

## Classification of Costs

Category	Description	Supporting Documentation	Direct or Indirect	Unallowable Costs/Activities
Advertising	Materials and expenses solely for the recruitment of personnel required to operate the Child Nutrition Programs  Costs to advertise for goods and services necessary to operate the food service.	Copies of advertisements and communications, procurement documents and associated purchase orders, invoices and payments	Direct	Materials and expenses for public relations or activities designed solely to promote the SFA and not promote child nutrition program(s) the SFA operates
Audits	Cost for audits conducted in accordance with program requirements or program specific audits conducted in accordance with program requirements	Completed audit and associated cost documentation	Direct	Cost for any audit not conducted in accordance with requirements.  Costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and subpart F of 2 CFR because its expenditures under Federal awards are less than \$1,000,000 during the fiscal year.
Audits	Cost for audits conducted in accordance with program requirements which includes non-Child Nutrition programs	Completed audit and associated cost documentation	Indirect	Cost for any audit not conducted in accordance with requirements.  Costs of auditing a non-Federal entity that is exempted from having an audit conducted under the Single Audit Act and subpart F of 2 CFR because its expenditures under Federal awards are less than \$1,000,000 during its fiscal year.
Custodial Services	Routine cleaning and maintenance tasks	Time distribution documentation (i.e. timecards) that identify the number of hours spent cleaning the kitchen, preparation and	Direct	Costs for any custodial staff that does not have direct involvement in the cleaning of the school cafeteria/kitchen

		serving areas		
Custodial Services	Routine cleaning and maintenance tasks	Time distribution that does not break down time by area worked	Indirect	
Depreciation	Expensing an asset during the current year or expensing it over its useful life	Original invoice, proof of payment for asset and depreciation schedule	Direct	Expensing an asset beyond its useful life or expensing the entire cost during the first year
Equipment	Materials or supplies used specifically in the SFA operation, including items that must be replaced from time to time: pots and pans, serving trays, dishes, glassware, silverware, linen, mops, brooms, and cleaning supplies  Equipment used directly in preparing, storing, or serving meals (see pre-approved equipment list)  Cell phones and cell phone expenses if the cell phone contract is in the SFA's name and not in the name of the individual employee using the cell phone	Procurement documentation and related purchase orders, invoices, payments.	Direct	Purchase of equipment prior to SED approval, if the equipment is not on the pre-approved equipment list  Equipment for use in operation of the Summer Food Service Program only.  Cell phones and cell phone expenses considered to be a stipend or allowance Cell phones and cell phone expenses purchased and registered in the name of the employee
Facilities: Improvement, Rearrangement, and Reconversion	Supplies, equipment, and labor costs associated with food service storage, preparation and serving area improvement, rearrangement, and reconversion with SED approval before incurring the cost	Procurement documents and associated purchase orders, invoices and payments	Direct	Costs associated with remediation or repair to a school building (i.e. plumbing, heating, air conditioning), that would add to the permanent value of the school building.  Purchase of land or buildings unless otherwise approved by USDA, or to construct buildings
Facilities: Rental	Rental or lease fees for non-SFA owned facilities such as cafeterias, kitchens, or storage facilities required for specific program needs	Lease and proof of payment to the leaser	Direct	Rental or usage fees for SFA-owned equipment or facilities such as cafeterias, kitchens, or storage facilities

Food/Food Supplies	Items purchased for use in the Child Nutrition Programs	Procurement documents and associated purchase orders, invoices and payments	Direct	Providing goods and services (e.g., catering) for outside entities such as student clubs, PTA events, only if all costs, including labor and any other costs incurred, are covered by the entity being served by the school food service operations
Gardens/ Farms	Supplies (i.e., seeds, fertilizer, water cans, or rakes) and equipment (i.e., hoop houses and high or low tunnels) for the school farm or garden when the school farm or garden is used within the context of the school meal programs and serves the purpose of supporting the operation of or improving the school meal program. More information on Farm to School can be found <a href="#">here</a> .	Procurement documents and associated purchase orders, invoices and payments	Direct	Building a greenhouse or any other buildings for storage.  Supplies or equipment for the school farm or garden used to benefit other programs (i.e. culinary class, farm program, etc.)
Information Technology Support	Services that provide SFA-wide benefits; SFA expenses are pooled.	Procurement documents and associated purchase orders, invoices and payment	Indirect	Costs that cannot be verified by supporting documentation
Interest	Interest at the prevailing loan rate	Documentation showing the source of the interest	Direct	Interest costs for the use of the program's own funds  Expenses used for lobbying and membership in an organization that devotes substantial activities to lobbying and influencing legislation

Legal Fees	Appropriate fees that are consistent with normal program operations SFAs must consult with CNPA when there is a question as to whether the fee supports normal program operations.	Procurement documents and associated purchase orders, invoices and payment	Direct	Costs incurred in the defense of any civil, criminal, or administrative fraud proceeding or similar charge  Fines, penalties, damages, or other settlements resulting from violations or alleged violations of, or failure of the entity to comply with, federal, state, local, or other government agencies
Maintenance Charges	Kitchen/serving area equipment/materials repaired or replaced by in-house personnel	Job cost ticket or similar documentation that details labor costs incurred based on actual labor hours expended	Direct	Cost of repairing/replacing equipment not located in the kitchen/serving area
Maintenance Charges	Equipment/materials in kitchen/serving areas repaired or replaced by external vendor	Procurement documents and associated purchase orders, invoices and payment	Direct	Cost of repairing/replacing equipment not located in the kitchen/serving area
Nutrition Education	Support the operation of and/or improvement of the Child Nutrition Programs objectives to serve nutritious meals that meet the meal pattern. (i.e. Taste test to promote a new menu item, cooking demonstrations, "harvest of the month" club.)	Invoices and Payments	Direct	Costs that cannot be verified by supporting documentation
Outreach & Advertising	Costs for communicating with parents and the community specifically about Child Nutrition program activities and services.  Reasonable incentives to encourage households to return completed free and reduced-price meal applications  Materials and expenses solely for the	Copies of advertisements and communications and associated purchase orders, invoices and payments	Direct	Materials and expenses for public relations materials or activities designed solely to promote the SFA and not promote child nutrition program(s) the SFA operates  Cost of advertising public relations designed solely to promote the SFA Cost of displays, demonstrations, and exhibits, meeting rooms, hospitality suites, and other special facilities used in

