

Financial Management in School Food Service

Worksheets

June 8, 2001

Profit and Loss Statement Worksheet

School _____ Date _____ School Year _____

Revenue

Source	Count	Price/Rate	Total	% of Revenue
Beginning Balance				
Transfer				
Subtotal				
Breakfast:				
Student Paid (Cash)				
Student Prepaid				
Fed Reimbursement -paid				
Reduced Price				
Fed Reimburs -Reduced price ¹				
Fed Reimbursement -Free ¹				
State Matching Funds				
Adult Paid				
A la Carte				
Special Milk - Paid				
Special Milk - Reimb. Paid				
Special Milk - Reimb. Free				
Breakfast Subtotal				
Lunch:				
Student Paid - Elementary				
Student Paid - Middle				
Student Paid - High				
Student Prepaid				
Fed Reimbursement -Paid				
Reduced Price				
Fed Reimburs - Reduced Price ²				
Fed Reimbursement -Free ²				
State Matching Funds				
Adult Paid				
A la Carte				
Milk				
Other Income(e.g. Catering)				
Interest				
Contracts				
Summer Feeding				
Lunch Subtotal				
Total Revenue				

1. Does the school qualify for severe need breakfast reimbursement?
2. Does the district qualify for severe need lunch reimbursement?

Total Revenue	\$	100%
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Expenses

Source	Amount	% of Revenue
Labor		
Total Salaries/Wages, School-Based Employees		
Total Benefits, School-Based Employees		
Total Salaries/Wages, Substitute Employees		
Total Salaries/Wages, Central Office Employees		
Total Benefits, Central Office Employees		
Labor Subtotal		
Food		
Purchased Food ¹		
USDA Commodities Used ²		
Food Subtotal		
Supplies/Paper Goods/Detergent		
Small and Large Equipment		
Overhead: Telephone		
Utilities		
Maintenance		
Miscellaneous (e.g., Indirect Cost)		
Total Expenses		
Profit or Loss		

Food Expenses Worksheet

¹Purchased Food:

Opening Inventory	\$ _____
Food Purchased	+ \$ _____
Ending Inventory	- \$ _____
Total Purchased Food Used	\$ _____

²USDA Commodities:

Opening Inventory	\$ _____
USDA Received	+ \$ _____
Ending Inventory	- \$ _____
Total Commodity Food Used	\$ _____

Revenue and Expense Comparison

Month to Date, Year to Date

August 1995 - June 1996

	Sept. 95	%	YTD	%	Oct. 95	%
Revenue						
Brkfast sales						
Lunch sales						
Reimburse.						
State Match						
A la Carte						
Adults						
Total						
Expenses						
Wages						
Benefits						
Substitutes						
Food						
Commodities.						
Paper/Supplies.						
Equipment						
Maintenance						
Central						
Warehousing						
Total						
Profit/Loss						

Taken from *Meeting the Challenge, Financial Strategies for Child Nutrition Programs*, Dairy MAX, 1996
 This is an option to the Profit and Loss Statement Worksheet, if there is an existing Profit/Loss Statement for Food Services.

Compare Expense to Revenue

	Column A	Column B	Column C
Expenses	Actual Cost	Total Revenue	% Revenue
1. Food			
2. Paper Supplies (a)			
3. Labor (b)			
4. Other Labor (c)			
5. Equipment (d)			
6. Overhead (e)			
7. Miscellaneous (f)			
8. Total			
9. Carryover(+)/ Loss (-)			

Convert Expenses to Average Daily Costs

	A	B	C
Expenses	Actual Costs	Number of Serving Days	Average Daily Costs
Food			
Paper Supplies (a)			
Labor (b)			
Other Labor (c)			
Equipment (d)			
Overhead (e)			
Miscellaneous (f)			

- a. **Paper** includes paper products used in food sales
- b. **Labor** includes permanent full time, part time and substitute wages and benefits, such as FICA, health insurance and Workers' Comp
- c. **Other Labor** includes temporary wages
- d. **Equipment** includes large and small equipment
- e. **Overhead** includes utilities, office expenses, and sanitation service
- f. **Miscellaneous** includes all other expenses not previously listed

Break-even Point Analysis Worksheet

School _____ Date _____

Circle one: Daily Monthly(serving days = _____) Annual(serving days = _____)

