



**Division of Child Care and Early
Childhood Education**
Health and Nutrition Programs
National School Lunch Program



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NATIONAL SCHOOL LUNCH FINANCIAL REPORT - INSTRUCTIONS

United States Department of Agriculture regulation 210.14 requires school food authorities (SFAs) to use all nonprofit school food service revenue solely for the operation or improvement of the food service account, as well as ensure all related costs are necessary, reasonable, and allowable. Therefore, it is necessary for SFAs to maintain financial records for food service transactions. SFAs that commingle their food service account with other school accounts must be able to sufficiently identify all revenues available to and all expenses charged to the food service account.

OPENING BALANCE

- (1.) The beginning balance should be equal to the closing balance from the previous year. The opening balance should reflect the total net cash resources in the food service account as of July 1st. If net cash resources are unknown, the SFA should complete the Net Cash Resource Worksheet for the previous school year.

TOTAL REVENUES

- (2.) (a) Federal Reimbursements: Federal cash assistance received through the claims process for child nutrition programs. This amount should include money owed to the SFA, even if the cash has not yet been received. Only include reimbursements received under one agreement number. If the SFA operates multiple child nutrition programs under different agreement numbers, the financial records must be separated per State requirements.
- (2.) (b) State Reimbursements: includes all State cash assistance received for child nutrition programs. This amount should include money owed to the SFA, even if the cash has not yet been received.
- (2.) (c) Program Revenues: monies received through direct sales of reimbursable meals. This would include paid breakfast & lunch sales and reduced-price breakfast & lunch sales. Includes cash due from students for meals already served (unpaid meal balances). Does not include cash received for meals not yet served (prepayments).
 - (2.) (d) Adult Meals: monies received through direct sales of non-program adult meals. This would include meals sold to non-food service staff members and/or visiting adults. Includes cash due

from adults for meals already served (unpaid meal balances). Does not include cash received for meals not yet served (prepayments).

- (2.) (e) A La Carte: monies received through direct sales of a la carte items to students and adults. Includes extra milk, extra entrees, second meals, etc.
- (2.) (f) Vending Machines: monies received from all vending machine sales, if the vending machines were operated through the food service account, and/or if vending machine sales accrued to the food service account.
- (2.) (g) Other: any other monies accrued to the food service account, including: interest received, catering revenues/reimbursements, donations, etc. Please attach an additional list of all other revenues, if applicable. General fund transfers and other inter-fund transfers should be reported on line (5.) (a).

EXPENDITURES

- (3.) (a) Contracted Food Service: all amounts paid or owed to a food service management company. This may include food, labor, and other expenses charged by the food service management company.
- (3.) (b) Food: all purchases made for food items. Include any amounts still owed to a vendor for food items already received. Please note that, to the extent possible, food expenses for program meals should be kept separated from non-program foods. Although these numbers are not required to be reported separately, proper internal recordkeeping includes separating catering, a la carte, or vending machine purchases from student meal food purchases when possible. Expenditures on this line should not include costs already included as part of line (3.) (a).
- (3.) (c) Labor: all wages, salaries, and benefits paid to employees of the food service program. Employees who work for both food service and other school operations, such as administrative or janitorial employees, must have only the portion of their wages directly attributable to the time spent working for food service accrue to the food service account. This amount should include all wages owed to employees as of the end of the fiscal year (“payroll payable”). Expenditures on this line should not include costs already included as part of line (3.) (a).
- (3.) (d) Supplies: all purchases made for supplies and other allowable items necessary to operate the food service program. Include all amounts still owed to vendors for supplies already received. Expenditures on this line should not include costs already included as part of line (3.) (a).
- (3.) (e) Other: all other expenses accrued to the food service account, including: equipment purchases, maintenance, cleaning, etc. Please attach an additional list of all other expenses, if applicable. Include any amounts still owed to vendors for goods already received or services already performed.

OTHER FINANCING SOURCES

- (5.) (a) Nonfederal Fund Transfer: all amounts transferred from the school’s general fund or other nonfederal source to support food service operations. This amount should be broken down on

the accompanying General Fund Transfer Supplementary Schedule. A nonfederal fund transfer should be made if the food service account would otherwise have negative net cash resources, or if additional funds were needed to meet paid lunch equity or nonprogram food requirements. The food service account should always begin the year with a net cash resource balance greater than or equal to \$0.00.

