

UNALLOWABLE COSTS

(FNS Instruction 796-4, Rev. 4)

Unallowable costs are costs for which Program funds may not be used. They include, but are not limited to:

- Costs for excess meals ordered or prepared but not served to eligible children, i.e., meals in excess of legitimate Program adult meals and reimbursable meals, unless specifically approved by the State agency
- Meals served in violation of Program requirements; e.g. additional foods served that are not compliant with the meal patterns, meals or ineligible components consumed off-site or second meals served in excess of the 2 percent tolerance
- Rental costs for periods beyond the close-out date for Program operation
- Any other costs incurred that Program officials determine to be in violation of applicable laws or regulations;
- The cost to purchase food (including coffee, etc.) for use outside of the SFSP
- The cost of meals served to administrative adult personnel, or any other adults that are not in the operation of the food service
- Cost of spoiled or damaged meals
- For vended sponsors, the cost of meals delivered by a FSMC to a non-approved site, or for meals not delivered within the agreed upon delivery time, meals served in excess of the approved cap (SFSP Memorandum 16-2015: *Site Caps in the Summer Food Service Program*: Revised, April 21, 2015, <http://www.fns.usda.gov/site-caps-summer-food-service-program-revised>) spoiled or unwholesome meals, or meals that do not meet meal requirements or quality standards
- Bad debts, which are any losses arising from non-collectible accounts and other claims and related costs
- Repayment of over-claims and other Federal debts
- Contributions and donations including contingency reserves, USDA-donated commodities and other donated food, labor, and supplies
- Fines or penalties resulting from violations of, or failure to comply with Federal, State, or local laws and regulations
- Entertainment and fundraising costs
- Interest on loans, bond discounts, costs of financing and refinancing operations, and legal and professional fees paid in connection therewith
- Costs resulting from an under-recovery of costs under other grant agreements
- Direct capital expenditures or option to purchase rental costs for: acquisition of land or any interest in land; acquisition or construction of buildings or facilities, or the alteration of existing buildings or facilities; non-expendable equipment of any kind; repairs that materially increase the value or useful life of buildings, facilities, or non-expendable equipment; and other capital assets, including vehicles

Check out the Budgeting for Success Toolkit page for tips on controlling your expenses!

<http://www.fns.usda.gov/sites/default/files/sfsp/SMT-Budgets.pdf>