



Community of Practice

Financial Considerations

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Agenda

- Housekeeping
- Introductions
- Discussion: Ongoing Challenges (Follow Up)
- Topic
- Open Discussion
- Next Steps

Housekeeping

- Recording announcement.
- This is your meeting. Discussions are encouraged.
- Questions along the way – feel free to come off mute or drop in the chat.

Introductions

Overview of Community of Practice

Introductions

Discussion: Ongoing Challenges (Follow Up)

- Chain supply challenges.
- Menu challenges.
- Participation challenges.
- Providing meals to virtual students.



Financial Considerations

What is Financial Management?

Financial Management can be defined as

- The process of defining the program objectives and financial goals for the Child Nutrition Programs (CNPs), and
- Implementing activities to attain those goals through the effective use of resources.

Roles and Responsibilities

- Develop financial management guidelines that supports CNP operational goals and comply with regulations.
- Establish cost control goals to effectively manage the CNP.
- Involve administrators, board members, managers, and staff to identify goals. Promote a team approach.
- Management of financial resources.
- Maintain financial accountability.

Financial Management Questions

- Do employees understand the importance of cost controls to the success of the program?
- Menu considerations.
- How production records can help.
- Food cost and costs to produce a meal.
- Main sources of revenue.
- Expenditure categories.

Menu Considerations

- Recipes
 - Tried, adapted, and retried several times.
 - Specific quantity for each ingredient and portion size.
- USDA Foods
 - Provide cost savings to the CNP.
 - Add variety to the school menu.
 - Meet meal pattern requirements .
- Multiple uses for the same product.
 - Best practice - reduce SKUs.

The Value of Production Records

- Used to forecast product estimates.
- Provides historical data.
- Identifies unfavorable items.
- Identifies potential waste.
- Identifies excessive labor.

Calculating Food Cost

Why Calculate the Cost of Food?

- To determine if costs are within guidelines.
- To prevent waste and food theft through monitoring food usage.

Beginning Inventory

+ Total Food Purchases

= Total Food Available

- Ending Food Inventory

= Cost of Food Used

Example of Calculations for Cost of Food Used

Example	Annually	Monthly
Beginning Inventory	\$ 8,000	\$ 8,000
Food Purchases	+ 300,000	+ 25,000
Food Available	308,000	33,000
Less: ending inventory	- 7,000	- 7,000
Cost of Food Used	\$ 301,000	\$ 26,000

Financial Reports

- Annual Budget
- Revenue reporting.
- Expenditure reporting.
- Net/Gain loss for per period.
- Comparison of current period with previous period's information and year-to-date information.

Financial Reports - Budget

The budget assists in managing the CNPs by:

- Forecasting revenue
- Identifying how revenue will be allocated for expenditures.
- Predicting how much money will be in the fund balance at year's end.

Managing Revenue

Why it's important to analyze revenue :

- Allows you to identify revenue by source and the percentage for each source.
- Helps determine if and where revenue should be increased.
- Helps to identify if additional sources can or should be added.
- Identifies areas in which revenue should be monitored for revenue loss.

Managing Expenditures

- Total costs to produce a meal.
- Costs to produce a meal compared with the reimbursement rate per meal.
- Percentages of operational costs to total revenue (operating ratios).

In Summary

- Financial indicators should be analyzed regularly.
- Prices for purchases and meals should be based on program goals.
- Compare expenditures to revenues to understand program performance.
- Analyze information and make adjustments as needed.

Resources

- [Financial Management: A Course for School Nutrition Directors](#)
- [Financial Management: A Course for School Nutrition Managers](#)
- [Essential Key Performance Indicators Interactive Spreadsheet](#)
- [Tools For Financial Management](#)
- USDA SCA Award coming soon!

Open Discussion

- What topic area resonated with you?
- What are some challenges you've experienced?
- What solutions have worked for you?

Next Steps

- [Meeting Survey](#) for participants.
- Recording will be saved on the Google Drive.
- Next meeting – February 23rd at 1pm.
- Continue to build a library of resources for self preps as part of the NSLP Google drive.
- Continue to share out webinars, resources via email.

Thank You!!