

## BENEFITS of BEING an ECHO PARTNER AGENCY - 2017

ECHO distributes a wide variety of **donated product** for which a maximum shared maintenance fee of 19¢ per pound for food items is assessed. Product is available to agencies subject to availability and will vary in type and quantities from week to week.

### AGENCY SURPLUS FOODS FFY16:

482,468 pounds of non-federal food# (perishable & non-perishable) and non-food items were distributed to **22 agencies** (area soup kitchens, shelters and food pantries) with shared maintenance and cost reimbursement fees totaling \$11,256 (retail value = \$815,371). No shared maintenance fees were collected for state, federal or most locally obtained items.

**Approximately 72% of all food distributed by ECHO is available to Partner Agencies at no cost and overall total reimbursement less than 2 cents per pound. Costs ECHO \$0.31 per pound to collect and distribute.**

ECHO also purchases food & provides agencies access to an inventory of purchased products at our wholesale or less than wholesale cost.

ECHO distributes **fresh produce, bread, and dairy** to local agencies when available. ECHO picks up fresh produce, bread, milk and other items and distributes to agencies at the warehouse (no or very low fees) and by direct delivery (\$.04 per pound fee).

### ABC's of SHARED MAINTENANCE FEES – Why do we have to pay- It's Free isn't it?

- 1. Why are Shared Maintenance Fees appropriate?** Shared maintenance fees are charged by food banks to partner agencies for food bank products on a per pound handling basis. **The hungry people receiving food through ECHO's and/or any of its partner agencies should never be charged for the food.** The IRS has ruled that such a system is permitted if charges are not passed along to individuals and the fee is not based on the value of the product. Shared maintenance fees are assessed by ECHO to participating agencies in return for handling services provided to them. The function of shared maintenance fees is to support ECHO's work for network/partner agencies. Currently shared maintenance fees of \$.05 per pound are charged on donated pastries, frozen meat, some assorted donations and paper goods. *Food Banks nationwide have always charged shared maintenance fees – ECHO Food Bank has in the past been supported financially in such a way that the fees were not necessary. Much of the fees assessed are "flow through" – we paid them to the larger food bank network and are passing along the same fee.*
- 2. But why are Shared Maintenance Fees necessary?** Shared maintenance fees enable a community to operate one centralized food distribution system, saving multiple individual agencies the high cost of warehousing, personnel and transportation which would be required for each to receive large food donations directly. This also enables the donor to receive maximum tax benefits with minimum impact to their workflow and documentation process. These economies of scale allow for the most efficient and effective use of both food and financial donations. Most National chain store donors have policies requiring such a centralized donation system.

The continual maintenance of a quality food acquisition and distribution system requires resources. Strict standards must be adhered to for maintaining the warehouse and services to donors and agencies. This is the industry standard for all food distribution and hunger relief networks. ECHO is primarily funded from individuals and corporate donations, along with minimal government support related to USDA foods processing and distribution. Shared maintenance fees help provide continuity and consistency in providing food bank services to hundreds of agencies, regional food banks, and indirectly to thousands of people in need of food in New Mexico.

3. **What do Shared Maintenance Fees Cover?** ECHO maintains a food distribution center, with the capability of receiving, warehousing and distributing refrigerated and frozen food and dry grocery products, fresh produce and non-food. ECHO expenses associated with operations at the warehouse include utility and maintenance costs, staffing, volunteer coordination & supervision, order processing and food distribution, network compliance oversight and the purchase and operation of trucks and equipment and waste disposal.

The shared maintenance fee is assessed by the pound and can range anywhere from 1¢ to 19¢ per pound. **Currently, our shared maintenance fee is 5¢ per pound** for donated meat, pastry products and some non-food items; in 2017 we will be adding some non-perishable foods to the shared maintenance fee list. The current rate allowed by Feeding America, the national food bank network, is 19¢ per pound (excluding VAP (packaging) fees and delivery fees).

ECHO also receives items that require additional handling or packaging. On these items we may charge a Value Added Processing (VAP) fee of up to 8¢ per pound to help cover costs of materials and labor. On products purchased directly from the distributor or manufacturer, the fee is a reimbursement based on the price paid for the shipment.

