

*Step by Step Instruction:*  
How to Complete the Net Cash  
Resources Worksheet for Compliance  
with the Paid Lunch Equity Exemption  
Requirement

Professional Standards Learning Code 3320  
Length: 30 minutes



**Released February 2020**

Step by Step Instruction: How to Complete the Net Cash Resources Worksheet for Compliance with the Paid Lunch Equity Exemption Requirement is intended for the School Food Authorities in the state of Arizona. All regulations are specific to operating the National School Lunch Program under the direction of the Arizona Department of Education.

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## **Intended Audience and Content**

- This *How-To-Guide* is intended for Local Educational Agencies (LEAs) operating the National School Lunch Program (NSLP) who had a zero or positive balance in their nonprofit school food service account as of December 31<sup>st</sup> and are requesting an exemption from Paid Lunch Equity (PLE) requirements.
- The following slides provide guidance on how to properly complete the *Net Cash Resources Worksheet* to request an exemption from PLE requirements for School Year (SY) 2020-2021.
- Attendees are expected to already understand how to price paid meals and determine whether an exemption from PLE requirements will be beneficial for their School Nutrition Programs (SNP).

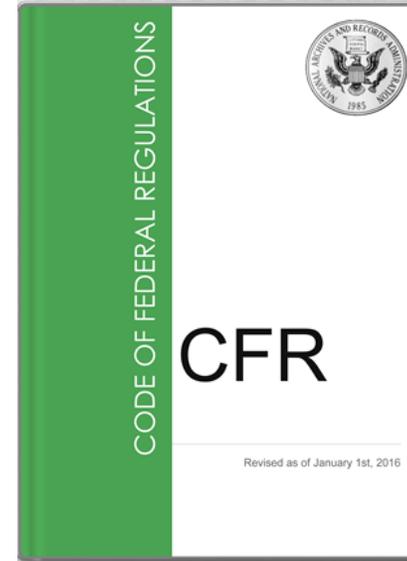
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## **Objectives**

At the end of this training, attendees should be able to:

- understand current PLE requirements and available flexibilities;
- locate the *Net Cash Resources Worksheet* on the Arizona Department of Education (ADE) website;
- complete the *Net Cash Resources Worksheet* for purposes of requesting an exemption from PLE requirements.

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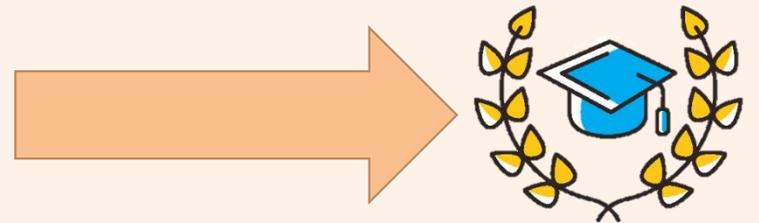


The instruction within this *How-To-Guide* is based on guidance from Code of Federal Regulations (CFR), §210.14 Resource Management .

*It is recommended to review these regulations in addition to reviewing this course for complete guidance on PLE requirements and available flexibilities.*

## *Comprehension Check*

- Throughout this guide there will be comprehension quiz questions to test your knowledge and help you apply what you're learning.
- Be sure to review these quiz questions and the answers, available within the guide.
- This icon will indicate a comprehension quiz question, and the background of the slides will be a light peach like you see on this slide.



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## **Definitions**

**School Food Authority (SFA):** The governing body which is responsible for the administration of one or more schools and has the legal authority to operate the Child Nutrition Programs (CNP).

**Nonprofit School Food Service Account (NSFSA):** The restricted account in which the revenue from all food service operations conducted by the SFA principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e) and proceeds from nonprogram foods as provided in §210.14(f).

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## **Definitions**

**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.

**Net Cash Resources:** All monies that are available to or have accrued to an SFA'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. Also referred to as the fund balance.

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*The Step by Step Instruction will review:*

|   |                |
|---|----------------|
| Paid Lunch Equity Requirement               | Slides 9 – 14  |
| Requesting an Exemption                     | Slides 15 – 17 |
| Completing the Net Cash Resources Worksheet | Slides 18 – 28 |
| Submitting the Net Cash Resources Worksheet | Slides 29 – 33 |

*Any disclaimer about the training, for example: The following slides will only cover how-to instructions for File Upload using SAIS IDs. **Please refer back to the [ADE Online Training Library](#) for other upload methods.***

# Paid Lunch Equity Requirements

## *Paid Lunch Equity Requirements*

### **Paid Lunch Equity Provision**

The Paid Lunch Equity (PLE) was set forth to ensure Federal reimbursements received for free and reduced-priced lunches do not subsidize the cost of providing paid lunches to students.

