

# Financial Management



Sponsors participating in the Summer Food Service Program are required to demonstrate financial viability, maintain a non-profit food service account, and manage funds according to federal and state requirements.

## The Budget

The SFSP Application requires that sponsors submit an administrative plan that includes a budget annually along with the SFSP Application. A budget assists the sponsor with planning the Program; helping to ensure enough funds are available to pay for food, supplies, transportation, food service staff, administrative staff and overhead it takes to operate a well-run Program. A [budget calculator](#) to assist in this process is available on the [Materials & Resources Page](#), under Financial Management.

### Revenue – Income received to operate the Program

**Prior Year Carry-Over** - Since sponsors are reimbursed for the number of meals served to children, it is possible that the actual cost of providing the meals is less than the total reimbursement received. If federal funds remain at the end of the Program year, these must either be retained for Program use the following year OR transferred into another Child Nutrition Program account (i.e., school lunch, school breakfast, CACFP At-Risk, etc.) administered by the same sponsor.

**Estimated Reimbursement** - Determined by the estimated number of meals served, by type (breakfast, lunch, supper, snack). Reimbursement rates are updated annually in January and can be found on the [SFSP Reimbursement Rates](#) page.

**Cash Donations, Grants** - Occasionally, sponsors may receive private donations or grants to assist in funding the SFSP. These are considered income to the Program.

**Other** – This includes revenue received from the sale of adult meals, earnings on investments, the value of stocks, bonds, or other negotiable securities. Should the expected revenue not cover all allowable SFSP expenses, the Sponsor must show revenue from another source to off-set the cost of operating the Program

**Public Schools** - income received from the sale of non-program adult meals (i.e., teachers, parents, etc.) is to be reported under the Fund 50 Non- Program Foods account.

### Operational Expenditures - costs related directly to the day-to-day operation of the program

**Food** - must be creditable in order to be considered an allowable expense. Documentation sources: receipts, invoices, receiving reports, inventory reports.

**Non-Food Supplies** - includes paper goods, cleaning supplies, smallware, etc. Documentation sources: receipts, invoices, receiving reports.

**Labor** - Food prep, service, delivery, clean-up. Documentation sources: [timesheets](#), payroll records.

**Equipment** – Items exceeding \$5000. Documentation sources: receipts, invoices.

**Rental** - Trucks, kitchen. Documentation sources: rental agreements, invoices, cost allocation method.

**Transportation** - Food and/or children for meal service only. Documentation sources: mileage logs, receipts, cost allocation method.

**Utilities** - Kitchen, storage areas. Must be based on total cost of operating the building and square footage of kitchen/storage area used for SFSP. Documentation sources: utility bills and calculation of allocation.

## Administrative Expenditures - costs related managing the Program

**Labor** - time spent planning and organizing the Program, contract completion, monitoring sites, claim consolidation & submission, bookkeeping.  
Documentation Sources: [time sheets](#), payroll records.

**Office Supplies** - postage, printing, etc.  
Documentation sources: receipts, invoices.

**Rent** - office equipment, space. Documentation Sources: rental agreements, invoices, cost allocation method.

### Cost Allocations

When a sponsor operates more than one Child Nutrition Program, costs such as food, supplies, food service labor, and food transportation costs may need to be allocated between Programs. It is allowable to allocate shared costs based on the number of meals prepared for each of the Programs. However, if there are items specifically purchased for one program or another, and proper documentation is available, these items should be direct expensed (i.e., infant formula purchased for CACFP). Also note that administrative labor must be allocated based on actual time spent on the program and cannot be based on meals prepared.

## Unallowable Costs 101

Spending SFSP funds appropriately requires consideration - is the cost necessary, reasonable and allocable? Some items considered to fall into the 'no' or unallowable category include entertainment and fundraising costs (i.e., social activities, amusements), food that is purchased for use outside of the SFSP and/or is not creditable (i.e., coffee, ice cream, pudding, potato chips), cost of meals served to any adult not directly working with the operation of the Program, fines or penalties resulting in failure to follow federal, state, and or local laws and regulations, direct capital expenditures, etc. If unallowable costs are identified, remove them from the SFSP account. Be proactive and have a system in place to review invoices and allocate costs appropriately.

## Non-Profit Food Service Account

Public schools must use Fund 50, Project Code 586 to track revenue and expenses for the SFSP. All non-creditable food items, as well as food and supplies purchased for non-federal programs, must be reported under Fund 50, Non-Program Foods. Revenue and expenses are to be recorded in the month earned/expended. Also, remember that SFSP has its own reporting line on the District's Annual Financial Report. Other types of sponsors may use their agency's internal accounting system to track revenue and expenses by Program; a separate bank account is not required. A [SFSP General Ledger](#) is available, if needed, on the [Materials & Resources page](#), under Financial Management.

**Transportation** - travel for site monitoring, training.  
Documentation sources: [mileage logs](#), receipts, cost allocation method.

**Utilities** - Administration office use. Must be based on total cost of operating the building and square footage of office space used for SFSP. Documentation sources: utility bills and calculation of allocation.

Prototype timesheets and mileage logs can be found under Financial Management, on the [Materials & Resources](#) page.

## Net Cash Resources

Occasionally, sponsors may have funds leftover at the end of the Program. The net cash resources should not exceed one month's average expenditures for sponsors operating only during the summer months and three months' average for when operating Child Nutrition Programs throughout the year. If this occurs the DPI will provide technical assistance to help improve meal quality or take other action designed to improve the meal service quality. A [Net Cash Resource and Excess Cash Balance Calculator](#) is available on the [Materials & Resources](#) page, under Financial Management. DPI may also provide technical assistance when the ratio of administrative to operating costs is high, there is significant use of alternate funding for food and/or other costs or a significant portion of the food is privately donated or purchased at a very low price.