Section 25: Marketing & Production Contracts

Section 26: Accounts Receivable & Deferred Payments





Why use contracts?

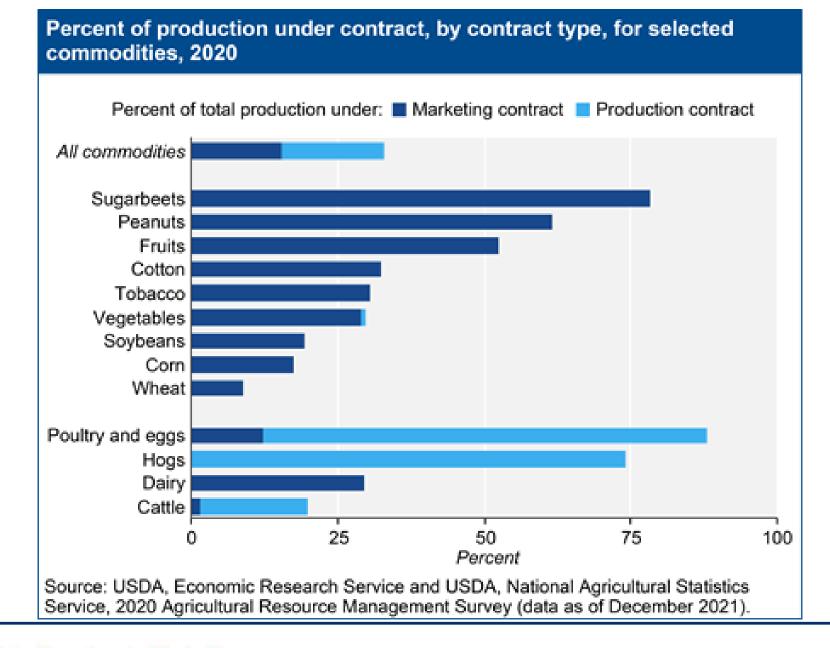
Farmers

- Manage risks
- Compensation for quality
- Outlet for products
- Assurance for financing

Processors

- Timely flow
- Control over attributes
- Consistency



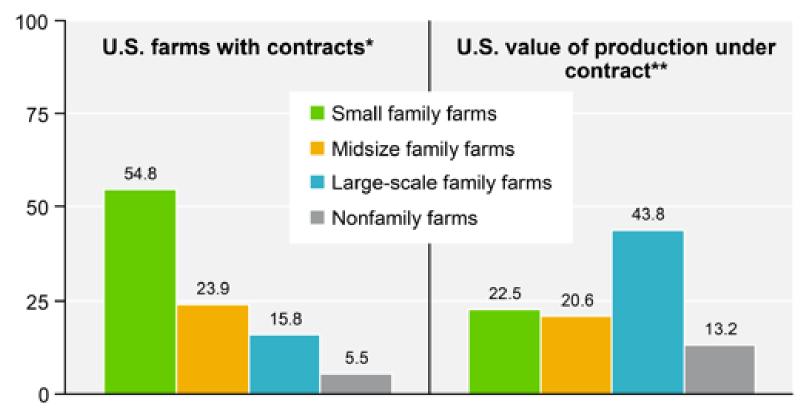






Distribution of farms with contracts and value of production under contract, by farm type, 2020

Percent of U.S. farms with contracts and percent of U.S. value of production under contract



^{*}Farms reporting production under production contracts, marketing contracts, or both.

Note: Small family farms have annual gross cash farm income (GCFI) less than \$350,000, measured before deducting expenses. Midsize family farms have GCFI of \$350,000–\$999,999. Large-scale family farms have GCFI of \$1,000,000 or more.





Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, 2020 Agricultural Resource Management Survey (data as of December 2021).



^{**}Includes commodities under production or marketing contracts.

