

The next set of instructions corresponds to Page 9 through 11 in the application:

V. Candidate's Financial Balance Sheet Statement (candidate's share only)

This is a list of assets and liabilities of an individual business. Assets minus liabilities equal equity/net worth.

A. Assets:

This section covers anything of value that you owned and used to conduct your SAE program, as well as to qualify for the American FFA Degree.

1. Current/Operating Assets:

This category includes cash, money in a checking account and other assets that you own that you can convert into cash within one year without disrupting your business.



Examples:

- Savings Account
- Checking Account
- Nursery Stock - Trees and Shrubs
- Bedding Plants
- U.S. Savings Bonds
- Fish food
- Tree fertilizer left over from last year
- Hay, 150 tons
- Accounts receivable - Hay sold to Smith Farms
- Thirty 175-pound feeder pigs

a. Cash on-hand, checking and savings

This total is for items that you can readily convert into cash.

b. Cash value-bonds, stocks and life insurance

This is the actual cash value of any item turned into cash. You should include only the cash surrender value of a life insurance policy, not the face value. Remember that some life insurance policies *have no cash value*.

c. Notes and accounts receivable

This area deals with money others owe you for items you sold or services you provided. One example: You have sold 10 rabbits to your neighbor in December, but she has not paid you for two months. Until she pays you for the rabbits, list the value of the sale as an account receivable. Another example: You cared for your neighbor's yard while he was on vacation in November and December. When he returns in January, he plans to pay you for the service you provided. The cost for your yard service is an account receivable.

Financial Balance sheet continued on page 22

Financial Balance Sheet Statement (continued)

d. Current/Operating Inventory

Current/Operating Inventory includes all items that normally have a useful or intended “life” of 12 months in your SAE (**Note: Market animals such as steers are an exception to the 12 month standard**). Include all non-capital property, such as merchandise held for resale, crops held for feed or sale, investments in growing crops, market animals, etc. used in your SAE, in the inventory. Use your inventory of capital goods such as animals held for dairy, draft or breeding; machinery; equipment; fixtures; land and buildings in calculating Net Capital Transactions for **lines 2a, 1-5**.

1. Candidate's investment in harvested and growing crops

Transfer this total from page 5.

2. Candidate's investment in feed, seed, fertilizer, chemicals, supplies, prepaid expenses, and other current operating assets

Transfer this total from page 5

3. Candidate's investment in merchandise, crops, and livestock purchased for resale.

Transfer this total from page 5

4. Candidate's investment in raised market livestock and poultry

Transfer this total from page 6

5. Total Current/Operating Inventory

This total is the sum of all Current/Operating Inventory (**d1+d2+d3+d4**)

e. Subtotal- productively invested current/operating assets

This value represents the total dollar value for all your current assets beginning with the day you began your first SAE program and including the ending value as of December 31 of the year you are applying for the American FFA Degree. This value equals the sum of **(1a+1b+1c+1d5)**

f. Non-productively invested personal assets

This value includes those assets owned by you, but are not part of an SAE such as your share of an auto or pickup truck, hunting and other sporting equipment, stereos, television, etc.

g. Total current/operating assets (e+f)

This value represents the total of all current assets both productively and non-productively invested.

2. Non -Current/Capital Assets:

This section deals with assets used in producing products that you usually do not sell and convert into cash during a time period of a year.

a. Non-Current/Capital Inventory

1. Candidate's investment in non-depreciable draft, pleasure and breeding livestock and poultry

Transfer this total from page 6.

2. Candidate's investment in depreciable draft, pleasure and breeding livestock

Transfer this total from page 6.

3. Candidate's investment in machinery, equipment and fixtures

Transfer this total from page 7.

4. Candidate's investment in depreciable land improvements, buildings and fences

Transfer this total from page 7.

5. Candidate's investment in land

Transfer this total from page 7.

6. Subtotal-Productively Invested Non-Current/Capital Assets (a1+a2+a3+a4+a5)

This amount represents the total dollar value for all your productively invested non-current assets beginning with the first day of your SAE program, including the ending value as of December 31 of the year you are applying for the American FFA Degree.

b. Non-productively invested personal non-current/capital assets

This amount is the total dollar value for all your non-productively invested personal non-current assets, including your share of any automobiles, motorcycles, boats, etc.

c. Total Non-Current/Capital Assets

This total equals **line 2a6+2b**.

