**Excess Net Cash Resources Plan for Child and Adult Care Food Program and Summer Food Service Program**

Per FNS Instruction 796-2 (CACFP) and 7 CFR 226.7(b) (SFSP), State Agencies are required to ensure program sponsors identify and monitor unused reimbursement funds and set thresholds for net cash resources. Operators must adhere to the following thresholds for the allowable amount of net cash resources to be maintained in the non-profit food service account:

* **CACFP** - Net cash resources may not exceed three months' average expenditures.
* **SFSP** - Net cash resources may not exceed one month's average expenditures if operating only SFSP. If operating other Child Nutrition Programs throughout the year, excess net cash resources may not exceed three months' average expenditures.

Net cash resources are defined as:

All monies that are available to or have accrued to a sponsor's nonprofit food service at any given time (Program reimbursement, income to the Program, and all other funds restricted for use in the non-profit food service) minus allowable net expenses (such as food costs, administrative costs, etc).

**Action Steps:**

1. At program year-end, determine if a reduction in net cash resources is required.
	* **CACFP**
		1. To determine the maximum balance that can be maintained in the nonprofit food service account, complete the following calculations:
			1. Total Net Cash Resources $\_\_\_\_\_\_\_
			2. (Prior Year’s Expenditures / Number of months’ operation prior year) x 3 months = Three Month Average Expenditures $\_\_\_\_\_\_\_
		2. If A exceeds B, the CE exceeded the excess net cash resource threshold and must develop a plan to reduce the balance beneath the threshold.
	* **SFSP**
		1. If operating the SFSP only,\* to determine the maximum balance that can be maintained in the nonprofit food service account, complete the following calculations:
			1. Total Net Cash Resources $\_\_\_\_\_\_\_
			2. (Prior Year’s Expenditures / Number of months’ operation prior year) x 1 month = One Month Average Expenditures $\_\_\_\_\_\_\_
		2. If A exceeds B, the CE exceeded the excess net cash resource threshold and must develop a plan to reduce the balance beneath the threshold.

**\*NOTE:** For CEs operating another Child Nutrition Program throughout the year, follow the CACFP steps for determining if an excessive balance exists.

1. Create a detailed current spending plan to reduce the resources in excess. Use the spending plan template on the next page as follows:
	* Provide an itemized list of allowable expenses used to reduce the excess cash resources–for example, expenses used to improve the quality of meals or the purchase/replacement of food service equipment.
	* Provide a detailed explanation of how the listed expenses will be used for the support of the food service program and are necessary, reasonable, allocable, and allowable under federal and state rules and regulations.
2. This form should be used for internal planning should net cash resources exceed the required limit. As applicable, operators may have to submit the spending plan to TDA in response to required corrective action.

**Contracting Entity (CE):**

**Date:** / / **Program Year:**

**Completion Date:**

|  |  |
| --- | --- |
| Net Cash Resources | $  |
| Three-Month Average Expenditures (**for CACFP operators and SFSP operators also operating additional Child Nutrition Programs**)(Total Expenditures / # of months’ operation in prior year) x 3 months | -$  |
| One-Month Average Expenditures (**for CEs operating SFSP only**)(Total Expenditures / # of months’ operation in prior year) x 1 month | -$ |
| **Excess Net Cash Resources** (Excess Fund Balance) | **$0.00** |

**Description of allowable expenditure(s) proposed to decrease excess net cash resources:**

|  |  |  |  |
| --- | --- | --- | --- |
| Description of activity | Unit(s) | Estimated Cost | Time frame |
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| **TOTAL**Must be greater than or equal to the Excess Net Cash Resources amount |  | $0.00 |  |

**Please provide a short narrative explaining the following:**

* **How the above expenses benefit CACFP and/or SFSP and comply with financial regulations.**
* **The processes that will be in place to prevent excess net cash resources from reoccurring in the future.**

 Signature of Representative Authorized in TX-UNPS Date

 Printed Name of Representative Authorized in TX-UNPS

 TDA Approval Date