Marketing vs. Production Contracts

- Marketing Contracts identify an outlet for a commodity and set pricing and delivery specifications.
 - Producer owns the commodity
 - Payment is like a "Price", because commodity changes hands
 - Mostly crops
- **Production Contracts** specify responsibilities for the provision of inputs, payment of expenses, production practices, compensation, and removal
 - Producer does NOT own the commodity. They provide a service.
 - Payment is a "Fee for service"





Commodities under Marketing Contracts

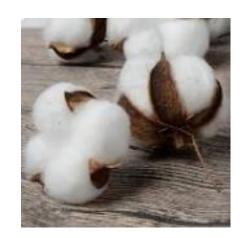
Grain Crops
Oilseed Crops
Sugarcane
Cotton

Fresh Vegetables

Fruits & Nuts

Peanuts

Milk





Commodities under Production Contracts

Hogs Turkeys

Broilers Dairy Heifers

Table Eggs Hogs

Hatchery Eggs Pullets







Census: Section 24

This section only covers
 PRODUCTION contracts, not marketing

SE	CTION 24	PRODUCTION CONTRA	CTS A	ND CUSTOM F	EEDI	NG			
1.	crop, raised liv	uring 2022, were you a production co restock or poultry, or custom fed any ting terms, conditions, and fees to be oultry. Exclude commodities grown o	livestock paid by	that you did not ow the contractor to this	n? A popera	producti	ion (contract is an	
	1301 1 Y	es - Complete this section 3	No -	Go to SECTION 25					
2.	grown or raise	r of head, bushels, etc. that were d under production contracts and is operation in 2022.	Mark "X" if None	Total quantity moved from this operation in 2022	Unit		Т	otal dollar amount receiv in 2022 for delivering commodities under production contracts (Dollars)	ed
	a. Broilers an	d other meat-type chickens 1304			birds	3304	\$.00
	b. Chicken eg	ggs			dozen	3305	\$.00
	c. Layers				birds	3302	\$.00

- Simpler than ARMS' corresponding section, quantity and price received only asked
- It is very uncommon for crops to be under production contracts. Sales should likely go in Sections 9-14 for Census





Census: Section 24 cont.

These questions are Census only

3.	Mark	all i	inputs that were partially or	r co	mple	etely paid or provide	ed by	con	tractor(s) -
	1317		Feed 13	325		Seed	1320		Supplies
	1316		Feeder livestock and poultry	318		Fertilizer and lime	1322		Utilities
	1324			319		Chemicals	1326		Other, specify →
	1323		Veterinary services	321		Fuels	1315		None
4.	Ente	r the	name of the contractor the	at p	rovi	ded inputs and own	ed th	ne co	mmodity 📈
		L							



SE	CTIO	N 2	MARKETING and PR	ROI	OU	CTION CONTRACTS								
1.	is a verb or pricin	oal or g fori	written agreement reached before har nula and market for the commodity. A	rvest prod	of a uctio	crop or before completion of a li on contract is an agreement setti	elivered ¹ in 2022? (A marketing contractivestock production stage, setting a price ng terms, conditions, and fees to be paid							
	by the contractor to the operation for the production of crops, livestock, or poultry.) 1													
2.	Report	the o	commodities delivered in 2022 thro	ouah	ma	rketing or production contra	act(s). List the quantities delivered an	nd						

the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).)

Section 33 – Farm Assets

For each item below, report the MARKET VALUE(S) of the assets owned by the operation on the dates specified. Beginning of Year End of Year 5. What was the ESTIMATED MARKET VALUE for the farm JAN. 1, 2022? DEC. 31, 2022? share of [item] on — Mark "X" (Dollars) (Dollars) if None a. crops owned and stored on or off this operation? (Include crops stored at co-op or gin warehouse, specialty 0888 crops, fruit storage, hay, silage, and nursery and greenhouse products not in the ground. Exclude trees and vines and \$.00 b. breeding livestock owned by and located on or off this operation? (Include aquaculture, bees, cattle, equine, 0863 hogs, mink, poultry, sheep, etc., kept for breeding purposes. Exclude livestock being produced under contract on another \$.00 c. non-breeding livestock owned by and located on or off this operation? (Include aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc., kept for non-breeding 0876 purposes. Include livestock products such as honey, mohair, and wool. Exclude livestock being produced under contract on another operation (reported in Section 24).) e. production inputs already used by this operation for cover crops or crops planted but not yet mature for 0880 harvest (also known as sunk costs), or the value of inputs used for production contracts that have yet to be delivered?

Marketing Contract undelivered, still on-hand

Production Contract still not delivered, but inputs used





Back to ARMS 3

Report the commodities delivered in 2022 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32. Item 34).)