This requirement is intended to ensure that SFAs accrue sufficient funds to the NSFSA for paid lunches.

SFAs are required to ensure compliance when it comes to financial standing with the NSFSA. Some will be in a zero, positive or negative balance. Based on the financial standing, each SFA must handle their own NSFSA based on their individual SNP.

## *Paid Lunch Equity Requirements*

### **Positive Balance**

SFAs that had a **positive** or zero balance in the NSFSA as of December 31, 2019, are excused from PLE pricing requirements and can apply for an exemption from the PLE.

- Please note that this requirement is subject to change each year and SFAs are required to ensure compliance based on the current year's PLE requirements.
- Continue taking this training if your SFA had a positive or zero balance for instruction on how to apply for an exemption.



Negative Balance

## *Paid Lunch Equity Requirements*

### **Negative Balance**

SFAs that had a **negative** balance in the NSFSA account as of December 31, 2019, must follow PLE requirements when establishing their prices for paid lunches in SY 2020-2021 and cannot apply for an exemption.

- Please note that this requirement is subject to change each year and SFAs are required to ensure compliance based on the current year's PLE requirements.
- If your SFA has a negative balance in the NSFSA, please access the PLE calculator on ADE's [Resource Management webpage](#).



## *Comprehension Check*

True or False: If an SFA has a negative balance in the NSFSA, they may apply for an exemption from the PLE.

- A. True
- B. False



## Comprehension Check

True or False: If an SFA has a negative balance in the NSFSA, they may apply for an exemption from the PLE.

- A. True
- B. False

**An SFA may only apply for an exemption if they had a zero or positive balance in the NSFSA on December 31<sup>st</sup>. All SFAs who had a negative balance in the NSFSA on December 31<sup>st</sup> must comply with the PLE.**



# Requesting an Exemption

## Requesting an Exemption

# Net Cash Resources Worksheet

Once an SFA has confirmed that they had a positive balance in the NSFSA on December 31<sup>st</sup>, 2019, they may request an exemption by submitting the *Net Cash Resources Worksheet* to their assigned SNP specialist. If an SFA would like to request an exemption, the *Net Cash Resources Worksheet* must be submitted prior to establishing paid lunch prices for the next SY. It is important to note that exemptions require approval by ADE.

- Click [here](#) to access the *Net Cash Resources Worksheet*.

**NET CASH RESOURCES WORKSHEET**

School Food Authority (SFA): \_\_\_\_\_  
CTDW: \_\_\_\_\_  
Date: \_\_\_\_\_

Net Cash Resources = Current Assets\* - Current Liabilities\*

|   |         |
|---|---------|
| Current Assets*                         |         |
| (Total Nonprofit Food Service Revenue)  |         |
| Current Liabilities*                    |         |
| (Total Nonprofit Food Service Expenses) |         |
| Net Cash Resources                      | \$ 0.00 |

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months\*  
Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3

|                                    |  |
|------------------------------------|--|
| Current Liabilities                |  |
| Number of Operating Months*        |  |
| Average Monthly Expenditures       |  |
| Three Months' Average Expenditures |  |

Excess Net Cash Resources = Net Cash Resources - Three Months' Average Expenditures

|                                    |         |
|------------------------------------|---------|
| Net Cash Resources                 | \$ 0.00 |
| Three Months' Average Expenditures |         |
| Excess Net Cash Resources          | \$ 0.00 |

If the Excess Net Cash Resources box reflects a positive amount, please fill out and submit the attached spending plan detailing how the excess amount will be reduced. If the Excess Net Cash Resources box reflects a negative amount, all excess cash has been utilized and so the reason is required.

\_\_\_\_\_  
Signature of SFA Authorized Signer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized School Nutrition Programs Representative

\_\_\_\_\_  
Date

\*Definitions:  
Current Assets: all monies received by or accruing to the nonprofit school food service account, including but not limited to meal payments, earnings on investments, other local revenues, and Federal cash reimbursements.  
Current Liabilities: total expenses incurred in the operation or improvement of the nonprofit food service program, including but not limited to salaries, benefits, food costs, professional services, cleaning, maintenance, repairs, equipment purchases, and indirect costs.  
Operating Months: equal to the number of months spent operating the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) to date. For example, if the March and the first month of operation for your food service program were August to the number of operating months would be 5.  
This institution is a equal opportunity provider.

