

State of Maine: Annual Financial Report (AFR) Instructions

National School Lunch, School Breakfast Programs, SFSP, CACFP (snack or supper)

The purpose of this document is to provide general guidelines for the online Annual Financial Report (AFR). All data reported is from revenue and expenditures to the Nonprofit School Food Service Account (NSFSA). The AFR should include all NSFSA financial transactions from July 1 through June 30 of that school year. Accurate supporting documentation must be maintained by appropriate accounting officials. Failure to submit the AFR may disrupt receipt of reimbursement payments and other program benefits (i.e., programs will not receive their October reimbursement until your AFR has been approved for the prior year).

Abbreviations Overview	
Phrase	Abbreviation
Annual Financial Report	AFR
Child Nutrition Programs (i.e., NSLP, SBP, SMP)	CNP
Child and Adult Care Food Program	CACFP
Fresh Fruit and Vegetable Program	FFVP
National School Lunch Program	NSLP
School Breakfast Program	SBP
School Food Authority (i.e., sponsor of CNP)	SFA
Special Milk Program (only for kindergarten students denied access to other CNPs)	SMP
Summer Food Service Program	SFSP

Report revenue and expenses from NSFSA using consistent accounting principles. Expenses and income should be tracked consistently using **one** of the following Generally Accepted Accounting Principles (GAAP):

1. **Cash Basis** - accounting records revenue and expenses when cash related to those transactions actually is received or dispensed.
2. **Accrual Accounting** - records revenue and expenses when transactions occur, but before money is received or dispensed.

Example: If you place your May claim in June, but it is not paid out until July 2025

- In a cash basis system you would report this on the 2026 AFR since you did not receive the funds until July 2025. The 2025 AFR only contains transactions received from July 2024- June 2025 and therefore it would be reported on the 2026 AFR.
- In an accrual accounting system you would report it on the 2025 AFR since the claim was placed in June 2025 even though it was not paid out till July 2025 it would still be included.

If you are not sure which GAAP your district uses to track NSFSA, contact your financial advisor to ensure accuracy and consistency on the AFR. Expenses reported should reflect all monies received by NSFSA and all monies expended regardless of what form it may take. Examples are cash on-hand, cash in-bank, checks, certificates of deposit, interest earned, etc.

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If you have been using the Yearly Financial spreadsheet, you will input the numbers into the CNPWeb, Annual Financial Report.

The AFR can be found in CNPweb under the *Forms* tab for the previous year (e.g., AFR for 2024-2025 can be found under the program year *2025 Reports* tab).

- Select the add (+) button to start a new AFR.

Sponsor Summary

Checklist	Applications	Forms	Activities	Claims	Payments	Users	
Washington County							
Form Name	Revision		Status		Date Approved		Action
Annual Financial Report	Report to be filed after final claims entered for 2024.						+

There are ten columns (letters A-J) that correspond with the available programs:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Totals	School Lunch	After-school Snack Service	School Breakfast	Special Milk Program	Seamless Waiver Supper	Fresh Fruit & Vegetable Pgm FFVP	Summer Food Service Pgm SFSP	Child & Adult Care Food Pgm CACFP	(Non-Federal) Other Food Service

- **Column A:** Total for the entire food service operation and the sum of columns B-J.
- **Column B:** Includes all income and expenses for the National School Lunch Program (NSLP) and includes the Seamless Summer Option (SSO). **Please report all revenue and expenditures from SSO lunches and breakfast served in this column.**
- **Column C:** After School Snack Program.
- **Column D:** School Breakfast Program. All revenue and expenditures from the School Breakfast Program can be reported in this column. **If you operated the School Breakfast Program through SSO, please report the revenue and expenditures in column B (i.e., School Lunch).**
- **Column E:** Special Milk Program for split session kindergarten children who are denied access to the other Child Nutrition Programs. Must have previously applied to participate.
- **Column F:** Seamless Supper. This should not be confused with SSO that is reported under NSLP or CACFP Supper Program. At this time, no activity should be entered.
- **Column G:** Fresh Fruit and Vegetable Program (FFVP).
- **Column H:** Summer Food Service Program (SFSP).
- **Column I:** Child and Adults Care Food Program (CACFP).
- **Column J:** This column includes all other nonprogram income and expenses that are *not* part of the federally reimbursable meal. This includes extra milk, second servings, a la carte, banquets, food service to any organizations such as administration meetings, parent teacher association (PTA), etc., and catering/vending to outside organizations such as parochial schools or day care centers. Any non-claimable item served should be reported here. **Column J should never be negative in the net income/loss section and will not be approved if submitted with a negative total.**

Eligibility for these programs will be previously determined through the sponsor and site application process.