1. Revenue \$ _____ 100%

2. Fixed Costs (in dollars)

Labor

Manager \$ _____ @ _____ hours X _____ days = \$ _____

Assistant \$ _____ @ _____ hours X _____ days = \$ _____

Assistant \$ _____ @ _____ hours X _____ days = \$ _____

Assistant \$ _____ @ _____ hours X _____ days = \$ _____

Total Wages = \$ _____

Benefits \$ _____ X _____ % = \$ _____

Total Wages

Labor \$ _____

Equipment Equipment \$ _____

Overhead

Utilities and Telephone \$ _____

Support (clerical, Central Office, Warehouse) \$ _____

Trash Removal \$ _____

..... Overhead \$ _____

Miscellaneous \$ _____

Carry Over (Profit) \$ _____

Total Fixed Cost \$ _____

3. Variable Costs (as percent of Revenue)

Food \$ _____ _____ % Food Cost / Revenue

Paper/Supplies \$ _____ _____ % Supplies / Revenue

Substitute Labor \$ _____ _____ % Substitute Labor / Revenue

Total Variable Cost % _____ %

Break-even Point = Fixed Cost (\$)/100 - Variable Cost (%)

A. Total Fixed Cost _____

B. Total Variable Cost % _____

C. 100% - TVC%
(expressed as a decimal) _____

D. Break-even Point
(divide line A by line C) _____

E. Divide by Number of serving days _____

Compare **D.** Break-even Point _____ to **1.** Revenue _____.

If **Revenue** is **larger** than Break-even Point, the kitchen is making a **profit**. Congratulations!!

If the **Break-even Point** is **larger** than the Revenue, the kitchen is **losing money**. Measures must be taken to increase revenue and/or cut costs.

Meal Equivalents and Meal Per Labor Hour

School				
A. Lunch Count				
B. Breakfast Count/2				
C. Snack Count/4				
D. A la Carte \$/\$2.00				
E. Total Meal Equivalents				
F. Days Meals Served				
G. Meal Equivalents (E)/day(F)				
H. Labor Hours Assigned				
I. Meal Equivalents (G) per Labor Hour (H)				

School				
A. Lunch Count				
B. Breakfast Count/2				
C. Snack Count/4				
D. A la Carte \$/\$2.00				
E. Total Meal Equivalents				
F. Days Meals Served				
G. Meal Equivalents (E)/day(F)				
H. Labor Hours Assigned				
I. Meal Equivalents (G) per Labor Hour (H)				

Converting Daily Counts to Dollars

At the serving site level revenues come in the form of counts. In order to daily receipts to the break-even point the meal counts need to be converted to dollars. This is done using the reimbursement rates, a main source of revenue.

Breakfast

$$\frac{\text{Price of Paid}}{\text{Price of Paid}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Paid Count}}{\text{Paid Count}} = \frac{\text{Paid Revenue}}{\text{Paid Revenue}}$$

$$\frac{\text{Price of Reduced}}{\text{Price of Reduced}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Reduced Count}}{\text{Reduced Count}} = \frac{\text{Reduced Revenue}}{\text{Reduced Revenue}}$$

$$\frac{0}{\text{Price of Free}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Free Count}}{\text{Free Count}} = \frac{\text{Free Revenue}}{\text{Free Revenue}}$$

Lunch

$$\frac{\text{Price of Paid}}{\text{Price of Paid}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Paid Count}}{\text{Paid Count}} = \frac{\text{Paid Revenue}}{\text{Paid Revenue}}$$

$$\frac{\text{Price of Reduced}}{\text{Price of Reduced}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Reduced Count}}{\text{Reduced Count}} = \frac{\text{Reduced Revenue}}{\text{Reduced Revenue}}$$

$$\frac{0}{\text{Price of Free}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Free Count}}{\text{Free Count}} = \frac{\text{Free Revenue}}{\text{Free Revenue}}$$

Total Count Revenue _____
 a la carte sales* + _____
 Total Daily Revenue _____

* Do not include daily cash paid or advance ticket sales. These will be part of the daily counts. Milk sales are included in the a la carte sales.