### ECHO PARTNER AGENCY NETWORK STANDARDS

All agencies desiring access to ECHO services are required to meet standards for belonging to our network of agencies. These standards are those currently required by Roadrunner Food Bank, the NM Department of Human Services, the NM Department of Health and the USDA.

Key factors in approval of an agency for participation in ECHO's network include: local need, health/sanitation practices, non-duplication of existing services in immediate area, availability of ECHO product for particular agency/client need, policy compliance and submission of all necessary documents/reports.

*All agencies must either be recognized by the IRS as a 501(c) 3 non-profit organization (or operating under an "umbrella" organization's exempt status), or qualify as a Church meeting same standard per IRS as a non-profit organization..*

ECHO policy states that all participating agencies will have an on-site evaluation by ECHO staff prior to approval, and at least once every year, subsequently. The above mentioned oversight agencies may also request access to a partner agency in the process of conducting semi-annual audits. The purpose of the visit is to examine basic health, sanitation and safety standards, agency record keeping procedures, agency structure, and to allow ECHO staff to become better acquainted with agency operations, needs and its services.

Agencies are approved as partner agencies or "emergency feeding organization - EFO" with ECHO on a six month probationary period, and will be renewed every year", thereafter. **Agencies are required to keep these application materials on file at ECHO:**

- Annual Agency Application Forms Required
  - \* Agency Information Form
  - \* Agency Letter of Agreement
  - \* Eligibility Form
  - \* Disclaimer Form
  - \* TEFAP Contract (if applicable)
  - \* Names, addresses, and contact information for all authorized shoppers
  - \* Name of current Executive Director
  - \* Proof of food safety training by a least one agency staff/volunteer, such as

ECHO's Food Safety Training, or ServeSafe, Child & Adult Care Food Program or NM Environment Dept., etc. All certificates of completion must be current. **Additionally, Soup Kitchens, Shelters or other Agencies preparing meals served on site must have their kitchen licensed by the local authority (NM Environment Department or City/County Health Authority) & must hold a ServeSafe, Food Handlers or CACFP certification. All licenses must be current.**

- \* IRS 501(C)3 Letter of Determination (dated within previous 5 years or be an IRS "permanent" form) or annual Church Determination form

## **APPLICATION PROCEDURE**

**Application forms are included in this packet.** Your agency Executive Director, president, Board Chair, Finance director or religious leader must complete and sign all documents. After the application forms are completed, please submit all of the documents to ECHO. ECHO uses the term "partner agency" and "partner agency programs" or "emergency feeding organization" in its definition of a nonprofit organization or charitable religious institution that utilizes or distributes donated food and grocery items to needy individuals and families. The application procedure is fairly uncomplicated, as outlined below:

1. All agencies will be asked to submit application forms, participate in an initial site visit and additional follow-up monitoring visits bi-annually, and agree to comply with ECHO policies and procedures.
2. Churches must include either their 501(c)3 letter, OR a letter from the denominational headquarters stating that the church applying for membership is a church in good standing in that denomination and the signed 14-point Church Qualifier Form.
3. Once the application is completed and received by the ECHO, a site visit to your agency will be scheduled. Your organization cannot become a partner agency with ECHO until a site visit has been completed.
4. The staff or volunteers who will be responsible for shopping must attend an ORIENTATION/Training SESSION at ECHO. This session is REQUIRED annually before an agency may begin shopping.