Net Cash Resources Worksheet

## Requesting an Exemption

### Streamlining the Exemption

SFAs are required to maintain documentation which reflects that they had a zero or positive balance in their NSFSA as of December 31<sup>st</sup>, 2019. This documentation will be reviewed by ADE during the Administrative Review.

To streamline this process and keep documentation consistent, ADE has required that all SFAs choosing to request an exemption complete the top portion of the *Net Cash Resources Worksheet* that to ensure the SFA had a zero or positive balance in their NSFSA as of December 31<sup>st</sup>, 2019.

| <b>Net Cash Resources = Current Assets* – Current Liabilities*</b> |                |
|--|----------------|
| Current Assets*<br>(Total Nonprofit Food Service Revenues)         |                |
| Current Liabilities*<br>(Total Nonprofit Food Service Expenses)    |                |
| <b>Net Cash Resources</b>  | <b>\$ 0.00</b> |

*Net Cash Resources Worksheet Box*

# Completing the Net Cash Resources Worksheet

## Completing the Net Cash Resources Worksheet

### Locating the Net Cash Resources Worksheet

The remainder of this training will provide you with instruction on how to properly complete the *Net Cash Resources Worksheet* and how to request an exemption from the PLE.

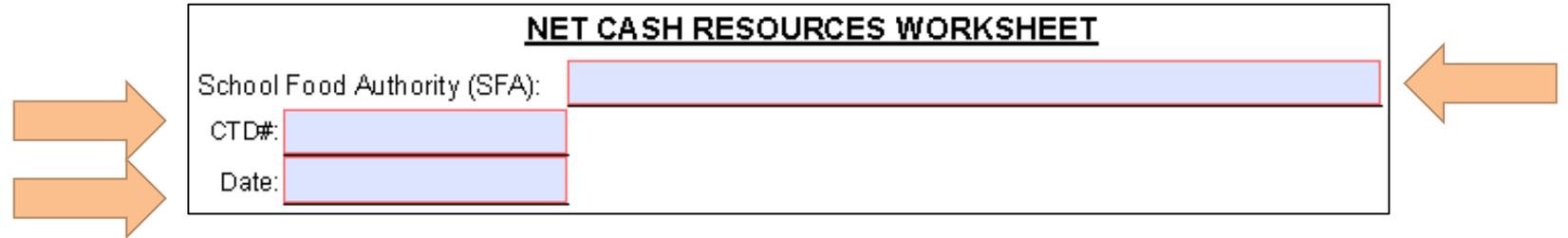
- To best understand how to complete the *Net Cash Resources Worksheet*, it is recommended to print or have the worksheet displayed on your desktop while reviewing the following slides.

Beginning the  
Worksheet

# Completing the Net Cash Resources Worksheet

## Beginning the Worksheet

The first task in completing the *Net Cash Resources Worksheet* is to complete the header displayed below.



The diagram shows a rectangular box representing the worksheet header. At the top center, the text **NET CASH RESOURCES WORKSHEET** is displayed. Below this, there are three rows of input fields, each with a light blue background and a red border. The first row is labeled "School Food Authority (SFA):" and has a long input field. The second row is labeled "CTD#:" and has a shorter input field. The third row is labeled "Date:" and has a shorter input field. To the left of the box, two orange arrows point right towards the "CTD#" and "Date:" fields. To the right of the box, one orange arrow points left towards the "SFA:" field.

| <b><u>NET CASH RESOURCES WORKSHEET</u></b> |                      |
|--|----------------------|
| School Food Authority (SFA):               | <input type="text"/> |
| CTD#:                                      | <input type="text"/> |
| Date:                                      | <input type="text"/> |

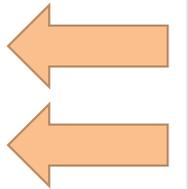
# Completing the Net Cash Resources Worksheet

## Net Cash Resources

The first section shown, or the Net Cash Resources box, is where the net cash resources will need to be calculated. To complete this section, you will need the following information:

- Current Assets\* (Total Nonprofit Food Service Revenues)
- Current Liabilities\* (Total Nonprofit Food Service Expenses)

|  |                |
|--|----------------|
| <b>Net Cash Resources = Current Assets* – Current Liabilities*</b> |                |
| Current Assets*<br>(Total Nonprofit Food Service Revenues)         |                |
| Current Liabilities*<br>(Total Nonprofit Food Service Expenses)    |                |
| <b>Net Cash Resources</b>  | <b>\$ 0.00</b> |



## Completing the Net Cash Resources Worksheet

### Total Nonprofit Food Service Revenues

The current **assets**, or the total nonprofit food service **revenues**, are all monies received by or accruing to a nonprofit school food service account. This includes, but is not limited to, meal payments, earnings on investments, other local revenues and other Federal cash reimbursements.