3. Total Productively Invested Assets

This equals **line 1e+2a6**.

4. Total Non-Productively Invested Assets

This value represents the total dollar value for all of your non-productively invested non-current assets, plus your non-productively invested/personal non-current assets. This total equals **line 3+4**.

5. Total Assets (3+4)

This amount represents the total dollar value of all your assets, including "Total Productively Invested Assets" and "Total Non-Productively Invested Assets." This value equals **line 3+4**.

B. Liabilities & Equity

6. Current/Operating Liabilities

This section deals with liabilities that you must pay within the year.

a. Accounts and Notes Payable

This value includes operating loans, accrued taxes, accrued rent, lease payments, interest on all liabilities up to the balance sheet date, principal on non-current liabilities due within 12 months.



Examples:

- Dad - Lawn mower loan
- Fourth quarter previous tax estimate -due January 15
- Vet bill at Whirlwind Vet Service
- Insurance premiums past due
- Charge Account - Gas Good's Gas Station
- Feed bill at Cyclone Cooperative
- Student school fees
- Interest due on greenhouse, barns, pickup, land, etc.

Current Operating Liabilities continued on page 24

Financial Balance Sheet Statement (continued)

b. Current/operating portion of non-current/capital debt

This area deals with liabilities that are not due within a year. Formerly classified as intermediate (one to 10 years) and long-term (more than 10 years) liabilities, this category includes the remaining balance you owe on the principal on items such as equipment, machinery, breeding, livestock, buildings, land and nursery stock.

c. Subtotal: Current/operating liabilities associated with productively invested assets

This value represents the total current portion of the liabilities associated with productively invested assets. You can calculate this value by adding line 6a+6b.

d. Current/operating liabilities associated with non-productive personal assets

This value represents your current liabilities on non-productively/personal assets (assets not used with your SAE.) such as life insurance premiums, interest owed on personal loans such as credit cards and automobile loans, etc.



Example:

You have a chattel mortgage of \$9,000 for a new pickup truck that is not used for your SAE and is payable over a four-year period. You must pay \$2,400 on the principal this next year, which is recorded on **line d**. The remaining \$6,600 becomes a non-current liability on **line 8e**.

7. Total Current/Operating Liabilities

This value includes both your current liabilities associated with productively invested and your non-productive/personal assets. This total equals **lines 6c+6d**.

8. Non-Current/Capital Liabilities:

This section deals with non-current liabilities that are not due within a year. Formerly classified as intermediate and long term liabilities, these items have a useful life of more than one year and are used by you to produce a product or service.

a. Notes and chattel mortgages

This is the amount you still owe on assets that were used with your SAE business or entrepreneurship. These may include commodity credit loans on stored grain, personal loans for machinery, equipment and tools purchased, chattel mortgage on dairy cows, tractors or other pieces of equipment. You can determine by subtracting the current portion from the total non-current liability.

b. Real estate mortgages; contracts

This is the amount you still owe on long term business or entrepreneurship assets. This may include loans for land and land improvements such as terraces and tiling, buildings and fences, etc. You can determine amount by subtracting the current portion from the total non-current liability.

c. Other non-current/capital liabilities

This is the amount you still owe on items not covered in **lines a or b**. It is determined by subtracting the current portion from the total non-current liability.

d. Subtotal: Non-current/capital liability associated with productively invested assets

This value represents the total liabilities you own as productively invested assets and is determined by adding "Notes and chattel mortgages," "Real estate mortgages and contracts" and "Other non-current/capital liabilities" (**lines 8a+8b+8c**).

e. Non-current/capital liabilities associated with non-productive personal assets

This is the total you still owe on personal assets, including the amounts owed on your share of a vehicle and life insurance premiums. You obtain non-productive/personal loans on items generally not utilized in your SAE.

f. Total non-current/capital liabilities

This value is determined by adding “Non-current/capital liabilities associated with productively invested assets” and “Non-current/capital liabilities associated with non-productive/personal assets” (lines 8d+8e).

9. Total Liability on Productive Assets

This amount equals “Subtotal—current/operating liabilities associated with productively invested assets” plus “Subtotal—non-current/capital liabilities associated with productively invested assets” (page 10, lines 6c+8d).