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Income Section

Income Section

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Totals	School Lunch	Afterschool Snack Service	School Breakfast	Special Milk Program	Seamless Waiver Supper	Fresh Fruit & Vegetable Pgm FFVP	Summer Food Service Pgm SFSP	Child & Adult Care Food Pgm CACFP	(Non-Federal) Other Food Service
(1) Sales to Children	0.00	0.00	0.00	0.00	0.00				0.00	0.00
(2) Sales to Adults	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(3) Loans/Interest	0.00									
(4) State Revenue Match	0.00	0.00								
(5) Federal Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
(6) Other Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(7) Rebates	0.00	0.00	0.00	0.00	0.00	0.00				0.00
(8) Income Totals	Total (A)	Total (B)	Total (C)	Total (D)	Total (E)	Total (F)	Total (G)	Total (H)	Total (I)	Total (J)
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Line (1) Sales to Children - Report income received from student meals served during regular meal periods. You must keep daily records of student's income by program and report this income under each federal program. Reimbursable meals are reported under the corresponding program they are claimed. All other income received from students should be reported under column J (i.e., Non-Program).

Line (2) Sales to Adults - Report income received from adults for meals and food sold during meal service. You must keep daily records of adult meals income by program and report this income under each program. All other food sold would be reported under column J. *Example:* Income received from an adult breakfast sold is reported under column D, while an a la carte breakfast entree sold to an adult would be reported under column J. Catering should be reported in line (6) (i.e., Other Income), column J.

Line (3) Loan/Interest - Report income received from any interest earned this year from deposits of food service monies.

Line (4) State Revenue Match – Report reimbursement income from the State of Maine, which is allocated only to column B. Next year will include column D. **For this year**, the Maine Lunch revenue will be reported in col. B and Breakfast will be reported in line 6, column D.

You can also find the State Revenue Funds paid under the *Reports tab – Accounting Reports – Reimbursement Earned Report* of the reporting year. The “State Match” paid is **additional Lunch** reimbursement.

State Breakfast Paid Amount	State Breakfast Reduced Amount	State Lunch Paid Amount	State Lunch Reduced Amount	State Match
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Line (5) Federal Reimbursement - Report any federal reimbursement *received* this school year. It is essential that you allocate this income *by program*, as indicated in **CNPweb** under the *Payments* tab. Do not include any additional federal or state income received

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due to the COVID-19 pandemic such as emergency funds, supply chain assistance funds, Local Foods, Federal Local Foods or any other assistance received. These items can be reported under line (6) (i.e., Other Income).

Line (6) Other - Report any other cash income received for food service, such as special functions income, sale of equipment, cash donations, etc. Allocate to columns B through J as appropriate. All catering should be reported in column J. Equipment funds received through the USDA Equipment Grant should be reported here.

Line (7) Rebates - Use this line to show the receipt of any rebates from vendors. Only use this line for cash rebates. If deductions were made from a payment, the food expense line would include the rebate as a net reduction in food expense. Allocate to columns B through J, as appropriate.

Line (8) Income Total - The sum of Column A, lines (1) through (7) does not auto-populated. You will also add this number will also add to box (17).