The following items will be reviewed during the initial site visit and subsequent monitoring visits:

1. Storage Facilities
  - Can the storage area be locked? Is it secure?
  - Is the storage area clean and dry?
  - Is food stored at least 6 inches off the floor and 2 inches off the wall?
  - Are toxic items stored separately from food items?
  - Is there any sign of rodent or insect infestation?
  - Is refrigeration/freezer unit clean? In good working order?
  - Are thermostats present in refrigeration/freezer units?
2. Recordkeeping
  - Number of households/individuals served (pantries)
  - Records kept of persons receiving food
  - Number of meals served counted (soup kitchens, shelters, on-site meal feeding)
  - Date and time of distribution clearly posted
  - Bill of Ladings/Invoices kept on file
3. Review of Shopping Guide
  - Policies and Procedures
4. Feedback
  - Input from agency on how to improve ECHO service

Agencies will also be required to comply with all State HSD/USDA monitoring requirements

**Agency ELIGIBILITY CRITERIA**

1. The agency must be incorporated for the purpose of serving the ill, needy, children and/or infants. The use of the food must be related to the agency's charitable purpose. **More than 50 percent of the agency's clients must be in the low-income category.** The agency's food program must not be limited to seasonal holiday food baskets.
2. The agency must be a non-profit organization – qualifying under section 501(c)(3) of the Internal Revenue Code **OR** a church that qualifies – according to the Church Eligibility Form or the Church Qualifier Form (New Mexico non-profit status alone is not sufficient) and must be considered in good standing with the NM Attorney General's Office.
3. If the agency is a church, it must provide a letter of 501(c)(3) determination or complete annually the Church Qualifier Form, affirming that the organization is, in fact, a church and essentially meets the spirit of the criteria employed by the Internal Revenue Service in defining a church.
4. The agency will not engage in discrimination in the provision of service, against any person because of race, color, citizenship, religion, sex, national origin, ancestry, age, marital status, disability, sexual orientation, including gender identity, unfavorable discharge from the military or status as a protected veteran or any other group described by USDA as a protected class.
5. **The agency must not require any individual to attend a religious or political meeting, nor may the individual be required to make a statement of faith or pledge membership to any religious or political organization as a requirement for receiving food. The appearance of such an activity is also prohibited.**
6. The agency must not charge for food, be reimbursed, compensated or require services in exchange for food, nor may it use ECHO's products for fundraising activities.
7. The agency must not be an entity of a municipality. Examples that do not qualify include schools, hospitals, prisons, and jails.
8. The agency food program must have been in operation for at least three months prior to applying to become an ECHO partner agency. The agency must also have adequate capacity to safely store and distribute the quantities and types of food that will be received.
9. If applicable, the agency must meet state and local health licensing requirements.

\_\_\_\_\_  
**Signature of Fiscal Agent or Executive Director**

\_\_\_\_\_  
Printed Name & Title

\_\_\_\_\_  
Date

**DISCLAIMER**

The agency must represent that all food which the agency will receive from ECHO is accepted upon the terms and conditions listed below. The agency also agrees that, prior to distribution to any other person or agency; all such food will be inspected to assure that it is fit for human consumption. If food is found not fit for human consumption, it must be immediately destroyed.

It is further agreed between ECHO and the agency that:

1. The food is accepted "as is".
2. ECHO, Roadrunner Food Bank, Feeding America, NM HSD, USDA and the original donor or supplier of any food delivered hereunder expressly disclaim any warranty of any kind, either expressed or implied, including any warranty of merchantability or of fitness for a particular purpose. The agency receiving food hereunder acknowledges this limited warranty, and further acknowledges that this disclaimer may only be altered in writing by ECHO.
3. The agency receiving food hereunder agrees to indemnify, defend at the agency's cost, and hold harmless ECHO, Roadrunner Food Bank, Feeding America, HSD, USDA and the original donor or supplier of any food delivered hereunder from any claims, damages, losses, suits, liabilities, causes of action, whether in law or in equity or any other obligation whatsoever arising in any way out of the delivery, transportation, re-delivery, storage, use or disposal of any item delivered by ECHO hereunder.
4. The agency warrants that it will not sell, barter, or exchange or offer for sale, any of the said food for anything of service or value.

\_\_\_\_\_  
Signature Executive director or Fiscal Agent

\_\_\_\_\_  
Printed Name & Title

Date \_\_\_\_\_.

## CHURCH ELIGIBILITY

### 501 (c) (3) Status

An ECHO agency must be a 501 (c) (3) charity or equivalent. Section 508(c) of the Internal Revenue Code provides that "churches, their integrated auxiliaries and conventions or associations of churches " are exempt from the law requiring nonprofits to apply for tax exempt status under section 501 (c)(3) of the Code.