➤ (5.) (b) Other: any other monies received by the food service account not already included as a revenue or fund transfer. This could include donations from other organizations, loans taken out by the food service program, or grants received by the food service program.

CLOSING BALANCE

➤ (6.) The closing balance should tie to the ending balance on the Net Cash Resource worksheet for the current fiscal year.

NET CASH RESOURCES - INSTRUCTIONS

CURRENT ASSETS

Current Assets are cash and other assets that are expected to be converted to cash within a year, as of the end of the most recently completed fiscal year (June 30).

- (1.) (a) Cash: the current cash balance of food service account funds in checking accounts, saving accounts, any other liquid asset accounts, and cash on hand not yet deposited. "Food service account" funds include Federal reimbursements, State reimbursements, student payments, adult payments, interest earned on investments, payments from a la carte sales, monies received from vending machine sales, rebates and promotions, and monies received from catering or contracted services. They *do not* include tuition funds which the school uses to finance food service operations in the case of non-pricing schools.
- (1.) (b) Cash owed from Federal Reimbursement: includes all monthly claims for reimbursement that have been submitted to the State Agency but the reimbursement checks or direct deposit has not yet been received by the sponsor.
- (1.) (c) Cash due from other funds: includes money owed to the food service account from other funds, such as general fund transfers.
- (1.) (d) Other accounts receivable: includes other money owed to the food service account, such as cash due from students and adults, or rebates due. The cash should be expected to be collected within a year, and should not include long-term debts owed to the food service account.
- (1.) (e) Short-term investments: includes the current value of food service account funds invested in liquid investments that are expected to be converted into cash within one year, such as negotiable instruments, marketable equity, and debt securities.

- (1.) (f) Other: includes any other current assets not recorded above. This could include prepaid liabilities, but should not include inventory.

CURRENT LIABILITIES

Current Liabilities are debts or obligations that are due within one year, as of the end of the most recently completed fiscal year (June 30).

- (2.) (a) Payroll payable: includes the amount of salary, wages, and benefits currently owed to employees for work related to food service operations *which has already been completed*.
- (2.) (b) Accounts payable: includes monies which is owed to food service vendors *for goods already received, or for services already performed*.
- (2.) (c) Other: all other current liabilities not recorded above. This could include the portion of long-term debt that is due within one year (principal and interest payable).

NET CASH RESOURCES

- (3.) Net Cash Resources: this amount should tie to the closing balance (Line 6) on the Child Nutrition Financial Report. The Child Nutrition Financial Report explains all changes in the food service account's net cash resources over the year. If the closing balance and net cash resources do not match, the SFA should ensure the opening balance on the financial report is accurate, and that all revenues and expenses were correctly reported. Net cash resources should not be a negative number. If current liabilities exceed current assets, causing a negative net cash resource balance, the SFA should transfer enough funds from the general fund to bring the balance up to \$0.00.

THREE MONTHS AVERAGE EXPENDITURES

This calculation takes the total expenditures from the year, divides by the number of operating months, and multiplies by 3 months, to calculate an average 3 months of expenditures for the food service account.

- (4.) (a) Total Expenditures: this amount should be the same amount reported on Line 3. (f) of the Child Nutrition Financial Report.
- (4.) (b) Number of operating months: the number of full school months (typically September to May, or 9 months). Only use 12 months if you operate the NSLP year-round. If you operate the NSLP only during the school year, but conduct some summer food service operations, you may still use 9 months.

DEFINITIONS

- Net Cash Resources: all monies that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may

include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities.

- Nonprofit School Food Service: all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services.
- Food Service Account: means the restricted account in which all of the revenue from all food service operations conducted by the school food authority principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e), and proceeds from nonprogram foods as provided in §210.14(f).
- Revenue: when applied to nonprofit school food service, means all monies received by or accruing to the nonprofit school food service in accordance with the State agency's established accounting system including, but not limited to, children's payments, earnings on investments, other local revenues, State revenues, and Federal cash reimbursements.

