

Preparing for the NSLP Financial Report

All Contracting Entities (CEs) must ensure that the reported data accurately reflects the CE's financial operations for the **2020-2021** fiscal period reported.

The NSLP Financial Report will be accessible via JotForm. CEs will be emailed a link to their authorized representatives. CEs may also go to [squaremeals.org/Compliance/Financial Report](https://squaremeals.org/Compliance/Financial%20Report) for the link on March 1, 2022. CEs will not be able to access the form in TX-UNPS.

For compliance guidance on Financial System information, please refer to the School Nutrition Programs Administrative Reference Manual (ARM) Section 16 at the Texas Department of Agriculture's (TDA) website at www.squaremeals.org.

To assist the CE, detailed instructions are provided, to include ARM references, relevant definitions, clarified object codes information, and list of required documents. These required documents are listed below and will be referenced **and/or** submitted with the completed Financial Report. **The NSLP Financial Report will open on March 1, 2022 and is due March 31, 2022.**

The NSLP Financial Report is used to assess the financial management of the non-profit school food service account for the National School Lunch Program (NSLP) (includes Seamless Summer Option), School Breakfast Program (SBP), Special Milk Program(SMP) and At-Risk CACFP program funds. The funds typically include funds for the 240, 701, or 101 funds. Special Revenue Fund 242 will also need to be accounted for in this report if funds were transferred into the 240, 701 or 101 funds.

Note: CEs who received additional funding will also need to report that funding on the NSLP Financial Report. CEs should be prepared to provide the amount and the type of additional funding received.

The NSLP Financial Report has been consolidated to include other portions of managing the non-profit school food service account and review of the requested financial documents. For example, the NSLP Financial Report will include questions related to a CE's Excess Fund Balance and the Paid Lunch Equity (PLE) tool. The PLE tool will be referenced to obtain information regarding the weighted lunch price. **CEs who opted to operate SSO rather than NSLP during the academic year per COVID-19 waiver #106, do not need to attest to completing the PLE tool.**

The NSLP Financial Report JotForm, may determine if a CE's financial information indicates that an excess of Net Cash Resources (formally known as Excess Fund Balance) (more than 3 months operating expenses) exists. If there is an excess, the CE will complete Question 26 and corresponding questions. These question will require the CE to describe the allowable expenditure(s) proposed to decrease excess net cash resources, completion date, provide a short narrative on how the expenses benefit the School Nutrition Program and how the CE will keep this from reoccurring in the future.

CEs should prepare to have this plan ready when completing this section. The form will not allow you to proceed or submit the NSLP Financial Report until a plan has been entered.

*Separately, the CE will also be required to obtain approval for any Capital Expenditure request over \$5,000. However, this is a separate process from this form. **Note: All procurement regulations must be followed.***

The CE will receive an email either approving or requesting additional information regarding the Excess Net Cash Resource plan.

All questions must be answered but may not be applicable. For Residential Child Care Institutions (RCCI) & private schools may have areas that are not applicable. For areas that are required but not applicable, enter zero.

Some questions are autopopulated based on information entered. For example, Ending Fund Balance, will auto populate.

Some questions require an upload of the document that is requested. Upload these documents in PDF format.

Use this format to title each form that will be uploaded:

CENAME_CEID_Title-of-Documents-mm-dd-yyyy

NOTE: The Annual Financial and Compliance Report (AFR) (Audited) submitted to Texas Education Agency (TEA) may include some of the same information as listed below. **If there is a discrepancy, CEs will comment in the corresponding comment box.**

PDF copy of the Planning for the NSLP Financial Report is available on squaremeals.org.

To complete the NSLP Financial Report, please secure the following documents for the fiscal year 2020-2021 in PDF format. Note: Not all forms may be applicable to your CE, nor will all documents be required to be uploaded.

Ready for Upload or Review	Not Applicable
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Annual Financial Report (AFR) (Audited)

Detailed General Ledger by Account Code for Child Nutrition Fund. CEs should prepare to identify the type and amount of additional funding received.