3 No - Go to SECTION 26

by the operation on the dates specified. Beginning of Year What was the ESTIMATED MARKET VALUE for the farm. ssets JAN. 1, 2022? share of [item] on -Mark "X" (Dollars) if None a. crops owned and stored on or off this operation? (Include crops stored at co-op or gin warehouse, specialty crops, fruit storage, hay, silage, and nursery and greenhouse pro-< ducts not in the ground. Exclude trees and vines and arm b. breeding livestock owned by and located on or off this operation? (Include aquaculture, bees, cattle, equine, 0863 hogs, mink, poultry, sheep, etc., kept for breeding purposes. ட்ட Exclude livestock being produced under contract on another c. non-breeding livestock owned by and located on or off \mathfrak{C} this operation? (Include aquaculture, bees, cattle, equine, 3 hogs, mink, poultry, sheep, etc., kept for non-breeding 0876 purposes. Include livestock products such as honey, mohair, Section and wool. Exclude livestock being produced under contract on another operation (reported in Section 24).) e. production inputs already used by this operation for cover crops or crops planted but not yet mature for

For each item below, report the MARKET VALUE(S) of the assets owned

Marketing Contract from prior year crop, delivered in 2022

End of Year

DEC. 31, 2022?

(Dollars)

0864

0877

0881

.00

Inputs for Production Contract started in prior year





harvest (also known as sunk costs), or the value of

inputs used for production contracts that have yet to be delivered?

Yes - Complete this section

SE	CTION 25 N	/AF	KET	INC	and	d P	RODU	СТІС	ON	СО	NTI	RA	CTS						
1.	Did this operation is a verbal or written or pricing formula and by the contractor to the	d mai	rket for	the o	commo	lity. A	production	on cont	trac	t is an	agree	emei							
	³⁹⁹¹ 1 Yes -	Com	plete t	his s	ection		3	No -	Go	to Si	ECTI	ON	26						
2.																			
opera or P	what commodities did this peration have MARKETING or PRODUCTION contracts for in 2022? The production of the production					comn th contr	4 uantity of thi nodity delive rrough this ract? (Excludiord's shar	ered ((fron	Code n list ow)	Wh PRIC I com	modi	6 as (will be) the EE RECEIVED s operation fo ty delivered u contract?	nd	FINAL per unit this ler this		ount	was the total dollar received in 2022 fro this contract?	
[V	Vrite in commodities]	(C	ode)						(Cc	ode)		(Do	ollars & Cents) 				(Total Dollars)	
Cor	mmodi example	0000		0000	- 1	0000	1000	0	0000	04	0000	\$	3		75	0000	\$	37500	.00
	•	3927		3550		3928		39	929		3930	\$				3931	\$.00
	3932			3551		3933		39	934		3935	\$				3936	\$.00

If more space is needed, please use a separate sheet of paper.

1/ "Delivered" includes commodities for which partial payment was made even if not physically delivered by December 31, 2022.

Unit Code	Unit Code	Unit Code	Unit Code
Pound 01	Bin	Dozen09	Barrel 20
CWT	Box06	Flat10	Acre
Ton	Bale 07	Head / Bird 11	Animal Space 39
Bushels 04	Carton	Plant / Pot13	Kilogram 40





SE	CTION 25	ИAF	≀KET	INC	3 and	d Pl	RODUCT	ION	CO	NTI	RΑ	стѕ						
1.	Did this operation is a verbal or written or pricing formula ar by the contractor to	nd mai	rket for	the c	commod	dity. A	production co	ontrac	ct is an	agree	eme	ities deliver n of a livesto nt setting te	red ock rm:	l ¹ in 20 products, conc	022? ction ditions	(A stag s, an	marketing contractive, setting a price and fees to be paid	t
	3991 1 Yes -	Com	plete t	his s	ection		3 🗆 N o) - G	o to SE	ECTI	ON	26						
2.	2. Report the commodities delivered in 2022 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (<i>Include</i> the quantity delivered or removed under contract. <i>Exclude</i> money received from contractors as reimbursement for expenses. <i>Exclude</i> landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).)																	
What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022? 2 Commodity Code Production Contract? Office Use Marketing 1					comn	uantity of this nodity delivered nrough this act? (Exclude dlord's share.)	(from	Code m list llow)	l k	by thi modi	as (will be) the EE RECEIVED is operation fo ity delivered u contract? ollars & Cents	or thunde	his		ount	7 was the total dollar received in 2022 from this contract? (Total Dollars)	m	
Col	mmodity example	0000		0000		0000	10000	0000	04	0000	\$	3		75	0000	\$	37500	.00
	3927 3550					3928		3929		3930	\$				3931	\$.00
	3932 3551 3933 3934 3935 \$. 3936 \$.00																	
	ore space is needed, Delivered" includes co							ade ei	ven if n	ot nh	vsic	ally delivered	d b	v Dece	embe	r 31	2022	