In other words, any money that has been received or added to the NSFSA from the beginning of the school year through December 31<sup>st</sup>, 2019, should be included in the total revenues.

- Example: If a school began operating in August and is completing the *Net Cash Resources Worksheet* to request an exemption from PLE requirements, the current assets would be considered all monies **received** from August to the end of December.



Total Nonprofit Food  
Service Expenses

## Completing the Net Cash Resources Worksheet

### Total Nonprofit Food Service Expenses

The current **liabilities**, or the total nonprofit food service **expenses**, are the total expenses incurred in the operation or improvement of the nonprofit food service program including, but not limited to, salaries, benefits, food costs, professional services, cleaning, maintenance, repairs, equipment purchases and indirect costs.

In other words, any money that has been spent for the operation of the NSFSA from the beginning of the school year through December 31<sup>st</sup>, 2019, should be included in the total expenses.

- Example: If a school began operating in August and is completing the *Net Cash Resources Worksheet* to request an exemption from PLE requirements, current liabilities would be considered all monies **spent** from August to the end of December.



*Completing the  
Net Cash  
Resources  
Worksheet*

## Net Cash Resources Ending Balance

Below is the completed Net Cash Resources box. In this example, you can see that the SFA had a positive ending balance of \$200,000 at the end of December. Please note, the worksheet will do the calculation for you by taking your reported current assets and reported current liabilities.

**Net Cash Resources** = Current Assets\* – Current Liabilities\*

|   |                      |
|---|----------------------|
| Current Assets*<br>(Total Nonprofit Food Service Revenues)      | 1,000,000.00         |
| Current Liabilities*<br>(Total Nonprofit Food Service Expenses) | 800,000.00           |
| <b>Net Cash Resources</b>                                       | <b>\$ 200,000.00</b> |

Positive Ending  
Balance

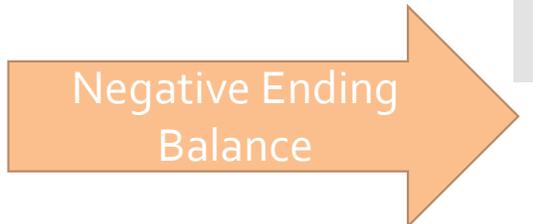
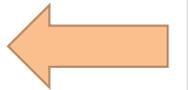
*Completing the  
Net Cash  
Resources  
Worksheet*

## Positive Ending Balances

If the Net Cash Resources box shows a zero or positive balance, the worksheet is considered complete. Since the SFA had a positive balance on December 31<sup>st</sup>, 2019, the SFA **may** request an exemption from PLE requirements for SY 2020-2021.

**Net Cash Resources** = Current Assets\* – Current Liabilities\*

|   |                      |
|---|----------------------|
| Current Assets*<br>(Total Nonprofit Food Service Revenues)      | 1,000,000.00         |
| Current Liabilities*<br>(Total Nonprofit Food Service Expenses) | 800,000.00           |
| <b>Net Cash Resources</b>                                       | <b>\$ 200,000.00</b> |

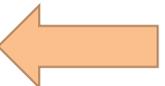


## Completing the Net Cash Resources Worksheet

### Negative Ending Balances

If the Net Cash Resources box shows a negative balance, the worksheet is considered complete. Since the SFA had a negative balance on December 31<sup>st</sup>, 2019, the SFA **may not** request an exemption from the PLE for SY 2020-2021.

| <b>Net Cash Resources = Current Assets* – Current Liabilities*</b> |                        |
|--|------------------------|
| Current Assets*<br>(Total Nonprofit Food Service Revenues)         | 800,000.00             |
| Current Liabilities*<br>(Total Nonprofit Food Service Expenses)    | 1,000,000.00           |
| <b>Net Cash Resources</b>  | <b>(\$ 200,000.00)</b> |



