Ohio | Department of Education

Ted Strickland, Governor
Deborah S. Delisle, Superintendent of Public Instruction

POLICY STATEMENT

Crediting Interest Earned to the Nonprofit Food Service Account

Source: National School Lunch Program Federal Regulations 7 CFR 210.2 and 210.14
Code: NSLP 05-09
Audience: All School Food Authorities
Effective Date: 03/23/2009
Replaces: None
Program: NSLP

INTRODUCTION

This memorandum serves to clarify the National School Lunch Program Regulations 7 CFR 210.2 and 210.14 in relation to crediting interest and/or earnings from investments to a School Food Authority (SFA) Nonprofit Food Service Account.

STATEMENT OF POLICY

A. STATEMENT OF FEDERAL REGULATIONS 7CFR 210.2 AND 210.14

1. 7 CFR 210.2 provides the following definitions of nonprofit, nonprofit school food service, nonprofit food service account, and revenue:
    a. Nonprofit means, when applied to schools or institutions eligible for the Program, exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1986.
    b. Nonprofit School Food Service means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services.
    c. Nonprofit Food Service Account means the restricted account in which all of the revenue from all food service operations conducted by the school food authority principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service.
    d. Revenue, when applied to nonprofit school food service, means all monies received by or accruing to the nonprofit school food service in accordance with the State Agency's established accounting system including, but not limited to, children's payments, earnings on investments, other local revenues, State revenues, and Federal cash reimbursements.
2. 7 CFR 210.14(a) establishes the requirement for School Food Authorities (SFAs) to maintain a separate nonprofit food service account when participating in the National School Lunch Program and requires revenue received by the school food service to be used only for the operation and improvement of the school food service.

B. **INTEREST ACCRUAL TO THE NONPROFIT FOOD SERVICE ACCOUNT**

1. The definition of revenue as stated in Part A, Section 1, Subsection d of this memo allows a nonprofit school food service program to accrue money or interest as earnings on investments.
2. Part A, Section 1, Subsection b of this memo states all of the revenue accrued by a nonprofit school food service must be used solely for the operations or improvement of the nonprofit school food service.

3. Accordingly, all monies earned in the form of interest or earnings from investments based on monies in the nonprofit food service account must be deposited/ accrue only for the benefit of the nonprofit school food service account.

Please keep this memo on file for reference. A copy of the memo is available for downloading from the Ohio Department of Education (ODE) website at: http://www.education.ohio.gov/. If you have any questions regarding this memo, please contact your ODE School Meal Programs Regional Consultant at 1-800-808-6325. The School Meal Programs are administered by the Ohio Department of Education, Office for Safety, Health, and Nutrition. The Office is located at 25 S. Front St, Mail Stop 303, Columbus, OH 43215.

Prepared By: Brigette Hires
Approved By: Cecelia Torok