Although churches are not required to have a determination letter, ECHO is required to keep documentation of 501(c)(3) status in each agency's file.

As a church, one of the following documents must be provided for this purpose:

1. **Your church's 501(c)(3) letter from the IRS - a 501(c)(3) letter is a federal letter issued by the IRS and is NOT the same as your state tax-exempt information. Many denominations or larger church groups such as the PCUSA (Presbyterian Church USA), Catholic Charities, etc. have a blanket 501(c)(3) determination letter which is available through the main office or headquarters. These organizations have a public listing of all ministry organizations affiliated with their group. If your church is a part of a denomination or larger church group, please send a copy of their 501(c)(3) determination letter and a letter or public listing connecting your church with this denomination or larger group.**
2. If your church is not part of a denomination or larger church group, it may still qualify as a 501(c)(3) organization **if it meets certain requirements as determined by the IRS.** On the back of this page is a Church Qualifier Form with an explanation of these IRS requirements. If your church falls into this category, please complete the Church Qualifier Form.
3. If the name of your hunger relief program is not the same name as your church, you must provide a letter on church letterhead stating that your hunger relief program is a program of the church. (Example – your church name is the Holy Church of the Desert Sun, but the name of your hunger relief program is God's Blessings Food Pantry, you must then include a letter, on Holy Church of the Desert Sun's letterhead, stating that God's Blessings Food Pantry is a program of the Holy Church of the Desert Sun.)

*\*ECHO reserves the right to request further verification of the requirements as it may deem necessary.*

**CHURCH QUALIFIER FORM (annual requirement)**

The Internal Revenue Service uses 14 points to determine whether an organization qualifies as a church. In accordance with this provision, ECHO requires that an organization which functions as a church must certify that these characteristics are evidenced by its program. The characteristics are as follows (please check all items that apply):

- a. A distinct legal existence
- b. A recognized creed and form of worship
- c. A definite and distinct ecclesiastical government
- d. A formal code of doctrine and discipline
- e. A distinct religious history
- f. A membership not associated with any other church or denomination
- g. A complete organization of ordained ministers ministering to their congregations
- h. Ordained ministers elected after completing prescribed courses of study
- i. A literature of its own
- j. Established places of worship
- k. Regular congregations
- l. Regular religious services
- m. Sunday schools for religious instruction of the young
- n. Schools for the preparation of its ministers

If any of these characteristics do **not** apply to your program, you must explain which ones are not applicable and why.

The duly authorized officers of your church must certify that the organization meets the requirements indicated for identification as a church.

**IMPORTANT** – *If your church is **unincorporated**.* By my signature I certify that the organization has not applied to the IRS for 501(c)(3) status and been denied, nor has it had its 501(c)(3) status revoked by the IRS.

\_\_\_\_\_  
**Signature Fiscal Agent, Board chair or president/pastor      Title      Date**

**Printed Name & Address:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\* ECHO reserves the right to request further verification of the requirements as it deems necessary.

AGENCY INFORMATION FORM 2016

Agency Name: \_\_\_\_\_

Program Name (if different from Agency Name): \_\_\_\_\_

Street Address: \_\_\_\_\_  
\_\_\_\_\_

Billing Address (if different from above): \_\_\_\_\_  
\_\_\_\_\_

County: \_\_\_\_\_

Agency Executive Director:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone Number(s): \_\_\_\_\_ Fax Number(s): \_\_\_\_\_

E-Mail Address: \_\_\_\_\_ Web Site: \_\_\_\_\_

Person Responsible for the Operation of your Food Program: \_\_\_\_\_  
(This person will be considered the CONTACT PERSON for communications with ECHO)

Phone Number(s): \_\_\_\_\_ Fax Number(s): \_\_\_\_\_

E-Mail Address: \_\_\_\_\_ Web Site: \_\_\_\_\_

Food Pantry or Feeding Program Days & Hours of Operation:  
\_\_\_\_\_

**\*\*New applicants-Approximate Start-Up Date for Your Program** \_\_\_\_\_

Please select from the list below, the description that best describes your Organization's Food Service Mission:

- |   |  |
|---|--|
| <input type="checkbox"/> Food Pantry (food distribution)          | <input type="checkbox"/> Day Care - Children     |
| <input type="checkbox"/> Shelter (overnight accommodations)       | <input type="checkbox"/> Day Care - Adult        |
| <input type="checkbox"/> Soup Kitchen (meals - no overnight stay) | <input type="checkbox"/> Seasonal Program        |
| <input type="checkbox"/> Group Home (extended stay)               | <input type="checkbox"/> Rehabilitation Programs |

Please briefly describe how people access your Organization's Food Distribution and/or Feeding Programs:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Describe the capacity of your food storage facilities:

Dry Storage \_\_\_\_\_





## AGENCY LETTER OF AGREEMENT 2017

The Food Bank and Agency agree as follows:

- 1) The Food Bank hereby designates Agency, subject to the provisions of this Agreement, as an authorized organization to receive food and other products from the Food Bank. Agency agrees to accept and use all products exclusively for Agency's hunger relief program that provides food boxes or meals to needy people. The Agency operates the following hunger relief program for needy people (List any/all FOOD programs operated):

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(Brief description of program)

**No other agency program is approved to utilize Food Bank products unless a specific amendment to this agreement is obtained.**

- 2) Agency hereby represents and covenants with the Food Bank as follows: (Complete or initial blanks)
  - a. We will meet and abide by all agency requirements as specified here and in the Criteria for Partner Agency document.
  - b. We are a qualifying organization under section 501 (c) (3) of the Internal Revenue Code and we have attached a copy of our determination letter\_\_\_\_\_, **OR** we are a church that meets the requirements of the Internal Revenue Code to qualify as a church and we have attached the Church Qualifier Form\_\_\_\_\_.
  - c. We will not engage in discrimination in the provision of service against any person because of race, color, citizenship, religion, sex, national origin, ancestry, age, marital status, disability, sexual orientation, including gender identity, unfavorable discharge from the military or status as a protected veteran.
  - d. We supply food boxes for home use to our client's \_\_\_\_\_, **OR** we provide **on-site meals** to our client's \_\_\_\_\_.
  - e. We maintain proper and adequate storage and food preparation facilities and will comply with all local, state, and federal laws regarding food preparation, storage, handling, sanitation, and safety and keep pertinent documentation on hand for at least 3 years.
- 3) Agency agrees at all times during the term of this Agreement to the following:
  - a. When food or other products are obtained from the Food Bank, Agency agrees:
    - i. It will **not** use products for fundraisers or any other activities of the church or agency.
    - ii. It will not impose a charge or require any donation for meals, food, or other products prepared or distributed by the agency.
    - iii. It will not sell any of these products.
    - iv. It will not trade, exchange, or barter any food or other products for other goods, services, money, or other items.

- v. It will not transfer food or other products to another church, agency, or group. **All Food Bank products must be directly served or distributed to needy people by the agency receiving them. Express written agreement must be obtained to waive this provision.**
  - vi. It will not allow staff or volunteers (or their relatives) of the agency to receive food or other products unless they meet the same criteria for service as any other client of the agency receiving that service.
  - vii. **It will not use the Food Bank products for any purpose other than to provide food assistance to needy people in the program approved in item 1 of this agreement in the approved geographic service area.**
- b. Agency will comply with any restrictions placed on the food or other products by law, by the donor, or by the Food Bank.
  - c. Agency will make all arrangements that are necessary for receiving food & other products from the Food Bank, and transporting these products safely to the premises of the Agency. Additional fees may be assessed and advance arrangements must be made for ECHO to transport products.
  - d. Agency agrees to pay a \$25 annual fee to ECHO. A late fee of \$25 will be required if fee and completed application not received by Jan 31, of each year. Agency agrees to pay the handling, or Shared Maintenance fees, on specified types of food received. These fees are currently up to nineteen (19) cents per pound. Agency also agrees to pay all charged invoices within 30 days after billing or late fees will be assessed.
  - e. Agency accepts **that if they do not utilize ECHO for a period of 6 months or more they may be placed on inactive status** and may have to reapply before regaining active status.
  - f. Agency understands that it may receive product from only one regional food bank.
  - g. The Agency affirms that ECHO, Feeding America, and the original donor:
    - 1. Are released by the Agency from any liabilities resulting from the donated goods;
    - 2. Are held harmless from any claims or obligations in regard to the Agency or the donated goods; and
    - 3. Offer no express warranties in relations to the gift of goods.
  - h. The Agency agrees to abide by any future rule or regulation that may be promulgated by ECHO as part of this Agreement.