Unit	Code	Unit	Code	Unit	Code	Unit	Code
Pound	01	Bin	05	Dozen	09	Barrel	20
CWT	02	Box	06	Flat	10	Acre	22
Ton	03	Bale	07	Head / Bird	11	Animal Space	39
Bushels	04	Carton	08	Plant / Pot	13	Kilogram	40





SECTION 25 N	IAR	KET	INC	and	l Pi	RODUCT	ION	CO	NTI	RA	стѕ						
is a verbal or written or pricing formula and by the contractor to to	is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.) 1																
2. Report the commodities delivered in 2022 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (<i>Include</i> the quantity delivered or removed under contract. <i>Exclude</i> money received from contractors as reimbursement for expenses. <i>Exclude</i> landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).)																	
What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022? [Write in commodities]	4 nantity of this nodity delivered nough this act? (Exclude dlord's share.)	(fro be	5 Code m list low)	PRIC	by the	as (will be) the EE RECEIVED is operation fo ity delivered u contract? ollars & Cents	or t	per unit			was the total dollar received in 2022 fro this contract? (Total Dollars)	m					
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	3932 3551 3933 3934 3935 \$. 3936 \$.00																
If more space is needed, p. 1/ "Delivered" includes con							de ei	ven if n	ot ph	ysic	ally delivered	d b	y Dece	embe	r 31	, 2022.	
Hn# C	odo			Hei	4	Codo			11.	n it	Codo					Unit Co	do

- Delivered include	es commodiae	o for writeri partiai pay	ment was mad	ae even ii not physican	y delivered by	December 31, 2022.	
Unit	Code	Unit	Code	Unit	Code	Unit	Code
Pound	01	Bin	05	Dozen	09	Barrel	20
CWT	02	Box	06	Flat	10	Acre	22
Ton	03	Bale	07	Head / Bird	11	Animal Space	39
Bushels	04	Carton	08	Plant / Pot	13	Kilogram	40





SE	CTION 25 N	IAF	KET	INC	and	l Pi	RODU	СТІО	N CC	NT	RA	CTS						
1.	Did this operation h is a verbal or written a or pricing formula and by the contractor to the	d mai	rket for	the c	commo	lity. A	productio	n conti	act is ar	agre	eme	ities deliver n of a livesto nt setting te	red ock rms	l ¹ in 20 products, cond	022? ction ditions	(A stag s, an	marketing contra ge, setting a price nd fees to be paid	et d
	³⁹⁹¹ 1 Yes - 0	Com	plete t	his s	ection		3 🗌	No -	Go to S	ECT	ION	26						
2.	the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).)																	
opera or P	at commodities did this ation have MARKETING RODUCTION contracts for in 2022? Write in commodities]	Offic O	ce Use Only	Prod Con Mark	3 eting or duction itract? eting=1 uction=2	comm	4 lantity of thi nodity delive rrough this act? (Exclu dlord's share	ered (f rde e.)	5 nit Code rom list pelow) (Code)		by th	as (will be) the EE RECEIVEI is operation foi ity delivered u contract? bilars & Cents	or th	nis		ount	7 was the total dolla received in 2022 fr this contract? (Total Dollars)	
Col	mmodity example	0000		0000	1	0000	10000	0 00	04	0000	\$	4 3		75	0000	\$	37500	.00
		3927		3550		3928		392	9	3930	\$				3931	\$.00
		3932		3551		3933		393	4	3935	\$				3936	\$.00
	ore space is needed, p Delivered" includes com							made	even if i	not ph	ysic	ally delivered	d b	y Dece	embe	r 31,	, 2022.	
	Unit C	ode			Uni	it	Code	<u>e</u>		U	nit	Code		_			Unit C	ode