Expense Section

Expenses Section

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Totals	School Lunch	Afterschool Snack Service	School Breakfast	Special Milk Program	Seamless Waiver Supper	Fresh Fruit & Vegetable Pgm FFVP	Summer Food Service Pgm SFSP	Child & Adult Care Food Pgm CACFP	(Non-Federal) Other Food Service
(9) Food Expense										
\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(10) Labor Direct Preparation										
\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(11) Equipment \$300 or less										
\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(12) Equipment - More than \$300										
\$	0.00									
(13) Other										
\$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(14) Indirect Costs										
\$	0.00									
(15) Expense Total	Total (A)	Total (B)	Total (C)	Total (D)	Total (E)	Total (F)	Total (G)	Total (H)	Total (I)	Total (J)
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Line (9) Food Expense - Report *all* food costs paid for during the school year. This includes the costs of obtaining commodities. If there is any *income* reported for food sales in columns B through J, then there **must** be an expense for purchasing the food.

Milk expenses should be allocated to all programs of which it is a part. **Do not put all milk expenses in column E.** If the kindergarten Special Milk Program is in operation, then use it only for the cost of the kindergarten milk.

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Expenses listed in column B-J must equal the total in column A. The total cost of food used must be distributed to all offered programs. For a method to more accurately determine expenses by program, see page 8.

Line (10) Labor Direct Participation - Report labor expenses paid during the school year to staff. Report gross salary as well as other employer-paid benefits, such as health insurance, retirement funds, employer-paid FICA, workman's compensation, unemployment compensation, etc. Only report staff benefits if these benefits are charged **directly** to NSLP. Labor costs must be allocated to each program offered.

If you would like to report labor by allocation percentages, these can be obtained by conducting a time study of your staff for an average of each program. See page 9, "Labor Expense Allocation", for this information.

Line (11) Equipment \$5,000 or Less (Name Change) - Report costs paid this year for purchases of food service equipment costing less than \$5,000 per unit and most repairs regardless of cost. This line may be allocated using the same allocation percentages as for cost of food used. See page 8-10 for additional details.

Line (12) Equipment - More than \$5,000 (Name Change)- Report costs for the purchase of food service equipment with a unit cost of \$5,000 or more paid out of NSLP. Equipment purchased using the USDA and or Maine Equipment Grant should be reported here.

Line (13) Other - Report other allowable expenses paid during the program year not already reported under any of the expense lines above. This includes non-food items such as napkins, cleaning chemicals, technology/software fees or any other costs not directly related to food, labor or equipment including applicable training expenses. If questioned, please have documentation readily available to verify these costs during review and approval of the AFR.

Expenses that cannot be readily identified by program must be allocated to all programs using the same allocation percentages as those for cost of food used. See page 8-10 for more information.

Line (14) Indirect Costs - Maine currently does not have a delegation agreement in place with US Department of Education which allows school district to charge the National School Lunch Program or any other federal program indirect costs. Indirect costs rates must be approved by the Department of Education and no such costs have been approved or a method in place to do so. Therefore, no food service program should be charged indirect costs. If so, that must be ended and the indirect costs charged to the program must be reversed.

Line (15) - Expense Total - The sum of column A, lines (9) through (17), is not auto populated. You will add this number in box (18).

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Allocation Percentages

Expenses often are **not** readily identifiable with a specific federal program. Consequently, it may be easier to use allocation percentages for more appropriate costs in each of the programs. Pages 8-10 describe a method that can be used to determine allocation percentages. There will be a built-in option to select either dollar or percentage values for the program expense allocations next year but you can still use this method by completing the calculations. **If the percentage method is used, the dollar amounts can be calculated from the dollars in column A and the percentages by clicking on the “Calculate” button at the bottom of the report.** The reverse is true that if dollars are put in, the percentages will be figured by the system.

Average Meal Cost Calculation

The average cost per meal can be calculated by adding the sum of lines: (9) Food Expense, (10) Labor, (11) Equipment under \$5,000 and (13) Other, then dividing by the total number of reimbursable meals served per participating federal program for the program year. Adding all the properly allocated expenses in any of the columns and dividing by the number of those meals served in the year will give an average cost per meal. Therefore, it is critical to allocate costs accurately among all federal programs operated in the section above. This is calculated by program in lines (23) and (24).