10. Total Liability on Non-Productive Personal Assets

This value represents your “Current/operating liabilities associated with non-productive/personal assets” plus “Noncurrent/capital liabilities associated with non-productive/personal assets” (page 10, lines 6d+8e).

11. Total Liabilities

This amount represents the total financial commitments owed by you and is determined by adding the “Total Liability on Productive Assets” with “Total Liability on Non-Productive Personal Assets” (page 10, lines 9+10).

12. Owner's Equity/Net Worth

This value is the same as net worth and is determined by subtracting liabilities from assets.

a. Productively invested

This value is determined by subtracting your “Total Liability on Productive Assets” from your “Total Productively Invested Assets.” This is the equity that you have in those items necessary to operate your business successfully (page 9/10, lines 3 minus 9).

b. Non-productively/personally invested

This amount is determined by subtracting your “Total Liability on Non-Productive/Personal Assets” from your “Total Non-Productive Invested Assets.” It represents the equity that you have in such things as household furniture, sporting equipment, your share of an automobile or pickup truck, the cash value of personal life insurance policies, etc. (page 9/10, lines 4 minus 10).

c. Total owner's equity/net worth

This amount is determined by adding “Productively invested” and “Non-productively/personally invested” assets. It represents what you are worth if everything you own is turned into cash (page 10, lines 12a, column B+12b column A).

13. Change in Productively Invested Owner's Equity

This section shows the progress that you have made in accumulating productively invested equity during the years covered by the application. It is determined by subtracting the “Productively Invested” Ending Value at end of Last Complete Record Year (B) from the “Productively Invested” Beginning Value on Date Entered Ag (A). (Page 10, 12a, column B minus 12a, column A)

Financial Balance Sheet Statement (continued)

14. Change in Non-Productively Invested/Personal Invested Owner's Equity

This amount represents the progress that you have made in accumulating non-productively invested/personal equity during the years covered by your application. You can determine this amount by subtracting the "Non-productively/personal invested" Ending Value at End of Last Complete Record Year (B) from the "Non-productively/personally invested" Beginning Value on Date Entered Ag (A). (Page 10, 12b, column B minus 12b, column A)

15. Gain or Loss in Owner's Equity

This amount represents the total change in your equity over the years covered by your application. It is determined by adding the "Change in Productively Invested Owner's Equity" and "Change in Non-Productively/Personal Invested Owner's Equity" for the Ending Value at End of Last Complete Record Year. (Page 10, 13+14)

16. Working Capital

This is the amount of funds you will have available if you have sold all current assets and pay all your current liabilities. (Page 9, 1g minus line 7)

17. Current Ratio

This value describes the extent to which your current assets cover your current liabilities. For example, a ratio of 2:1 means that you have two dollars of current assets for each dollar of liability. (Page 9, 1g divided by line 7)

18. Debt-To-Equity Ratio

This ratio describes the extent to which your debt capital is being combined with equity capital. This ratio shows the relationship between the amount your business owes to others (debt), and the amount you claim as your own (equity). (Page 10, line 11 divided by 12c)

C. SUMMARY OF PRODUCTIVELY INVESTED CAPITAL:

This section deals with the total value of all assets that you have invested, including educational costs. This is a factor evaluators use to determine if you have met one of the constitutional qualifications to receive the degree.

19. Supervised Agricultural Experience Program Equity

This amount represents that portion of your assets that was generated as a result of your SAE program.

a. Total of productively invested equity

This is the value that you determined on page 10, line 12a, column B. All you need to do is simply transfer that total here to help you to determine "Total of productively invested equity."

b. Total educational expenses

Today, you can become successfully established in many agriculturally-related occupations without acquiring physical ownership of land, equipment and facilities. To help you if you have this type of SAE, the National FFA Board of Directors has determined that you can claim educational expenses such as tuition, registration fees and books as a productively invested asset in meeting this American FFA Degree constitutional requirement. To be eligible, you must have expended the amounts used for tuition, registration fees and books from your own funds.

c. Total productively invested equity

This value is the total of all your assets, which can, for the purposes of the American FFA Degree application, be considered productively, invested at the time you apply for the American FFA Degree. You can determine this total by adding “Total of productively invested equity” from the Supervised Agricultural Experience program and the “Total educational expenses” (page 11, lines 19a+19b).