Unit Code	Unit Code	Unit Code	Unit Code
Pound 01	Bin	Dozen09	Barrel 20
CWT	Box06	Flat10	Acre22
Ton	Bale 07	Head / Bird 11	Animal Space 39
Bushels 04	Carton	Plant / Pot13	Kilogram 40





SECTION 25 N	1AR	KET	INC	and	d PI	RODUC	TIOI	I CO	NTI	RA	CTS							
Did this operation is a verbal or written or pricing formula and by the contractor to to 3991 Yes -	agree d mai he op	ement r rket for peration	the of for t	ed befo commod he prod	re ha dity. A ductio	rvest of a (production	crop or n contra livesto	before o ct is an ck, or po	agre oultry.	letio eme)	n of a livesto nt setting te	ock	produ	ction	stag	ge, setting a	price	•
2. Report the commodities delivered in 2022 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (<i>Include</i> the quantity delivered or removed under contract. <i>Exclude</i> money received from contractors as reimbursement for expenses. <i>Exclude</i> landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).) What commodities delivered in 2022 through marketing or removed under contract. <i>Exclude</i> money received from contractors as reimbursement for expenses. <i>Exclude</i> landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).) What commodities did this Commodity Marketing or Quantity of this Unit Code What was (will be) the FINAL What was the total dollar																		
What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022? [Write in commodities]	4 nantity of this nodity delive nrough this act? (Exclud dlord's share	red (fro	5 t Code om list elow) Code)		by th	as (will be) the EE RECEIVEI is operation fo ity delivered u contract? ollars & Cents	or t	his		ount	was the total received in 20 this contract?	22 fron	n					
Commodity example	0000		0000	1	0000	10000	000	04	0000	\$	3		75	0000	\$	3750	0	.00
		3929		3930	\$				3931	\$.00					
	3932 3551 3933 3934 3935 \$. 3936 \$.00																	
If more space is needed, p. 1/ "Delivered" includes con							made e	even if n	ot ph	ysic	ally delivered	d b	y Dece	embe	r 31,	, 2022.		
Unit C	ode			Uni	it	Code			U	nit	Code					Unit	Cod	le

			,			
Unit Code	Unit	Code	Unit Co	de	Unit	Code
Pound 01	Bin	05	Dozen	09	Barrel	20
CWT	Box	06	Flat	10	Acre	22
Ton	Bale	07	Head / Bird	11	Animal Space	39
Bushels 04	Carton	08	Plant / Pot	13	Kilogram	40





SECTION 25 N	1AR	KET	INC	3 and	d PF	RODUCT	101	I CO	NT	RA	CTS						
is a verbal or written or pricing formula an	agree d mai	ement i rket for	each the o	ed befo	ore hai dity. A	rvest of a cro production c	p or l ontra	before (ct is an	comp agre	letio. eme	n of a livesto	ock	r produ	ıction	stag	ge, setting a price	
³⁹⁹¹ 1 □ Yes -	Yes - Complete this section ³ □ No - Go to SECTION 26																
the final price/fee r	eceiv	/ed. (II	nclud	le the q	uantity	delivered or	remo	ved und	ler co	ntra	ct. Exclude	m	oney re	eceive	d fro	m contractors as	
What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022? [Write in commodities]	Offic O	ode ce Use only	de Production Contract?								EE RECEIVE is operation fi ity delivered (contract?	ED per unit amount received in 2022 from for this this contract? under this					
Soybeans	3981	26	3560	1	3982	10000	3983	04	3984	\$	13		00	3985	\$	130 000	.00
	3986		3561		3987		3988		3989	\$				3990	\$.00
							ide e	ven if n	ot ph	ysic	ally delivered	d b	y Dec	embe	r 31,	2022.	
Unit C	ode			Un	it	Code			Uı	nit	Code					Unit Co	de
Pound	peration have marketing or production contracts for any commodities delivered¹ in 2022? (A marketing contract or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid tractor to the operation for the production of crops, livestock, or poultry.) Yes - Complete this section No - Go to SECTION 26 Exercise received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as ment for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34). Sed did this Code Office Use Only (Code) Office Use Only (Code) Troduction=2 Ordities] Agrateing or Production Contract? Marketing or Production Contract? Marketing or Production Contract? Marketing or Production Code (from list below) Local Delivered under this commodity delivered by this operation for this commodity delivered by December 31, 2022. Code Unit Code Unit Code Unit Code Unit Code Unit																

<u>EXAMPLE</u>: The producer sold 10000 bushels of soybeans under a marketing contract for \$13 per bushel and was paid-in-full \$130,000 total.