Statement of Net Assets or Statement of Net Position (Balance Sheet) as of 12/31/2020

Statement of Activity or Statement of Revenue and Expenditures

Method for calculating Food Cost Ratio

Journal entries for any amounts paid to the Child Nutrition Fund to cover a negative (end of year) fund balance

Journal entries for any amounts paid to the Child Nutrition Fund to cover student bad debt

Loan Repayment Agreement

Paid Lunch Equity Tool (if required)

Plan to reduce excess net cash resources that exceed more than three months operating expenditures. This plan will ask what the CE will do to reduce net cash resources. Program funds must be used only for program purposes and excess must be reduced by improving the quality of food served or purchasing needed supplies, services, or equipment. It must also include an explanation of what the CE will do to ensure that an excess net cash resources will not occur in the future. Some CEs will have already submitted and received approval for the use of this plan. For those CEs, a copy of the approved plan will need to be uploaded. Refer to ARM Section 16.

Definitions and Object Codes

Please note that the NSLP Financial Report includes the following definitions and object codes for clarification.

Definitions:

Fiscal Year:	The twelve-month period that an organization uses for budgeting, forecasting, and reporting financial information. CEs under the administration of the Texas Education Agency (TEA) may use one of the two-fiscal year periods of July 1 to June 30 or September 1 to August 31.
Net Cash Resources	<p>All monies, as determined in accordance with the State agency's established accounting system, 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. (7 CFR 210.2)</p> <p>Net Cash Resources calculation is (Total Assets-(Inventories)-Total Liabilities).</p>
Excessive Net Cash Resources	The unallowable amount of net cash resources remaining in the nonprofit school food service account at the end of the fiscal year less liabilities that ended. CEs may not exceed three months of average monthly operating expenditures.

Operating Months Any month that the CE performs operational tasks. This includes reasonable amounts of time to close down program operations at the end of the school year and time to set up program operations at the beginning of the year as well as each month for which claims were submitted. For any revenue transferred from the Special Revenue Fund 242 into the 240, 701 or 101, the operating months should accurately reflect the any operational task included for those months.

Three-Month Operating Expenses The average of three months operating expenses. This is used to determine if the CE has an excess in net cash resources. In order for a CE to maintain the non-profit status, the CE cannot maintain more than three months of operating expenses for their net cash resources.

Object Codes:

Object Code 1100: Includes currency on hand and in-demand deposits with banks or other financial institutions. Cash equivalents are short-term, highly liquid investments (such as certificates of deposit or treasury bills) that can readily be converted to cash and are near their maturity.

Object Code 1200 Asset account reflecting amounts owed for goods and services, i.e. sale of goods, rendering of services.

Object Code 2000 Current Liabilities (Current Liabilities are due now or expected to be due in one year) and Long Term Debts.

Object Code 5751 Program and Non-Program revenue realized from food service activities including payments for meals from students and adults, profits from a la carte sales, cash donations, in-kind contributions from outside sources, such as volunteer services.

Object Code 5922/7953 Revenue realized from the federally funded **lunch** program administered by the Texas Department of Agriculture or National School Lunch Program (NSLP). Object code 7953 is for school districts that use the enterprise fund the NSLP.

Object Code 5921/7952 Revenue realized from the federally funded **breakfast** program administered by the Texas Department of Agriculture or School Breakfast Program (SBP). Object code 7952 is for school districts that use the enterprise fund the SBP.

Object Code 5939	Revenue realized from the federally funded Summer Feeding Program or At-Risk CACFP Program administered by the Texas Department of Agriculture.
Object Code 6100	Includes the gross salaries or wages and benefit costs for employee services.
Object Code 6210	Expenditures or expenses for professional services rendered by personnel who are not on the payroll of the CE, including all related expenses covered by the professional services contract.
Object Code 6342	This is usually paper supplies such napkins, straws, etc.
Object Code 6399	This is usually supplies that of relatively low costs such as cooking utensils, measuring cups.
Object Code 6639	Equipment, furniture, technology equipment, and capital outlay items having a per unit cost of \$5,000 or more and a useful life of more than one year not classified elsewhere.