Example: The total Expense lines (9), (10), (11), and (13) of column B (i.e., School Lunch) and dividing by the total number of reimbursable lunches claimed for that year will provide the average per meal cost for school lunch. CNPWeb has calculated your total number of school days from the reported days entered in the month claims section

Account Balance

Box (16) Beginning Balance - Report the beginning operating balance from the NSFSA ledger. This field is not auto populated from the ending balance of the prior year's AFR. If the balance does not match the reported beginning balance, the SFA must update and submit the prior year's AFR for approval with the correct income and expenses to reflect the correct ending and beginning balance. Email jodi.truman@maine.gov with the **AFR sponsor number in the subject line** once the previous year's AFR is submitted for approval.

Box (17) Income Total - This box equals the income section line (8).

Box (18) Expense Total - This box equals the expense section line (15).

Box (19) Ending Balance - Please note the Nonprofit School Food Service Account should never end in a negative balance. If the ending balance is negative the sponsor must receive funds from the district to cover the negative balance. The money is then added to Box (21) to then have a \$0 in box (22).

To calculate the ending balance, add the **sum** of box (16) (i.e., Beginning Balance) and box (17) (i.e., Income) total, then **subtract** box (18) Expense Total. Record this amount in box (19) Ending Balance.

Box (20) Accounts Payable - Report bills outstanding or unpaid on June 30.

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Box (21) Accounts Receivable - Report income outstanding or not yet received on June 30 such as reimbursement or billings to outside vendors for food service.

Box (22) Balance of Accounts - This box is the unspent balance of funds being held 'on account' for students and adults. As stated before, this is essentially an Accounts Payable type of account and represents a liability to the school food service account.

Certification

The final section of the report contains the certification. You must first select the **last month** of the program year for which a **claim was filed**. Then, check that you certify the report to be true and correct, that records are available to support the report, and that it is in accordance with existing agreements.

Please be reminded of existing record retention requirements. The federal government requires retention three (3) years past the end of the federal fiscal year to which records pertain.

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Allocation Percentages

Using allocation percentages simplifies the distribution of costs to the offered programs on the AFR while providing realistic information. For example, the dairy does not invoice for lunch milk, breakfast milk, and extra milk. So rather than attempt to track all food items by program, it would be easier to distribute expenses by percentage.

This whole process involves information more readily known by food service professionals in each kitchen than by a bookkeeper in the central office – the menus and the portion costs. The percentages will be an educated guess using realistic data. The percentages can then be used to fill out the Expense section of the AFR.

In is strongly recommended recalculating percentages annually or whenever there is a significant change in programs offered, such as adding a snack program. Food cost percentages may be used to distribute all expense categories except labor. Labor cost percentages are likely to be different.

Food Expense Allocation

Figure an average cost of food per person for breakfast and lunch using a week or two of menus and costs per serving from the year. Multiply this average cost of food per meal, times the number of that type of meal, actually served during the year. This should include all student meals as listed on all the claims for that program year.

Example: If the average **breakfast** meal cost was \$.60 and there were 20,000 breakfasts served to students during the year, then the Breakfast Food Expense would be about \$12,000 ($$.60 * 20,000 = \$12,000$). If the **lunch** average cost was \$1.20 per meal and there were 65,000 lunches served to students during the year, then the Lunch Food Expense should be about \$78,000 ($\$1.20 * 65,000 = \$78,000$).

This is the first step in determining reasonable percentages for the Food Expense line. If we already know column A for the year (Example: \$110,000) and now have the estimates for lunch and breakfast, what is left must be 'Other Food Service.' Put these dollar amounts in the AFR online with the 'Dollar' button on and let the **CNPweb** system figure the percentages by clicking on the "Calculate" button at the bottom of the report. This part of the report isn't active for this year but will be for next year.

(A) Total	(B) Lunch	(D) Breakfast	(G) Other Food Svc.
\$110,000.00	\$78,000	\$12,000	\$20,000
100%	70.91%	10.91%	18.18%

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After the system shows what the percentages are by program (as above), it is reasonable to round up both breakfast and lunch to the next whole percentage numbers to allow for condiments, dropped trays, pan waste, etc. Also, using 'whole number percentages' is easier to type into the percentage line of other items such as Equipment and Miscellaneous.