# Completing the Net Cash Resources Worksheet

## Signing the Worksheet

If requesting an exemption from PLE requirements, an Authorized Signer, as listed on your Food Program Permanent Service Agreement (FPPSA), must sign and date the *Net Cash Resources Worksheet*. Ensure that an Authorized Signer signs and dates only the first signature field. The bottom field should be left blank for your assigned SNP specialist to sign for approval.

|   |  |                      |
|---|--|----------------------|
|  | <input type="text"/>   | <input type="text"/> |
|   | Signature of SFA Authorized Signer                               | Date                 |
|  | <input type="text"/>   | <input type="text"/> |
|   | Signature of Authorized School Nutrition Programs Representative | Date                 |
| This institution is an equal opportunity provider.                                  |  |                      |

# Completing the Net Cash Resources Worksheet

## Signing the Worksheet

Please note, there are other fields on the worksheet. For purposes of requesting the exemption, SFAs are only required to complete the top section that is explained in this instruction. Do not forget to sign and date the worksheet prior to emailing it to your assigned SNP specialist.

REQUIRED

REQUIRED

REQUIRED

**NET CASH RESOURCES WORKSHEET**

School Food Authority (SFA): \_\_\_\_\_  
 CTD#: \_\_\_\_\_  
 Date: \_\_\_\_\_

Net Cash Resources = Current Assets\* - Current Liabilities\*

|  |         |
|--|---------|
| Current Assets*                            |         |
| (Total Nonprofit Food Service Revenue \$)  |         |
| Current Liabilities*                       |         |
| (Total Nonprofit Food Service Expenses \$) |         |
| Net Cash Resources                         | \$ 0.00 |

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months  
 Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3

|                                    |  |
|------------------------------------|--|
| Current Liabilities                |  |
| Number of Operating Months         |  |
| Average Monthly Expenditures       |  |
| Three Months' Average Expenditures |  |

Excess Net Cash Resources = Net Cash Resources - Three Months' Average Expenditures

|                                    |         |
|------------------------------------|---------|
| Net Cash Resources                 | \$ 0.00 |
| Three Months' Average Expenditures |         |
| Excess Net Cash Resources          | \$ 0.00 |

If the Excess Net Cash Resources box reflects a positive amount, please fill out and submit the attached spending plan detailing how the excess amount will be reduced. If the Excess Net Cash Resources box reflects a negative amount, all excess cash has been eliminated and no further action is required.

\_\_\_\_\_  
Signature of SFA Authorized Signer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized School Nutrition Programs Representative

\_\_\_\_\_  
Date

\*Definitions:  
 Current Assets: all monies received by or accruing to the nonprofit school food service account, including but not limited to meal payments, earnings on investments, other local revenues, and Federal cash reimbursements.  
 Current Liabilities: total expenses incurred in the operation or improvement of the nonprofit food service program, including but not limited to salaries, benefits, food costs, professional services, cleaning, maintenance, repairs, equipment purchases, and indirect costs.  
 Operating Months: is equal to the number of months spent operating the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) to date. For example, if the first month of operation for your food service program was August, the number of operating months would be 8.

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# Submitting the Net Cash Resources Worksheet

## *Submitting the Net Cash Resources Worksheet*

### **Authorized Signing**

Once the *Net Cash Resources Worksheet* has been completed and signed and the Net Cash Resources box reflects either a zero or positive balance, the SFA must then email their assigned SNP specialist requesting the exemption and include their completed *Net Cash Resources Worksheet* as an attachment in the exemption email.

## Submitting the Net Cash Resources Worksheet

### Exemption Approval

Once the *Net Cash Resources Worksheet* has been approved by your assigned SNP specialist, please keep this approval as well as any backup documentation utilized to support the amounts entered on the *Net Cash Resources Worksheet* for a minimum of **five years**. All documentation utilized to support the figures inputted on the *Net Cash Resources Worksheet* must be readily available as they may be requested during the Administrative Review.

- Please note that exemptions only apply for the SY that the exemption is being requested for (July 1<sup>st</sup> through June 30<sup>th</sup>).
- **Annually**, each SFA is required to ensure compliance with PLE requirements.

## *Comprehension Check*

True or False: If an SFA's assigned SNP specialist has approved the exemption request for SY 2020-2021, the SFA is then exempt from all PLE requirements for five years.

- A. True
- B. False



## Comprehension Check

True or False: If an SFA's assigned SNP specialist has approved the exemption request for SY 2020-2021, the SFA is then exempt from all PLE requirements for five years.