Use the following rates:

Year:	Paid	Reduced	Free
Regular Breakfast			
Severe Need Breakfast - 40% or more free and reduced lunches served in the school year two year previous, by school.			
Regular Lunch			
Lunch - 60% or more free and reduced lunches served in the school year two year previous, district wide			

Market Share

Potential Market:

	School:	School:	School:	Total
Enrollment				
# of Approved				
Free				
Reduced				
Paid				

Enrollment = all potential student customers Paid = Enrollment - (Reduced + Free approved)

Next, meal counts need to be summarized by month by school by category.

Market Share Analysis:

Month:	School:		School:		School:	
	Count	%	Count	%	Count	%
Total Free						
ADP Free						
Total Reduced						
ADP Reduced						
Total Paid						
ADP Paid						
Enrollment						
Total ADP						
Notes						

ADP = number of students eating in a category divided by the number of days.

% = ADP for a category divided by the number of potential customers (Total) in that category.

Average Revenue Per Meal Equivalent

Breakfast

$$\frac{\text{Price of Paid}}{\text{Price of Paid}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Paid Count}}{\text{Paid Count}} = \frac{\text{Paid Revenue}}{\text{Paid Revenue}}$$

$$\frac{\text{Price of Reduced}}{\text{Price of Reduced}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Reduced Count}}{\text{Reduced Count}} = \frac{\text{Reduced Revenue}}{\text{Reduced Revenue}}$$

$$\frac{0}{\text{Price of Free}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Free Count}}{\text{Free Count}} = \frac{\text{Free Revenue}}{\text{Free Revenue}}$$

Lunch

$$\frac{\text{Price of Paid}}{\text{Price of Paid}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Paid Count}}{\text{Paid Count}} = \frac{\text{Paid Revenue}}{\text{Paid Revenue}}$$

$$\frac{\text{Price of Reduced}}{\text{Price of Reduced}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Reduced Count}}{\text{Reduced Count}} = \frac{\text{Reduced Revenue}}{\text{Reduced Revenue}}$$

$$\frac{0}{\text{Price of Free}} + \$ \frac{\text{Reimbursement}}{\text{Reimbursement}} = \frac{\text{Revenue/meal}}{\text{Revenue/meal}} \times \frac{\text{Free Count}}{\text{Free Count}} = \frac{\text{Free Revenue}}{\text{Free Revenue}}$$

Total Count Revenue _____

a la carte sales* + _____

Total Revenue _____

Meal Equivalents _____

Total Revenue/Meal Equiv. _____

* Do not include daily cash paid or advance ticket sales. These will be part of the daily counts. Milk sales are included in the a la carte sales.

Product Movement

$$\frac{(\text{Beginning Inventory} + \text{Ending Inventory}) \div 2}{\text{Average Inventory}}$$

Purchased Food:

Beginning Inventory	\$	
Food Purchased	+ \$	
Ending Inventory	- \$	
Total Purchased Food Used	\$	

USDA Commodities:

Beginning Inventory	\$	
USDA Received	+ \$	
Ending Inventory	- \$	
Total Commodity Food Used	\$	

$$\frac{\text{Total Purchased Food} + \text{Total Commodities}}{\text{Cost of Food Used}}$$

$$\frac{\text{Cost of Food Used}}{\text{Average Inventory}} = \text{Inventory Turnover}$$

The goal is to have the larder close to bare when the next shipment comes in. The advantages are reduced inventory, quicker shipment receiving, easier product storage and more accurate orders.

Steps to Improved Product Movement

1. Decide frequency: Just in Time,(weekly deliveries) or maintain inventory for month to 6 weeks.
2. Divide inventory between par stock, annual purchases, and menu.
3. Develop par levels. Add 50% as a safety factor.
4. Purchase so no order is in transition before the next order placed.

An order placement calendar is helpful for managers to accommodate variations in school calendar.

Delivery Date week of	Menu week of	Order Due week of	Comments
8/28	9/4	Placed before school dismissed	For sites with a Monday delivery, no delivery week of 9/4 - Labor Day.
9/4	9/11	8/28	
9/11	9/18	9/4	

- Monday delivery day - order for Wednesday through Tuesday
- Tuesday delivery day - order for Thursday through Wednesday
- Wednesday delivery day - order for Friday through Thursday
- Thursday delivery day - order for Monday through Friday
- Friday delivery day - order for Tuesday through Monday