Click the 'percentage' button and round up lunch and breakfast % up to the next whole number and make the Other Food % be whatever is left to be an even 100% across. Either "Calculate" or "Submit" will refigure the dollar amounts for you. The following example would be the result of that. For this year you will need to manually do the calculation and enter the new amount in the boxes.

(A) Total	(B) Lunch	(D) Breakfast	(G) Other Food Svc.
\$110,000.00	\$78,100	\$12,100	\$19,800
100%	71%	11%	18%

Use these same Food Expense percentages for Equipment, and Other.

Labor Expense Allocation:

This works reasonably well if most employees have the nearly the same wage rate and every day has the same number of work hours.

Column A is always 100%, so imagine it is also ALL the labor hours for one day paid for out of Food Service funds. You can then determine on a DAILY basis, the number of hours for preparation, service and cleanup of breakfast, lunch, snacks, and/or a la carte/catering.

Consider preparation, serving time, and cleanup for each column at each kitchen.

(Administrative time will be proportioned out with the percentages at the end.)

These daily numbers can be used to determine percentages for each program of the total daily labor hours for the school district. Daily hours from each kitchen would be added together to determine a corporation percentage. It's easiest to start with breakfast and any other small program. Service and cleanup time for lunch can be roughly estimated based on the proportion of kids getting lunch vs a la carte. If 2/3 of your customers are buying school lunch, then 2/3 of the lunch time serving and cleanup hours could be for lunch and 1/3 for a la carte. The last set of hours to figure would be preparation for lunch vs. a la carte.

This kitchen at School A has six people for 30 labor hours daily, lunch serving time is one hour, and lunch cleanup time is 1½ hour after lunch. One staff member handles all of the breakfast preparation, service, and cleanup. A la carte preparation is minimal, as all items are pre-packaged portions and ¼ of the customers purchase.

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Chart of Work Hours per day from kitchen at School A:

	A	B	D	E (or C)	G
School A	Total Hours	NSLP	SBP	SMP (or Snack)	Other Food
Preparation	14.25 hours	11.75 hours	0.25 hours	0.25 hours	2 hours
Service	6.5 hours	4.5 hours	0.5 hours	0	1.5 hours
Cleanup	9.25 hours	6.75 hours	0.25 hours	0	2.25 hours
Total Hours	30 hours	23 hours	1 hour	0.25 hours	5.75 hours

Labor hours from each kitchen charted together for percentages at the corporation level:

	A	B	D	E (or C)	G
	Total Hours	NSLP	SBP	SMP (or Snack)	Other Food
School A	30 hours	23 hours	1 hours	0.25 hours	5.75 hours
School B	50 hours	30 hours	2 hours	0	18 hours
Total Corp Hours	80 hours	53 hours	3 hours	0.25 hours	23.75 hours
Corp %	100%	.6625 or 66%	.0375 or 4%	.0031 or .1%	.2969 or 29.9%

Now these percentages can be used on AFR line 10 in the percentage line. Click the 'Percentage' button and only input percentages. Using the 'Calculate' button at the bottom of the form will figure the dollars appropriate for each percentage and place them in the form for you.

Other Notes:

All Child Nutrition funds should be reported separately in the Districts/ Sponsors accounting software. DOE provides MEFS numbers for each of our revenue streams to help with this process. You should work with your business office on how your expenses are recorded in your system. The Child Nutrition Program provides Federal and State money to sponsors for meals and must be recorded separately.

When completing the Annual Financial Report, the responsibility is with the Foods Service department. The business office can be included but there must be a division of duties for program integrity. We encourage you to work together in this process.

The last month of claim is usually June, payment is normally received in July. This revenue must be reported in June in the correct program year for when the meals were served.

Report ED293A with MEFS codes added above for F2025.

4551	4553	4556	3250	4555	4554	3258	3258	3250	3254	4559	4353	3250	MEFS Fund #
Regular Lunch Amount	Free/Red Lunch Amount	After School Program	State Match	Milk Program Amount	Breakfast Program Amount	State Breakfast Paid	State Breakfast Reduced	State Lunch Paid	State Lunch Reduced	FFVP Amount	Local Produce Amount	Meals Publicly Funded	Accounts

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