- A. True
- B. False**

**In this scenario, the SFA would only be exempt from the PLE for SY 2020-2021. Each year, PLE requirements may change and each SFA is responsible for PLE compliance based on that current year's requirements.**



# Technical Assistance

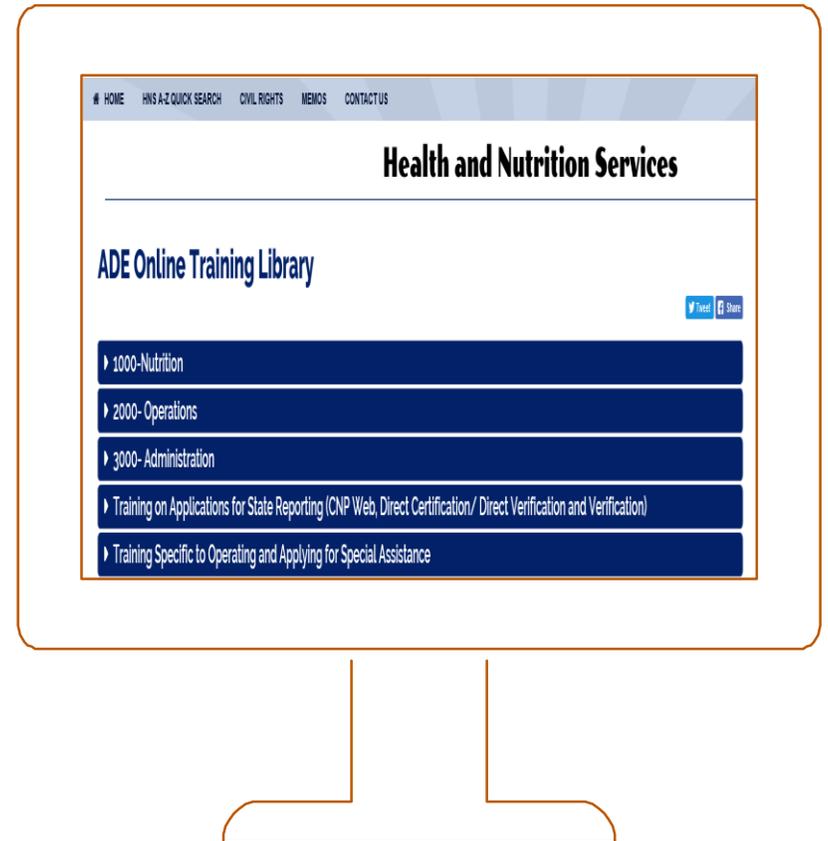
If you have any questions about the *Net Cash Resources Worksheet*, please contact your assigned School Nutrition Programs Specialist.

*End of Training*

## ADE Online Training Library

Online trainings are easy to use and available year round. Directors and staff are encouraged to complete these trainings as a way to review previously learned subjects, or as an introduction to a regulation. Most guides are also available in Spanish.

Please take some time to browse through the [ADE Online Training Library](#) to review additional resources.



*End of Training*

# Congratulations!

You have completed the ***Step by Step Instruction: How to Complete the Net Cash Resources Worksheet for Compliance with the Paid Lunch Equity Exemption Requirement.***

In order to count this training towards your Professional Standards training hours, the training content must align with your job duties.

- Information to include when documenting this training for Professional Standards:
  - Training Title: ***Step by Step Instruction: How to Complete the Net Cash Resources Worksheet for Compliance with the Paid Lunch Equity Exemption Requirement***
  - Learning Code: 3320
  - Key Area: 3000- Administration
  - Length: 30 minutes
- *Please note, attendees must document the amount of training hours indicated on the training despite the amount of time it takes to complete it.*

Request a  
Certificate

*End of Training*

# Requesting a Training Certificate

Please click on the link below to complete a brief survey about this training. Once the survey is complete, you will be able to print your certificate of completion from Survey Monkey. *This will not appear in your Event Management System (EMS) Account.*

<https://www.surveymonkey.com/r/OnlineHowToGuides>

**The information below is for your reference when completing the survey.**

Training Title: ***Step by Step Instruction: How to Complete the Net Cash Resources Worksheet for Compliance with the Paid Lunch Equity Exemption Requirement***

Professional Standards Learning Code: **3320**

*In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.*

*Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the Agency (State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.*

*To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).*

*This institution is an equal opportunity provider.*