Marketing Contract

0.5	TOTION OF																	
SE	ECTION 25 N	ΛAF	RKET	INC	an an	d Pl	RODUC	TIOI	A CO	NT	RA(CTS						
1.	Did this operation I is a verbal or written or pricing formula an by the contractor to the	d ma	rket for	the c	commo	dity. A	production	contra	ct is an	agre	emei	ties delive n of a livesto nt setting te	red ¹ in 2 ock prode rms, con	2022? uction idition	? (A stag s, an	marke ie, sett id fees	ting contracting a price to be paid	ct
	³⁹⁹¹ 1																	
 Report the commodities delivered in 2022 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).) 																		
oper or P	that commodities did this ration have MARKETING PRODUCTION contracts for in 2022? [Write in commodities] 2 Commodity Code Office Use Only (Code) Addreting or Production Contract? Marketing = 1 Production=2 (Code) Marketing or Production Commodity delivered through this contract? (Exclude landlord's share.) (Code) (Code) Marketing or Production Commodity delivered through this contract? (Exclude landlord's share.) (Code) (Code)																	
	Broilers	3981	916	3560	2	3982	25000	0 3983	11	3984	\$	0	. 38	3985	\$	95	5 000	.00
		3986		3561		3987		3988		3989	\$			3990	\$.00
	nore space is needed, p Delivered" includes con							nade e	ven if n	ot ph	ysica	ılly delivered	d by Dec	embe	r 31,	2022.		
	Unit C	ode			Un	it	Code			U	nit	Code			ı	Unit	Co	de
Pou CW	T	. 01					05		Dozen Flat			09		Barrel Acre.				20 22

Production Contract

<u>EXAMPLE</u>: The producer sold 250000 broilers under a production contract for \$0.38 per head and was paid-in-full \$95,000 total.

Kilogram.



Bushels



Section 26: Accounts Receivable (ARMS Only)

- Deferred payments across calendar years
 - NOT the same as unsold crops
- Unsold vs. Money owed (do not duplicate)
 - Unsold commodities belong in E.O.Y. inventory (Assets Section), because they have not been sold yet
 - Accounts Receivable is what is owed for commodities that have already been sold (delivered), but not paid yet





SECTION 25																			
What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022?	Offic	Office Use Only		3 Marketing or Production Contract? Marketing=1 Production=2		commodity delivered through this contract? (Exclude			5 Code m list low)	PRIC	by thi	as (will be) the EE RECEIVE is operation fi ity delivered of contract?	D per unit or this under this	am	What was the total dollar amount received in 2022 from this contract?				
[write in commodities]	[Write in commodities] (Code)							(0	ode)		(DO	ollars & Cents	3)	(Total Dollars)					
Soybeans	3927	26	3550	1	3928	20	000	3929	4	3930	\$	14	. 00	3931	(200 0	0.000		

(20,000 bu) x (\$14/bu) = \$280,000

SECTION 26 ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS For each item below, report income received or the amount owed to the operation on the dates specified. (Include cash sales, marketing contract sales, and production contract removals. Exclude crops in storage and not yet sold.) [NOTE: Crops in storage and not sold as of the reference date should be reported in Section 33, Item 5a.] Mark "X" Dollars if None a. On January 1, 2022, what was the total dollar amount owed to this operation for \square all commodities produced and sold (cash or contract) before January 1, 2022? 0885 (i) How much did this operation receive from Item 1a during 2022? 0875 b. What was the total dollar amount owed to this operation on December 31, 2022, for all commodities produced, sold (cash or contract), delivered, or removed 80 000 under contract in 2022 and earlier years? .00 0886



SECTION SE

Section 26: Accounts Receivable

Reminders

The value of the crop should only be in **one** of the **four** sections

- * If the crop has been sold, delivered, & the producer has been paid:
 - 1. Cash Sales or 2. Marketing Contract Amount Received
- * If the crop has been sold, delivered, & the producer has yet to receive the check:
 - 3. Accounts Receivable/Money Owed
- * If the crop has been sold but not delivered or the producer still has possession:
 - 4. Crops Owned and/or Stored (Section 33 Farm Assets)





