Financial Management

IN THE SUMMER FOOD SERVICE PROGRAM

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, and the administrative staff and overhead it takes to operate a well-run Program.

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 and can be found online at https://dpi.wi.gov/community-nutrition/sfsp/reimbursement.

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 - 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 - includes paper goods, cleaning supplies, smallwares, 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.

Receiving donated foods or buying from a Food Bank?

Documentation of the donation/purchase can be in the form of a receipt or kept on a log completed by the sponsor. In either case the documentation should specify the date of the donation/purchase, item description, quantity, and the source. Example: 6/25/20, Multi-grain Cheerios Bowl Packs, 1 oz, 3 cases, ABC Food Bank.

Support documentation for all program expenses must be maintained on file for 3 years, plus the current year.

Administrative Expenses - costs related to 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.

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.

Cost Allocations

Sometimes sponsors may operate more than one Child Nutrition Program at a time. When this happens, costs such as food, supplies, and food service labor, and possibly 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.

No support documentation and/or allocation plan? Then, do not use SFSP funds to pay for it.

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), 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.

Sponsor's Accounting System

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.** For more information, please visit the DPI website: https://dpi.wi.gov/school-nutrition/program-requirements/financial-management

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.

Excess Funds

Occasionally, sponsors may have funds leftover at the end of the Program. As a general rule, if the funds are more than one third of the Sponsors total budget, the amount is considered an 'excess'. Sponsors should monitor funds and develop a spending plan to reduce the excess. Improving meal quality and program access are key areas that can be addressed. DPI will also evaluate a sponsor's net cash resources during reviews and will provide technical assistance in the development of a spending plan, if needed.