

Processor/Distributor Agreement

Processor

AND

Distributor

PURPOSE:

Federal Regulations for the processing of foods donated by the USDA into end products requires an agreement between the processor and the distributor of the end products. See 7 CFR 250.30(i). Pursuant to regulation, the agreement must specify the financial liability for the replacement value of donated foods, not less than monthly end product sales reporting frequency, delivery and receipt of donated food shipments, and the applicable value pass through system to ensure that the value of donated foods and finished end products are properly credited to recipient agencies.

EFFECTIVE DATE:

This agreement shall be effective beginning school year _____ and shall continue from school year to school year unless and until one party provides 90 days written notice to the other of termination prior to its expiration.

TERMS:

- This agreement supplements the agreement(s) between Processor and the Distributor as it relates to the distribution of finished end products containing USDA donated foods.
- The Pass Through Value method (as defined by 7 CFR 250.36) to be used is:

Rebate/Refund

Net Off Invoice

Closed SKU NOI

Fee for Service Through a Distributor

Modified Fee for Service

- With respect to Rebate/Refund, Net Off Invoice and Closed SKU NOI pass through methods, the price paid by Distributor includes the replacement value of donated foods. Distributor shall not bill back Processor for value of donated foods unless the product is sold and delivered to an eligible distributing agency or recipient agency with an adequate USDA Foods inventory. Closed SKU NOI pass through method, can only be sold to recipient agency with an adequate USDA Foods inventory.
- With respect to Modified Fee for Service Value method, the price paid by Distributor does not include the replacement value of donated foods. Modified Fee or Service Value method, can only be sold to recipient agency with an adequate USDA Foods inventory. Distributor must pay back the Processor for the value of donated foods if the product is sold and delivered to ineligible distributing agency or recipient agency without adequate USDA Foods inventory.
- With respect to Fee for Service Through a Distributor Pass Through Value method, Distributor shall be liable to the eligible distributing agency or recipient agency if shipments made to Distributor are not ultimately sold and delivered to an eligible distributing agency or recipient agency with an adequate USDA Foods inventory.
- Bill backs for donated food value must be submitted to Processor no later than thirty (30) days following the end of the month in which a sale occurred and both parties will work together on a mutually agreed upon date for handling any outstanding sales issues beyond 30 days.
- Weekly or Daily the Distributor shall report sales to distributing agencies and/or recipient agencies. The Reporting shall be made through tracking 3rd party website or a mutually agreed upon report format.
- Distributor shall reconcile with Processor the final inventory held by Distributor at the end of each school year.

ACCEPTANCE:

Processor:

Distributor:

Signature

Signature

Name (Please print)

Name (Please print)

Date

Date