

Plan for Reducing the Excess Fund Balance of the Nonprofit Food Service Account

School Food Authority (SFA) Name:

Contact Name: Title:

BEDS Code:

The above named SFA hereby submits the following plan to reduce the excess fund balance of the nonprofit food service account. This plan will begin on , 20 and be completed by , 20 .

Current Nonprofit Food Service Account Balance: \$

Average Monthly Food Service Expenses: \$ X 3 = Excess
Balance

Excess Nonprofit Food Service Account Balance: \$

Plan to Reduce the Excess Fund Balance (include approximate dollar amount for each expense in plan):

(If additional space is needed attach another page.)

(Signature of Authorized Representative)

(Printed Name of Authorized Representative & Date)

(OFFICIAL USE ONLY)

APPROVED

DENIED

Signature, Title

Date

Directions: Plan for Reducing Excess Food Service Fund Balance

Purpose

To maintain the nonprofit status of the National School Lunch Program (NSLP), the School Food Authority (SFA) should have an operating food service fund balance of no more than three months of operating expenses on hand. This form should be used by an SFA to describe its plan for reducing the excess fund balance in the nonprofit food service account.

Determining if the SFA Needs to Submit This Form

To determine if there is an excess food service fund balance, the SFA must

1. calculate its average monthly expenses,
2. multiple that average by 3, and
3. compare the resulting amount to the operating food service funds on hand.

Use This Form	
Frequency	Annually
Required Form Format	Use this form.
Record Retention	<p>Send form to Child Nutrition and retain a copy with the SFA's financial documents.</p> <p>Records must be retained a minimum of three years plus the current year.</p>

Method for Determining Average Monthly Expenses

Use the following method to calculate the SFAs average monthly operating expenses.

Divide the prior year's total food service expenses by the number of months in operation for the prior year.

Prior Year's Food Service Expenses		Number of Months in Operation Prior Year		Average Monthly Operating Food Service Expenses
_____	÷	_____	=	_____

Method for Determining If There Is an Excess Fund Balance of the Food Service Account

Record the amount of total net cash on hand for the food service program in the *Current Operating Balance—Total Net Cash Resource on Hand* in the *Amount A* blank in the *Excess Food Service Fund Balance Calculation Chart* below.

Record the SFA's average monthly expenses for the food service account in the *Average Monthly Operating Food Services Expenses* blank in the chart below.

Multiply the *Average Monthly Operating Food Service Expenses* by 3 to calculate *Three Month's Average Food Service Expenses* and record this amount in the *Amount B* blank.

Excess Food Service Fund Balance Calculation Chart				
Current Operating Balance—Total Net Cash Resources on Hand		Average Monthly Operating Food Service Expenses		Three Month's Average Food Service Expenses
\$ _____ Amount A		\$ _____	x 3 =	\$ _____ Amount B

If *Amount A* is larger than *Amount B*, the SFA has an excess food service fund balance and needs to submit a plan for eliminating its excess food service fund balance to CNPA. The SFA must use this form to submit its plan.

If *Amount B* is larger than *Amount A*, the SFA does not have an excess food service fund balance and does not need to submit a plan or use this form.

Directions for Completing Form

General Information

- **School Food Authority (SFA) Name:** Record the name of the SFA in the designated space.
- **BEDS Code:** Record the 12-digit code assigned to the SFA in the designated space.
- **Address/City State/Zip/Telephone Number:** Record the SFA's complete address and telephone number in the designated space.

Financial Information

- **Plan Beginning Date:** Record the date the SFA anticipates implementing its excess food service fund balance plan by filling in the blanks.
- **Completion Date:** Record the date the SFA anticipates resolving its excess food service fund balance by filling in the blanks.
- **Current Operating Food Service Balance:** Record the amount of the SFA's total net cash resources on hand—its current operating balance—in the designated space.
- **Average Monthly Food Service Expenses:** Record the current amount of the SFA's average monthly expenses in the designated space.

Description of Plan

- **Briefly Outline Plan:** Use the designated space to provide an explanation of the actions the SFA will take to resolve its excess fund balance. The plan needs to include information on the actions the SFA plans to take to do the following:
 - To reduce the excess operating food service fund balance within one year
 - To improve the quality of food served or purchase needed supplies, service, or equipment¹

Acceptable means of reducing the excess fund balance include:

- Improvements in equipment for the cafeteria such as stoves, ovens, freezers, tables and chairs, refrigerators, milk coolers, cash registers, etc. (see a list of pre-approved equipment <http://www.cn.nysed.gov/content/approval-process-sfa-equipment-purchases>)
Remember to follow proper procurement procedures and capital expenditures or improvement regulations.
- Enhancing the meals by adding foods that allow for more choices and meet meal pattern requirements.
- Marketing and merchandising materials and supplies to promote the breakfast and lunch programs.

Please note – in general, nonprofit school food service account funds may not be used for costs that add materially to the value of the school building and related facilities or appreciably prolong their intended life, such as remediation of facility plumbing. Consistent with government-wide requirements for the use of Federal funds, NSLP regulations at 7 CFR 210.14(a) prohibit the use of nonprofit school food service account funds to purchase land or buildings (except with Child Nutrition prior approval) or to construct buildings. The use of nonprofit school food service account funds for capital improvements is therefore prohibited. Costs associated with remediation or repair to a school building (i.e. plumbing, heating, air conditioning) would add to the permanent value of the school building and should therefore be borne by the School Food Authority's general fund.

Signatures

- Have the SFA's authorized representative sign the form in the designated space.
- Print the name of the signer and date signed in the designated space.

Do not write below the double line.

¹ An excess fund balance of the nonprofit food service account cannot be used to reduce paid student lunch pricing if the paid lunch equity tool requires an increase in prices, nor can it be used to reduce uncollectible paid student lunch accounts.