

Section E

Marketing and Production Contracts



Section F

Accounts Receivable and Deferred Payments



Why use contracts?

Farmers

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

Processors

- Timely flow
- Control over attributes
- Consistency



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
- **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”



Examples of Each

• Marketing

- Row Crops (corn, soybeans, wheat)
- Cotton, Peanuts
- Fruits & Nuts
- Vegetables
- Milk

Production

- Hogs (nurse, farrow-to-wean, finishers, etc.)
- Chickens (broilers, layers, pullets, etc.)
- Turkeys
- Fed cattle



SECTION E

MARKETING and PRODUCTION CONTRACTS

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- 3991 1 Yes - Continue 3 No - Go to Item 3

“Delivered in [reference year]”

2. Report the commodities delivered in 2023 through marketing or production contracts. (Include the quantity delivered or removed under contract, the price/fee received, and the final price/fee received. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

Section I – 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 JAN. 1, 2023? (Dollars)	End of Year DEC. 31, 2023? (Dollars)
3.	What was the ESTIMATED MARKET VALUE for the farm share of [item] on —		
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 products not in the ground. Exclude trees and vines and crops under CCC loans.)	0888	0889
	<input type="checkbox"/> \$.00	\$.00	\$.00
b.	breeding livestock owned by and located on or off this operation? (Include aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc., kept for breeding purposes. Exclude livestock being produced under contract on another operation (reported in Section D).)	0863	0864
	<input type="checkbox"/> \$.00	\$.00	\$.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 purposes. Include livestock products such as honey, mohair, and wool. Exclude livestock being produced under contract on another operation (reported in Section D).)	0876	0877
	<input type="checkbox"/> \$.00	\$.00	\$.00
e.	production inputs already used by this operation for cover crops or crops planted but not yet mature for harvest (also known as sunk costs), or the value of inputs used for production contracts that have yet to be delivered?	0880	0881
	<input type="checkbox"/> \$.00	\$.00	\$.00

Marketing Contract undelivered, still on-hand

Production Contract still not delivered, but inputs used

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3991 1 Yes - Continue 3 No - Go to Item 3

“Delivered in [reference year]”

2. Report the commodities delivered in 2023 through marketing or production contracts, including the quantity delivered or removed under contract, the final price/fee received. (Include the quantity delivered or removed under contract, the final price/fee received, and the contractor as reimbursement for expenses. Exclude landlord shares (report in SECTION A) and marketing charges (report in SECTION I, Item 34).)

Section I – Farm Assets

For each item below, report the MARKET VALUE(S) of the assets owned by the operation on the dates specified.

3. What was the ESTIMATED MARKET VALUE for the farm share of [item] on —	None	Beginning of Year	End of Year
		JAN. 1, 2023? (Dollars)	DEC. 31, 2023? (Dollars)
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 products not in the ground. Exclude trees and vines and crops under CCC loans.)	<input type="checkbox"/>	0885 \$.00	0889 \$.00
b. breeding livestock owned by and located on or off this operation? (Include aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc., kept for breeding purposes. Exclude livestock being produced under contract on another operation (reported in Section D).)	<input type="checkbox"/>	0863 \$.00	0864 \$.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 purposes. Include livestock products such as honey, mohair, and wool. Exclude livestock being produced under contract on another operation (reported in Section D).)	<input type="checkbox"/>	0876 \$.00	0877 \$.00
e. production inputs already used by this operation for cover crops or crops planted but not yet mature for harvest (also known as sunk costs), or the value of inputs used for production contracts that have yet to be delivered?	<input type="checkbox"/>	0880 \$.00	0881 \$.00

Marketing Contract from prior year crop, delivered in [reference year]

Inputs for Production Contract started in prior year



SECTION E MARKETING and PRODUCTION CONTRACTS

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3991 1 Yes - Continue 3 No - Go to Item 3

2. Report the commodities delivered in 2023 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 A) and marketing charges (report in SECTION I, Item 34).)

1 What commodities did this operation have MARKETING or PRODUCTION contracts for in 2023? [Write in commodities]	2 Commodity Code Office Use Only (Code)		3 Marketing or Production Contract? Marketing=1 Production=2		4 Quantity of this commodity delivered through this contract? (Exclude landlord's share.)	5 Unit Code (from list below) (Code)		6 What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars & Cents)			7 What was the total dollar amount received in 2023 from this contract? (Total Dollars)						
Commodity example	0000		0000	1	0000	10000	0000	04	0000	\$	3	.	75	0000	\$	37500	.00
	3927		3550		3928		3929		3930	\$.		3931	\$.00
	3932		3551		3933		3934		3935	\$.		3936	\$.00
	3937		3552		3938		3939		3940	\$.		3941	\$.00
	3942		3553		3943		3944		3945	\$.		3946	\$.00



SECTION E MARKETING and PRODUCTION CONTRACTS

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	3932		3933		3933		3934		3935	\$.			3936	\$.00
	3937		3938		3938		3939		3940	\$.			3941	\$.00
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SECTION E MARKETING and PRODUCTION CONTRACTS

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3991

1

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3

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	3932		3551		3933		3934		3935	\$	-			3936	\$.00
	3937		3552		3938		3939		3940	\$	-			3941	\$.00
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Commodity example	0000		0000	1	0000	10000	0000	04	0000	\$	3	75	0000	\$	37500	.00
✓ Broilers	3927	916	3550	2	3928	160,000	3929	11	3930	\$	0	28	3931	\$	44,800	.00

^{1/} "Delivered" includes commodities for which partial payment was made even if not physically delivered by December 31, 2023.