**4) Record, Reports, and Meetings:**

During the term of this Agreement, Agency will:

- a. Immediately notify the Food Bank of any change in information relating to this Agreement or Agency's feeding program, including any change in Agency's contact person, email address, telephone number, physical address, shoppers, or programs.
- b. Maintain all invoices/Bills of Lading received from the Food Bank for a period of at least one year. TEFAP Agencies must maintain all documents for a period of at least three years.
- c. Keep adequate records on hand to demonstrate that food and other Food Bank products have been distributed to needy people. Minimum records include:
  - i. For Food Pantries: Record the name, address, and phone number, number of persons in the household, date food is provided, and income or other basis for determining need. Keep a count of total food boxes distributed.
  - ii. For agencies serving meals: Keep a daily count of the number of meals served
- d. When requested to do so, report to the Food Bank the numbers of meals served or food boxes distributed in a particular time period and pertinent demographics and/or participate in any network hunger statistical surveys.

- e. Maintain verification of food safety training by at least one agency staff/volunteer. The training may be in the form of ECHO's own Food Safety Training Program, or others such as ServeSafe, Child & Adult Care Food Program, NM Environment Dept., or on the website of Roadrunner Food Bank, etc. All certificates of completion must be current. Additionally, Soup Kitchens & Shelters preparing served meals must have their staff and kitchen licensed by the appropriate authorities (NM Environment Dept or City/County Health Authority). All licenses must be current.

**Oversight.**

Agency will:

- a. Permit a Food Bank representative &/or monitoring agency staff to make a preliminary visit prior to approval of any feeding or distribution. If the site changes, a new site visit will be required.
- b. Permit the Food Bank &/or monitoring agency staff to conduct periodic follow-up monitoring and on site inspection visits & to observe the manner in which Agency & Agency personnel conduct its feeding program.

**5) Termination.**

The association between the Food Bank and the Agency is voluntary. Either the Food Bank or the Agency may terminate this association at any time. This agreement may also be terminated for cause or by reason of material breach.

- a. Termination for Cause: The Food Bank may immediately terminate this Agreement for cause upon notice to Agency due to any of the following events:
  - i. Agency discontinues or abandons the feeding program.
  - ii. Agency fails to use food and food products exclusively in its feeding program for needy people as provided in the Agreement.
  - iii. Agency operates its feeding programs in a way that presents a health or safety hazard to the public, or Agency fails promptly to address and correct any deficiency.
  - iv. Agency loses any required license.
  - v. Any Agency official is convicted of a felony or any other crime involving moral turpitude.
- b. Termination for Material Breach: If Agency defaults by the failure to comply in all material respects with the terms of this Agreement or (substantially) to perform in good faith the programs, services and responsibilities required herein, the Food Bank retains the right to terminate this Agreement immediately. The Food Bank shall have and retain all rights to damages at law and rights to equitable relief in the event of breach of Agency.

**By my signature, I certify that our organization qualifies to participate as described above. I further certify that the statements made by our organization are true and that I have read and understand all of this agreement and agree to abide by the terms and intent of this agreement as an agency of ECHO.**

\_\_\_\_\_  
Agency Name

\_\_\_\_\_  
Signature of Executive Director, Fiscal Agent or Religious Leader

\_\_\_\_\_  
Date

Accepted by: \_\_\_\_\_ / ECHO Food Bank Date: \_\_\_\_\_.