20. Total Non-Productively/Personally Invested Equity

This value represents the equity that you have in items, such as furniture, sporting equipment, your share of an automobile or a pickup truck not used in your SAE and the cash value of personal life insurance policies. You calculated this amount on page 10, line 12b, column B. You can simply transfer the total here to help you in determining the “Total Qualifying Productively Invested Equity.”

21. Total Equity

This represents your total equity including those educational items that the FFA Board of Directors has determined can be claimed as productively invested assets in meeting the productivity invested constitutional requirement for the American FFA Degree. (Page 11, lines 19c+20)

22. Non-Supervised Experience Program Income

You must have earned and productively invested at least \$7,500 from your SAE program to meet one of the constitutional qualifications for the American FFA Degree. Due to the influence non-SAE earnings (both agriculturally and non-agriculturally related) and other income can have on your net worth, you must identify all cash and non-cash income that you received, but not as a part of the SAE program. You then need to subtract this amount from your total earned and invested equity to determine the amount that you actually earned and invested as a direct result of your Supervised Agricultural Experience program.

! Special Tip: You cannot use income received from sources other than your SAE program to meet the constitutional qualification of \$7,500 earned and productively invested.

a. Candidate’s earnings and income from agricultural activities not a part of the SAE

This section allows you to identify all other source of agricultural-related income that you did not include as a part of the SAE program. Examples include non-cash items such as supplies, buildings and equipment earned through barter or exchange for labor, but not a part of your SAE; wages earned working for someone else, but not included as a part of the SAE; and earnings from custom work not part of your SAE.

b. Earnings from non-agricultural activities

Income you received from non-agricultural activities also has an influence on your financial statement. Report any earnings you received, in addition to agricultural-related income, in this area.



Examples:

- Babysitting
- Working as a store clerk
- Serving as a wait person
- Obtaining an allowance for non-agricultural work
- Delivering newspapers

Financial Balance Sheet Statement (continued)

c. Income other than earnings

Gifts, interest on savings, inheritances and awards (whether cash or non-cash) also have an influence on your financial statement. List each gift, inheritance or award that you received during the years covered by your application in this area.



Examples:

- Inheritance of five acres of land
- State Turf and Landscape Management Award (\$25.00)
- 129-piece set of hand tools
- Interest on savings account
- Scholarship to university

d. Total non-supervised experience program income

This value represents the sum total of all income earned or received by the you from agricultural activities not related to your SAE program, earnings from non-agricultural activities or sources. (Page 11, lines 22a+22b+22c)

e. Total other personal expenses (including taxes and FICA)

This information is needed if you finance your own personal living expenses such as rent, electricity, food, personal auto expenses, health care or other personal type of expenditures. You need to include taxes and FICA payments in this area. Any American Degree application on which the applicant does not check that they have complied with all the regulations for filing local, state and federal taxes should explain this abnormality in detail on an added page

f. Net non-supervised experience program income

This value represents the non-supervised agricultural experience program income that is available after you deduct the funds for personal expenses. (Page 11, line 22d minus 22e)

23. Total Qualifying Productively Invested Equity

For you to meet the \$7,500 American FFA Degree constitutional requirement based on income only, the figure in this space must be at least \$7,500. You can determine this figure by subtracting "Net non-supervised experience program income" from "Total productively invested equity" (page 11, line 19c minus 22f).

24. Value of Unpaid Labor

If you are unable to invest \$7,500 because of the nature of your SAE program, the National FFA Constitution makes an allowance for you. This allowance states that you must have invested at least \$1,500 in your SAE program and must have worked 2,250 non-paid hours in excess of scheduled class time to meet the degree requirement. However, when you use unpaid hours to meet the investment requirement, your minimum requirement increases from \$7,500 to \$9,000. You can use any combination of unpaid hours times 3.33 to make up the difference between what you actually invested and what you need to meet the constitutional requirement. To obtain this value, take the "Grand Total" figure from page 4, column A, and multiply it by 3.33. If line 24 is zero, line 23 must be equal to or exceed \$7,500.

25. Adjusted Qualifying Productively Invested Equity

This value represents your total productively invested equity plus the dollar value of unpaid labor. You may still be eligible for the degree if this combined value is equal to or greater than \$9,000. To obtain this figure, you need to add lines 23 and 24. When line 25 equals lines 23 and 24, line 23 must be at least \$1,500. In other words, if you use line 24, line 23 must be at least \$1,500. If line 23 is greater or equal to \$1,500, but less than \$7,500, then line 25 must be equal to or greater than \$9,000.