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

- **EXAMPLE:** The producer raised 160,000 broilers under a marketing contract for \$0.28 per bird and was paid-in-full (\$44,800 total).
- Be careful of the units 1= lbs but is not the same as per bird which is an 11.



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Commodity example	0000		0000	1	0000	10000	0000	04	0000	\$	3	75	0000	\$	37500	.00
X Broilers	3927	916	3550	2	3928	640,000	3929	1	3930	\$	0	28	3931	\$	44,800	.00

^{1/} "Delivered" includes commodities for which partial payment was made even if not physically delivered by December 31, 2023.

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

- **EXAMPLE:** The producer raised 640000 pounds of chickens for a total of \$44,800.
- In Section C, the farmer reported 160,000 broilers "sold or removed".



INCENTIVES FROM COMMODITY BUYERS

3. Did your buyers (including cooperatives) require or encourage you to use sustainable livestock or crop production practices such as cover crops or reduced fertilizer application rates, or changes to livestock diets or feed additives through any of the following methods? Exclude certified-organic production.

- | | | | | | | | |
|---|------|---|--------------------------|-----|---|--------------------------|----|
| a. Contracts or agreements that specify the use of particular practices | 2663 | 1 | <input type="checkbox"/> | Yes | 3 | <input type="checkbox"/> | No |
| b. Additional payments or price premiums | 2664 | 1 | <input type="checkbox"/> | Yes | 3 | <input type="checkbox"/> | No |
| c. Technical information or production decision tools | 2665 | 1 | <input type="checkbox"/> | Yes | 3 | <input type="checkbox"/> | No |
| d. Other methods | 2666 | 1 | <input type="checkbox"/> | Yes | 3 | <input type="checkbox"/> | No |

4. If any of 3a - 3d are marked YES, is the arrangement related to carbon sequestration or GHG emission reductions?

- 5765
1 Yes 3 No



Section F: Accounts Receivable

- 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 (think contracts)



EXAMPLE:

The producer delivered 1,000 cwt of milk @ \$15/cwt in December last year, and was paid in the first week of January.

At the end of this year, he delivered 1,000 cwt of milk @ \$17/cwt, and was paid the first week of next year.

SECTION F ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS

1. 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 J, Item 3a.]

	None	Dollars	
a. On January 1, 2023, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2023? . . . 0885	<input type="checkbox"/>	\$ 15 000	.00
(i) How much did this operation receive from Item 1a during 2023? 0875	<input type="checkbox"/>	\$ 15 000	.00
b. What was the total dollar amount owed to this operation on December 31, 2023, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2023 and earlier years? 0886	<input type="checkbox"/>	\$ 17 000	.00



SECTION E

1 What commodities did this operation have MARKETING or PRODUCTION contracts for in 2021? [Write in commodities]	2 Commodity Code Office Use Only (Code)	3 Marketing or Production Contract? Marketing=1 Production=2	4 Quantity of this commodity delivered through this contract? (Exclude landlord's share.)	5 Unit Code (from list below) (Code)	6 What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars & Cents)	7 What was the total dollar amount received in 2021 from this contract? (Total Dollars)
Milk	3927 909	3550 1	3928 52 000	3929 2	3930 \$ 17 . 00	3931 \$ 867 000 .00

$$(52,000 \text{ cwt}) \times (\$17/\text{cwt}) = \$884,000$$

$$(\$884,000 - \$17,000) = \$867,000 \text{ received}$$

SECTION F

ACCOUNTS RECEIVABLE & DEFERRED PAYMENTS

1. 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 I, Item 3a.]

	None	Dollars
a. On January 1, 2021, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2021? . . . 0885	<input type="checkbox"/>	\$ 15 000 .00
(i) How much did this operation receive from Item 1a during 2021? 0875	<input type="checkbox"/>	\$ 15 000 .00
b. What was the total dollar amount owed to this operation on December 31, 2021, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2021 and earlier years? 0886	<input type="checkbox"/>	\$ 17 000 .00



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Processed Cherries	3927	6156	3550	1	3928	100 000	3929	1	3930	\$	0	.	42	3931	\$	21 000	.00

$$(100,000 \text{ lbs}) \times (42 \text{ cents/lb}) = \$42,000$$

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(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 I, Item 3a.]

	None	Dollars
a. On January 1, 2021, what was the total dollar amount owed to this operation for all commodities produced and sold (cash or contract) before January 1, 2021? . . . 0885	<input type="checkbox"/>	\$.00
(i) How much did this operation receive from Item 1a during 2021? 0875	<input type="checkbox"/>	\$.00
b. What was the total dollar amount owed to this operation on December 31, 2021, for all commodities produced, sold (cash or contract), delivered, or removed under contract in 2021 and earlier years? 0886	<input type="checkbox"/>	\$ 21 000 .00



Conclusion



United States Department of Agriculture
National Agricultural Statistics Service

