

Application Vocabulary—

- Asset: What is owned---either current or non-current
- *Everyone has some current personal and non-current personal non-productively invested assets---page 9
- Current Asset Generally a life a one year or less. Examples:
- Feeder steers
 - Feeder pigs
 - Fall crops
 - Supplies
 - Fertilizer
 - Gas, oil
 - Mower blades
 - Log books
 - Crops in storage
 - Crops planted in the fall and in the ground
 - Others
- Some current assets change value from the time you purchased them.
 - *a market steer purchased at 600 pounds in October weighs more on December 31 and is worth more.
- Non-Current Asset* A life more than a year for the applications. Examples:
- Machinery except that bought to restore and sell.
 - Breeding Stock
 - Most equipment.....freezers, meat saws, etc.
 - Fencing
 - Land improvements (tiling, diversions, ditching)
 - Buildings
 - Land
 - Others
 - *Set the depreciation up for depreciable items
 - *Rates (dairy cattle)---types (straight line is less confusing)
- Liability: What is owed
- Current liabilities are what is owed in the next twelve months.....non-current liabilities are the rest-----see page 10

Page Two State and American FFA Degrees

- Scope if for the entire year. It is okay if the numbers do not match the inventory numbers on pages 5, 6, & 7. Those numbers are for what is on hand on December 31 of the last record year of the application.
- Hours listed on page two must, however, match the hours on pages 3 and 4

Pages 3 & 4 State and American FFA Degrees

-Total expenditures are not taxes or FICA. They are for things like gloves, hairnets, shoes, etc. Taxes and FICA show up on page 11.

Pages 5,6,7

-Inventory pages. Inventories A, B, C, D are current and the total will need to match the ending current inventory total on pages 8a and 8b.

Inventories E, F, G, H, I are non-current and the total will need to match the ending non-current inventory on pages 8a and 8b.

Pages 8a & 8b

It is okay to have an inventory loss on the current or non-current inventory sections. This would be due to sales, a death loss, theft, depreciation, etc.

Lines f and g from Section 1-Current Operating Income must add up to the same as lines 2c and 2e under Section 2-Current Operating Expenses. They are non-cash and need to offset each other. Non-cash non-feed items on 2-e are bartered electricity, barn/stable/stall rent/, vet bills paid by parents, etc

Section 4-Non-Current/Capital Transactions.

Your beginning non-current inventory for when the SAE started goes on line 4-c

If you purchase non-current inventory, it goes on line 4-d

If you sell a non-current item, it goes on line 4-b

Line 4-a is the ending non-current inventory and the last year will match the total of inventories E, F, G, H, I

It is wise to note depreciation/appreciation in this area. Some items are non-depreciable. Raised breeding stock are not depreciable. Purchased breeding stock is depreciable. All breeding stock appreciates as they get older and then the purchased breeding stock can depreciate. Some capital equipment items do not need to show depreciation. A ten year old stainless steel table purchased for \$400 need not be depreciated (but I would). Remember-----machinery purchased to restore and sell is current.....others are non-current and depreciable.

Page 9

Remember: *Everyone has some current personal and non-current personal non-productively invested assets.

Some current personal items: music, clothes, etc

Some non-current personal items: guns, four-wheelers not used in the SAE or the portion not used, vehicles not in the SAE, stereos, etc

The ending totals (Column B) are carried forward from the inventory pages.

Page 10

Know that current liabilities are those owed in the next twelve months---Jan to Dec of the next year. The rest are non-current liabilities.

Points: Many State Degree apps will have numbers in 22-a: Baled hay for a neighbor one or two times (not enough to put on pages 2, 3, & 4)

22-b: ANY income not ag related

22-c: Everyone usually has some—birthdays, confirmations, etc.

22-d: Personal expenses are dating, travel, movies, etc.

Taxes are state and federal taxes paid

Students can make \$5950 without paying any tax if their parents claim them and \$9750 if their parents do not claim them (for 2012). These numbers are indexed and go up \$50 each year.

The \$9750 represents the standard deduction of \$5950* plus the personal exemption of \$3800*. The combined total is \$9750.