Financial Balance Sheet Statement continued on page 29

D. SUMMARY OF SOURCE AND USE OF FUNDS:

This section of your application is designed to allow you to summarize the sources and use of all funds generated over the years covered by your application. This summary provides a valuable tool in evaluating the accuracy of your financial information and in visualizing the total investment you made to become established in an agricultural occupation.

26. Earnings from Supervised Agricultural Experience Program

This value represents the money you have earned from your SAE experience. (It is not the same as money you invested.)

a. Candidate's return to capital, labor and management

You recorded this information previously on page 8b. You now simply need to transfer it to this section. The computerized version of the application will automatically transfer this figure (**page 8b, line 6 column H**).

b. Grand total net earnings from wage earnings

This value represents the difference between "Gross Earnings" and "Total Expenditures" from your wage earning supervised agricultural experience program. You recorded this information previously on page 4. You now simply need to transfer it to this section. The computerized version of the application will automatically transfer this figure (**page 4, Grand Total Net Earnings column**).

c. Total SAE earnings

This value is determined by adding "Candidate's return to capital, labor and management," and the "Grand total of net earnings from wage earnings" (**page 11, line 26a+26b**).

d. Value of unpaid labor

This value is the same amount as recorded on **page 11, Line 24**.

e. Adjusted total SAE earnings

This is the sum of **page 11, line 26c+26d**.

27. All Other Earnings and Income

In this section, you should include all earnings and other cash and non-cash income such as interest on savings, gifts or inheritances that were not a part of your SAE program because it will have an influence on your financial statement.

a. Candidate's earnings and income from agricultural activities not a part of the SAE

Transfer the total from **page 11, line 22a** to this space.

b. Total agricultural related earnings

This is the sum of **page 11, lines 26c+27a**.

c. Earnings from non-agricultural activities

Transfer the total from **page 11, line 22b** to this space.

d. Income other than earnings

Transfer the total from **page 11, line 22c** to this space.

e. Total non-agricultural related income

This is the sum of **page 11, line 27c+27d**.

f. Total source of funds

This is the sum of **page 11, line 27b+27e**.

Financial Balance Sheet Statement (continued)

28. Use of Funds

a. Total educational expenses

Transfer the total from **page 11, line 19b** to this space.

b. Total other personal expenses (including taxes and FICA)

Transfer the total amount from **page 11, line 22e** to this space

Note: Any American Degree application on which the applicant does not check that they have complied with all the regulations for filing local, state and federal taxes should explain this abnormality in detail on an added page.

c. Total use of funds for personal expenditures:

This is the sum of **page 11, line 28a+28b**

29. Maximum Possible Increase in Owner's Equity

This value represents the difference between the total funds received during the years covered by your application, minus the total identified use of these funds. (**Page 11, line 27f minus 28c**)

! Special Tip: Due to unaccounted use of funds, the increase in Owner's Equity may be less than, but under no circumstances can it be greater than the sum total of the following:

- Candidate's return to capital, labor and management (**Page 11, line 26a**);
- Total agricultural related earnings (**Page 11, line 26b**);
- Candidate's earnings and income from agricultural activities not a part of the SAE (**Page 11, line 27a**);
- Earnings from non-agricultural activities (**Page 11, line 27c**);
- Income other than earnings (**Page 11, line 27d**)

In short your increase in Owner's Equity may not be greater than the sum from **Page 11, 26a+26b+27a+27c+27d**

30. Gain or Loss in Owner's Equity

Transfer amount from **Page 10, line 15, Column B**

VI. Leadership Activities (FFA Offices Held and Related FFA Activities)

The following instructions correspond to the top of page 12 in the application.

Leadership development opportunities come in many different forms. These are activities that are made available to all candidates as a result of their membership in the FFA. Activities can be those sponsored by the local chapter, state association or national organization.

Activity

This area is for a brief description or the specific name of the activity in which you were involved. You can list major FFA activities according to the level of participation.

Level

This area is where you indicate the level of the specific leadership activity. This area allows you to list different activities and show participation in a specific activity for more than one year. You should insert the specific year or years that you participated at each level.

Leadership Activities continued on page 31