

Shared Maintenance Fees (SMF) Info Sheet



What is a shared maintenance fee?

A shared maintenance fee is a handling fee paid to Feeding America member food banks by Partner Charities in return for services provided (e.g. operations of warehousing and distribution of donated food and grocery products). While there is no partnership fee and no direct fee for any product donated to Second Harvest, we do ask our Partner Charities to help with a portion of our storage and transportation costs. The shared maintenance fee is not a charge for food, but it is assessed by pounds of food received. The fee is never more than 16 cents per pound.

Why are shared maintenance fees necessary, and what do they cover?

The maintenance of an efficient and safe food and grocery distribution center costs money. Shared maintenance fees defray a portion of the costs associated with transporting, receiving, storing and distributing dry, refrigerated and frozen foods. The food bank warehouse must be properly staffed and equipped to operate freezers and coolers, and to transport food and grocery products.

How to describe your receipt of Second Harvest product:

We request that our Partner Charities use the word “receive” rather than “buy” or “purchase.” It can feel very natural to use these words in your communications – e.g. “We purchase food from Second Harvest Food Bank.” However, the minimal shared maintenance fees your organization pays to Second Harvest are not food purchases – even though they are calculated by the pound. Why do we request this? Simply because it can be confusing for potential or current Food Bank product donors if they think the Food Bank is selling donated food.

What about products on the menu that cost more than 16 cents per pound?

Items on our menu coded VPP (Value Purchased Product) or BPP (BackPack Product) are purchased by Second Harvest and distributed to our partners at a very low cost compared to retail stores. In these cases, our Partner Charities *are* purchasing food through Second Harvest; the important distinction to make is that our partners are *not purchasing* donated items through the Food Bank.

Fast Facts:

- The person in need receiving the food is never charged any form of a fee.
- Shared maintenance fees are in accordance with IRS rule 170(e)(3) as the fees are nominal, not based on the value of the product, as assessed only by one qualified non-profit organization to another qualified non-profit organization. Fees are structured upon a per-pound basis.
- Shared maintenance fees enable communities to operate one food distribution system, saving individual charities the high costs of transportation, storage, and personnel required to access and receive large volumes of food and grocery donations.