		PRE-COSTING						POST COSTING		
						Total Cost of foods prepared				
Meal Component	Menu	Serving Size	Forecast number of servings	Cost per serving	USDA Commodities	Purchased foods	Average cost of lunch ¹	Actual served	Usable Left-overs	Cost per used serving ²
Meat/ Meat Alternate										
Vegetables										
Fruit										
Bread										
Condiment										
Milk		1/2 pint								
Total Cost per meal										

Forecast Number of Lunches:

Students _____

Adults _____

A la carte _____

Total: _____

Actual lunches served/sold:

1. Total food cost of Meal Component divided by total forecast number of Lunches

2. If leftovers can be utilized: Actual served X cost per serving = Cost per menu item

If leftovers can not be used: Cost per menu item = Total cost of Food Prepared

Add food cost of each menu items within a menu component and divide by total actual meals served.

Setting Prices

Menu/Menu Item Break-Even Point Worksheet

This activity will help you determine the feasibility of serving a particular reimbursable menu or menu item. The break-even point for that menu or menu item and the number of servings needed to break-even will be determined.

Menu/menu item _____

1. Product Ingredient Information

Ingredient #1

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

Ingredient #2

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

Ingredient #3

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

Ingredient #4

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

Ingredient #5

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

Ingredient #6

Name/Spec _____

Price _____ Case/Unit Size _____

Source _____ Telephone # _____

2. Equipment Information

Equipment Name _____

Price _____ Size/Model _____

Source _____ Telephone # _____

Equipment Name _____

Price _____ Size/Model _____

Source _____ Telephone # _____

Equipment Name _____

Price _____ Size/Model _____

Source _____ Telephone # _____

SETTING PRICES FOR MENUS OR SINGLE FOOD ITEMS

A. Cost per Ingredient

List individual ingredients of the menu.

Ingredient #1 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

Ingredient #2 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

Ingredient #3 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

Ingredient #4 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

Ingredient #5 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

Ingredient #6 _____

$$\frac{\text{Case size}}{\text{Serving size}} = \text{\# servings per case}$$

$$\frac{\text{Cost per case}}{\text{\# servings per case}} = \boxed{\text{Cost per ingredient}}$$

B. Food cost for menu or menu item

Add each ingredient food cost to obtain the total food cost for the menu or menu item.

$$\frac{\text{Cost of Ingredient \#1}}{\text{Cost of Ingredient \#1}} + \frac{\text{Cost of Ingredient \#2}}{\text{Cost of Ingredient \#2}} + \frac{\text{Cost of Ingredient \#3}}{\text{Cost of Ingredient \#3}} + \frac{\text{Cost of Ingredient \#4}}{\text{Cost of Ingredient \#4}} + \frac{\text{Cost of Ingredient \#5}}{\text{Cost of Ingredient \#5}} + \frac{\text{Cost of Ingredient \#6}}{\text{Cost of Ingredient \#6}} = \boxed{\text{Total Food Cost}}$$

C. Estimated Selling Price

Multiply total food cost of menu or menu item by the food cost factor in the chart below. The food cost factor varies according to desired food cost.

$$\text{B. Total Food Cost} \times \frac{\text{Food cost factor (from chart below)}}{\text{Food cost factor (from chart below)}} = \boxed{\text{Selling Price}}$$

To get a desired food cost of :	Multiply actual food cost by
33%	3.0
35%	2.85
40%	2.5
45%	2.22
50%	2.0
55%	1.82
60%	1.67
67%	1.5

PUTTING IT TOGETHER

Transfer information from this sheet to the corresponding item on the “Breakeven Point Worksheet for Menu Items.”

1. ESTIMATED DAILY REVENUE

Multiply the **selling price** by the **estimated number of servings** to be sold each day.

$$\frac{\text{Selling Price}}{\text{Selling Price}} \times \frac{\text{Estimated \# of Servings Sold per day}}{\text{Estimated \# of Servings Sold per day}} = \boxed{\$ \frac{\text{Estimated Daily Revenue}}{\text{Estimated Daily Revenue}}}$$

2. FIXED COSTS

A. ESTIMATED DAILY LABOR

Multiply the **average hourly labor cost** by the number of hours necessary to prepare and sell the product. (To calculate the average hourly wage add together all employee wage rates and benefits, then divide by the number of employees. For the purpose of this exercise use \$12.00.)