Fiscal Year 2020 NSLP FINANCIAL REPORT

School Food Authority: _____ Agreement Number: _____

1. Opening Balance as of July 1, 2019 _____

2. Total Revenues:

a. <i>Federal Reimbursements</i>	
b. <i>State Reimbursements</i>	
c. <i>Program Revenues</i>	
d. <i>Adult Meals</i>	
e. <i>A La Carte</i>	
f. <i>Vending Machines</i>	
g. <i>Other: _____</i>	
h. Total Revenues (a+b+c+d+e+f+g)	

3. Expenditures:

a. <i>Contracted Food Service</i>	
b. <i>Food</i>	
c. <i>Labor</i>	
d. <i>Supplies</i>	
e. <i>Other: _____</i>	
f. Total Expenditures (a+b+c+d+e)	

4. Program Gain/(Loss) (Item 2h - Item 3f) _____

5. Other Financing Sources:

a. <i>Nonfederal Fund Transfers</i>	
b. <i>Other</i>	
c. <i>Total Other Financing (a+b)</i>	

6. Closing Balance (Item 1+ Item 4+ Item 5) as of June 30, 2020 _____

NSLP NET CASH RESOURCE WORKSHEET

School Food Authority: _____

Agreement Number: _____

1. Current Assets: as of June 30th

- a. Cash _____
- b. Cash due from Federal reimbursement _____
- c. Cash due from other funds _____
- d. Other accounts receivable _____
- e. Short-term investments _____
- f. Other: _____
- g. Total Current Assets (a+b+c+d+e+f) _____

2. Current Liabilities: as of June 30th

- a. Payroll payable _____
- b. Accounts payable _____
- c. Other: _____
- d. Total Current Liabilities (a+b+c) _____

3. Net Cash Resources (Item 1g - Item 2d) _____

4. Three Months Average Expenditures:

- a. Total Expenditures _____
- b. Divide by number of operating months \div _____
- c. Multiply by 3 months $\times 3$ _____
- d. Total 3 Months Average Expenditures _____

Total Net Cash Resources (3) should not exceed 3 Months Average Expenditures (4)(d) without written State Agency approval.

Number of operating months is usually 9 months. Use 12 months if you operate the NSLP year-round. If you operate the NSLP only during the school year, but conduct some summer food service operations, you may still use 9 months.

NSLP NON-FEDERAL FUND TRANSFER - SUPPLEMENTARY SCHEDULE

COMPLETE THIS FORM ONLY IF YOU HAD A NEGATIVE BALANCE AS OF JUNE 30, 2020. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE STATE AGENCY.

School Food Authority: _____ Agreement Number: _____

Transfer to Support Food Service Operations:

A general fund transfer should be made if the food service account would otherwise have negative net cash resources, due to a deficit from the year's operations. The food service account should always begin the year with a net cash resource balance greater than or equal to \$0.00. Line (a) should reflect the amount required to bring the food service account's net cash resources up to \$0.00 as of June 30th.

Nonprogram Food Transfer (includes transfers for adult/staff meals):

If the USDA Nonprogram Food Revenue Tool showed additional nonprogram revenue was needed to meet requirements, a transfer should be reported here. This includes nonfederal funds used to pay for adult/staff meals if adult meals were underpriced or offered at no charge. If no general funds were used to supplement nonprogram foods, leave line (b) blank.

Paid Lunch Support:

If paid lunch prices were not raised to meet the minimum required weighted average paid lunch price, as determined by the Paid Lunch Equity Tool, the SFA must make up for the lost revenue using non-federal funds. Further instructions are included in the Paid Lunch Equity Tool. If an SFA is charging over the federal target paid lunch price or otherwise raised prices as required by the tool, this is not applicable, and line (c) should be left blank.

Nonfederal Fund Transfers

- a) Transfer to Support Food Service Operation _____
- b) Nonprogram Food Transfer _____
- c) Paid Lunch Transfer _____
- d) Other: _____
- e) Total (a+b+c+d) _____

Date(s) of fund transfers: _____

Source(s) of fund transfers (ex: general fund) _____