(*2012 tax year numbers—may go up \$50 each year)

FICA (Federally Insured Contributions Act of 1934) is Social Security plus Medicare.

Social Security = 6.20%

Medicare = 1.45%

Total = 7.65%

If you earn \$100, your employer will withhold \$7.65 in FICA. He will then match that with another \$7.65 for a total of \$15.30.

No FICA is owed until you reach \$600 in profit if you are self-employed (an entrepreneur). Use federal form SE (self-employment tax).

W-2 Wage/Earnings Statement

Box 1 wages

Box 2 federal tax withheld

Box 4 social security tax withheld (6.2%)

Box 6 Medicare tax withheld

Box 17 State tax withheld

1099 Wage/Earning Statement with no withholdings.

Student owes for all if wages exceed \$600

Proficiencies---Entrepreneurship:

Pages 2 & 3: Essay two and essay six set goals and explain the degree to which you reached or exceed them.

Page 4: Pick your best ten---you can bold to make a point or highlight a skill

Example:

Skill 1. I am able to **recognize lawn diseases** and **insect problems**.

Contributions to Success 1. This allows me to **develop a treatment plan** for these problems and improve the looks of the lawn.

Page 5: Section 11: Inventory (must match Wisconsin SAE page)

Section 111: Current and non-current liabilities. Current is what is owed in the next 12 months.....non-current is the rest.

Pages 6a & 6b: Same as pages 8a & 8b on the State/American FFA Degree. At the top, the scope is shown (everything owned during the year)

Page 7: Balance sheet: Columns B & D must be equal to or greater than columns A & C. Columns A & C are related to the proficiency. Columns B & D are everything a student owns.

Efficiencies: I recommend five with multiple years.

Page 8: Use complete records. Lines 7 & 8 need to be as close as possible.

Resume: Include what it asks for.....9 areas

Photos: Never say Here I am baling hay. Say....I bale hay as needed, etc.

Proficiencies---Placement:

Pages 2 & 3: Essay two and essay six set goals and explain the degree to which you reached or exceed them.

Page 4: Like State/American FFA Degree pages 3 & 4. Expenditures are not State and Federal Taxes or FICA-----boots, gloves, etc.

Page 5: Remember this formula:

Line 8 Column B minus Column A plus line 15 (total use of funds) should equal line 13 (gross earnings)

Pages 6 ,7, 8: Pick the best skills and activities and explain them fully. Hours and page four totals.

Page 9: Resume: Include what it asks for.....9 areas

Photos: Never say Here I am baling hay. Say....I bale hay.....

Practice Inventory Items: Use this as a lesson or practice for your students. At least one item will be in each inventory section when you are done. Place these items where they go on pages 5, 6, and 7.

Inventory: (If you write in the date purchased and percent owned, it helps explain your application with regard to values and depreciation)

Planted wheat to be harvested in late June of 2014-10 acres

10 purchased feeder pigs at \$60 each

2 purchased beef cows (\$900 each) and one purchased bull (\$1800)

Stored corn-10,000 bushels @ \$6.50 per bushel

Fertilizer-213 tons---\$85,000

15 raised beef cows @ \$1000 each

17 market steers-1000 lbs (check prices)

Grain cart-\$15,000 purchased in 2009 for \$15,000

2009 Hagie-50% ownership—my 50% was \$80,000

Storage Machine Shed-\$80,000

2013 Turbotill CNH-purchased 11/1/12--\$10,000

Cropland-60 acres at \$9,000 per acre

Woodland-30 acres at \$2,500 per acre

Round-Up and Lumox—1250 gallons-\$25,000

Diesel Fuel and gas---3025 gallons---\$10,100

International Semi Tractor-Wilson Trailer-\$73,000

2007 Chevy 2500 HD Truck-100% farm-14,000

Tools-\$1,200

2009 Polaris Ranger-50% farm (Total value is \$7700 so use 50% of it---rest is non-current personal)

2013 Case International 16 row planter-50% value for farm (\$3,850)

2012 Bean Head-\$75,000

2010 6-Shank Deep Till-\$10,000