$$\frac{\text{Average Hourly Labor Cost}}{\text{Average Hourly Labor Cost}} \times \frac{\text{\# of hours}}{\text{\# of hours}} = \boxed{\$ \frac{\text{Estimated Daily Labor (Round to the nearest cent)}}{\text{Estimated Daily Labor (Round to the nearest cent)}}}$$

B. EQUIPMENT COST

Divide the total **equipment cost** by the number of serving days required to pay for the equipment.

$$\frac{\text{Equipment Cost}}{\text{Equipment Cost}} - \frac{\text{\# of serving days}}{\text{\# of serving days}} = \boxed{\$ \frac{\text{Estimated Cost per day (Round to the nearest cent)}}{\text{Estimated Cost per day (Round to the nearest cent)}}}$$

KEY POINT: If this equipment is used for more than one serving period, the fixed cost rate would be lower for each menu item.

C. OVERHEAD COST

Multiply the **overhead %** by the **daily revenue** for the breakfast menu. To identify which **overhead %** to use, select the one calculated on Compare Expenses to Revenue worksheet, Column C or use 10% (Guideline Percentage).

$$\frac{\text{Overhead \%}}{\text{Overhead \%}} \times \frac{\text{Daily Revenue from Breakfast Menu}}{\text{Daily Revenue from Breakfast Menu}} = \boxed{\$ \frac{\text{Overhead Cost per day (Round to the nearest cent)}}{\text{Overhead Cost per day (Round to the nearest cent)}}}$$

D. MISCELLANEOUS COST

Multiply the **miscellaneous %** by the **daily revenue** for the menu or menu item. To identify which **miscellaneous %** to use, select the one calculated on Compare Expenses to Revenue worksheet, Column C or use 1% (Guideline Percentage).

$$\frac{\text{Miscellaneous \%}}{\text{Miscellaneous \%}} \times \frac{\text{Daily Revenue from Breakfast Menu}}{\text{Daily Revenue from Breakfast Menu}} = \boxed{\$ \frac{\text{Miscellaneous Cost per day}}{\text{Miscellaneous Cost per day}} \text{ (Round to the nearest cent)}}$$

3. VARIABLE COSTS

A. FOOD COST % OF REVENUE

Use the **Food Cost Factor Chart** to obtain the **food cost % of revenue**. If exact food cost % is not listed on the chart use the following formula.

$$\frac{\text{Food Cost per serving}}{\text{Food Cost per serving}} \times \frac{\text{Estimated \# servings sold per day}}{\text{Estimated \# servings sold per day}} = \boxed{\$ \frac{\text{Food Cost per day}}{\text{Food Cost per day}} \text{ (Round to the nearest cent)}}$$

$$\frac{\text{Food Cost per day}}{\text{Food Cost per day}} - \frac{\text{Estimated Daily Revenue}}{\text{Estimated Daily Revenue}} = \boxed{\frac{\text{Food Cost \% of Revenue}}{\text{Food Cost \% of Revenue}}}$$

B. PAPER COST % OF REVENUE

Refer to Compare Expenses to Revenue worksheet for **paper cost % of revenue**. The Guideline Percentage of 2% may be selected.

$$\boxed{\frac{\text{Paper Cost \% of Revenue}}{\text{Paper Cost \% of Revenue}}}$$

Break-even Point Worksheet for Menu Items

Menu _____ Date _____

1. Revenue \$ _____

2. Fixed Costs (in dollars)

Labor \$ _____

Equipment \$ _____

Overhead \$ _____

Miscellaneous \$ _____

Total Fixed Cost \$ _____

3. Variable Costs (as percent of Revenue)

Food _____ %

Paper/Supplies _____ %

Total Variable Cost % _____ %

4. Break-even Point = Fixed Cost (\$)/100 - Variable Cost (%)

A. Total Fixed Cost _____

B. Total Variable Cost % _____

C. 100% - TVC%
(expressed as a decimal) _____

D. Break-even Point
(divide line A by line C) _____

E. Divide D by Selling Price _____ servings to break-even

5. Compare Break-even Point to Estimated Servings

Comparing these figures will allow you to determine whether your revenue is covering cost. Compare both the dollar amount and actual serving numbers.

Compare **D.** Break-even Point \$ _____ to **1.** Revenue \$ _____.

Compare **E.** Number of Servings to break-even _____ to Estimated Daily Servings _____