE (current inventory) \$1,400	Value of SAE (current inventory) \$400



3. Documenting SAE Income

Sales or income are positive revenue transactions that hopefully create a profit.

Example sales/income transactions are:

1. Livestock sales at an auction, livestock market, select sale or private treaty
2. Vegetable products sold at a farmers market; Grain sales at a cooperative
3. Revenue received from a repair service business
4. Revenue received from a custom harvest or other tractor field work
5. Revenue received from a lawn care business

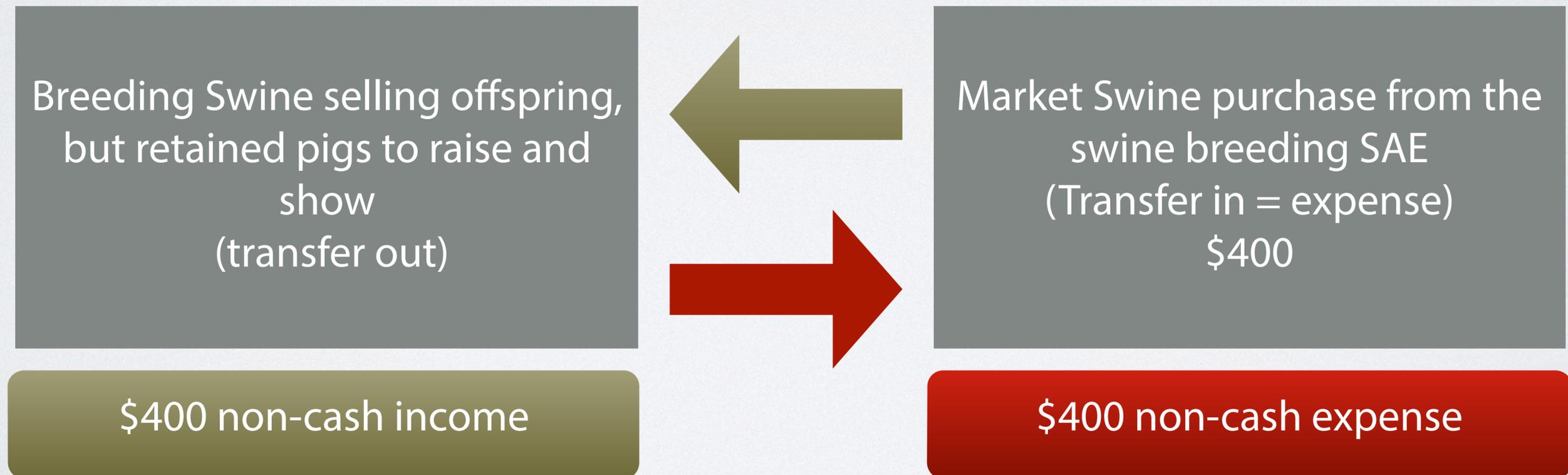


4. Documenting Non-Cash Finances (Transfers)

Some expense items and income in your SAE are non-cash and they can be transfer or trade situations, but are important to record to correctly measure financial results.

Examples are:

Documenting transfers - Raising your own show hogs from your swine breeding SAE

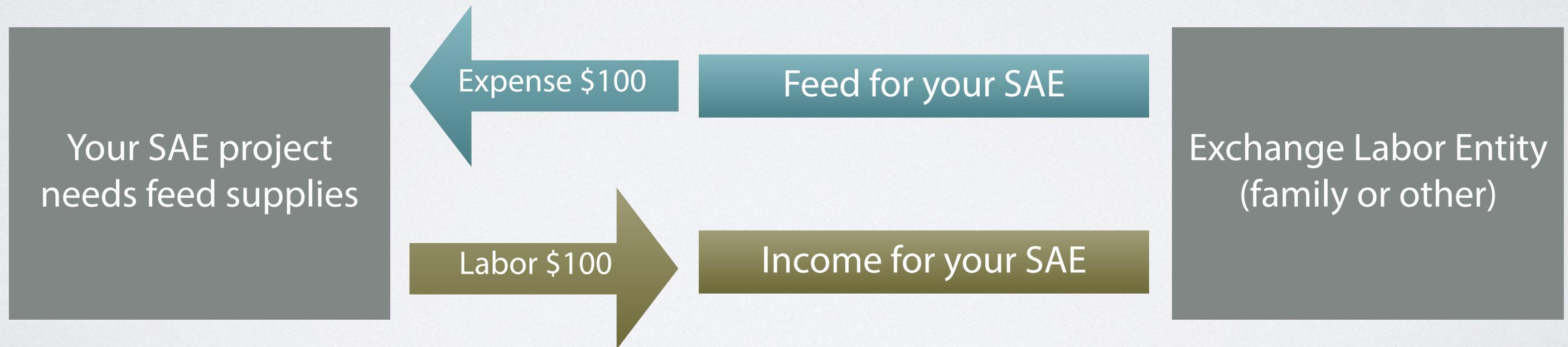


4. Documenting Non-Cash Finances (Labor Exchange)

Some expense items and income in your SAE are non-cash, but are important to record to correctly measure financial results.

Examples are:

Documenting SAE labor exchange - Your labor related to your SAE project is traded for expense items you need to operate your SAE



5. Documenting Finances For Non-Current Items

Capital items, also called non-current inventory, are typically:

1. High-cost items
2. Utilized to support growth or service for the business
3. Used for more than one year for your SAE projects

Note: These items are typically expensive items and involve annual depreciation to allocate their cost across multiple years of use.



Value Of Non-Current Assets

- ✓ Buying assets is NOT considered an expense in itself; Assets depreciate over time, which is the expense
- ✓ The asset's value is the purchase cost minus depreciation or set value if raised
- ✓ Breeding animals raised in the business are non-depreciable
- ✓ Depreciation is % of asset's book value (cost - salvage value)
- ✓ Assets should be related to for-profit SAEs and can be allocated or used annually by several SAEs



Depreciation Of Non-Current Assets



Purchase Cost = \$3,000
Salvage \$ = \$2,000
Depreciation \$1,000
÷ 5 years = \$200 year (20%)

Purchase Cost = \$1,000
Salvage \$ = \$600
Depreciation \$400
÷ 10 years = \$40 year (10%)

50% to SAE Registered
Breeding Cattle

50% to SAE Commercial
Breeding Cattle

100% to Lawn Care SAE
Business



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