	<p>recruitment of personnel required to operate the Child Nutrition Programs</p> <p>Costs to advertise for goods and services necessary to operate the food service.</p> <p>Activities dedicated to maintaining the image of the SFAs food service program or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• Costs specifically required by the Federal award;</li> <li>• Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of the Federal award (these costs are considered necessary as part of the outreach effort for the Federal award); or</li> <li>• Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.</li> </ul>		<p>conjunction with shows and other special events</p> <p>Cost of promotional items and memorabilia, including models, gifts, and souvenirs</p> <p>Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of SED.</p> <p>Costs of meetings, conventions, convocations, or other events related to other activities SFA-wide, including, Costs of displays, demonstrations, and exhibits</p> <p>Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events</p> <p>Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;</p>
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Payroll Services	Services that provide LEA-wide benefit	Procurement documents and associated purchase orders, invoices and payment	Indirect	Costs that cannot be verified by supporting documentation
Pest Control	Separate invoice for kitchen/serving/food storage areas	Itemized vendor invoice	Direct	Costs that cannot be verified by supporting documentation
Pest Control	Invoice for services provided not itemized by area serviced, with separate charges for each	Vendor invoice (not itemized)	Indirect	Costs that cannot be verified by supporting documentation
Staff, School accounting services	School front office personnel may be called upon to provide change, verify daily receipts, perform banking duties, etc.	Time distribution documentation (i.e. timecards) that identify the number of hours spent providing services to food service unit	Direct	Cost of any personnel that is not directly involved in the day-to-day operations of the Child Nutrition Program
Staff, School accounting services	School front office personnel may be called upon to provide change, verify receipts, perform banking duties, etc.	Time distribution not documented	Indirect	Cost of any personnel that is not directly involved in the day-to-day operations of the Child Nutrition Program
Staff, employee recognition	Reasonable expenses for recognizing employee efforts in the following conditions: <ul style="list-style-type: none"> <li>Activity is a part of the SFA's established practice</li> <li>The recognition is for employees who work directly for the food</li> </ul>	Copy of SFA's Policies and Procedures showing staff/employee recognition has been established	Direct	Costs of any staff/employee recognition disbursed when there is no policy for such cost established

	<p>service program or whose salaries are paid out of the nonprofit food service account</p> <ul style="list-style-type: none"> <li>• Activities or items are intended to improve employee performance</li> <li>• Activities or items are intended to improve employee-employer relations</li> </ul>			
Staff, Food Service labor	<p>Payments for labor and other services directly related to food service operations (food service director, food service manager, cooks, chefs, servers, dieticians).</p> <p>This includes employer's share of retirement, social security, insurance payments, and fringe benefits as well as severance required by law, employer-employee agreement, established institutional policy, or circumstances of the employment.</p>	<p>Time sheets, time distribution sheets (if necessary), paystub, proof of payment</p>	Direct	<p>Benefits that include use of an automobile for personal use of an employee, including transportation to and from work, whether the cost is direct or indirect cost to the program and whether the cost is reported as taxable income to the employee</p>
Staff, Memberships, Subscriptions, and Professional Publications	<p>Fees for memberships, materials, subscriptions, and professional activities used to benefit or improve the operation of the food service program</p>	<p>Procurement documents and associated purchase orders, invoices and payment</p>	Direct	<p>Fees for memberships in any civic or community organization as well as country club or social or dining club or organization</p> <p>Costs for membership in organizations whose primary purpose is lobbying</p>
Staff, Training and Conferences	<p>Food service staff training and education provided for employee development.</p> <p>This includes expenses incurred for staff travel related to improvement of the food service program and to meet the professional standards requirements, such as workshops, conferences, and training</p>	<p>Procurement documents and associated purchase orders, invoices and payment</p> <p>Proof training was attended</p>	Direct	<p>Costs associated with obtaining a degree to meet the hiring standards</p> <p>Costs for daycare for employees attending training or conference</p>

	programs			
Transportation/ Vehicles	Reasonable costs associated with purchasing, transporting, and disposing of food items, meals, or stored items used to support the food service program	Procurement documents and associated purchase orders, invoices and payment	Direct	Vehicles to travel to and from meal service sites for oversight and monitoring purposes.
Trash Collection	Picks up trash for school and kitchen/serving area	Itemized vendor invoice that specifies cost for picking up trash in kitchen/serving areas	Direct	Costs that cannot be verified by supporting documentation. Using sq. footage or percentage of the cost is unallowable.
Trash Collection	Picks up trash for school and kitchen/serving area	Vendor invoice is not itemized	Indirect	Costs that cannot be verified by supporting documentation. Using sq. footage or percentage of the cost is unallowable.
Utilities (gas, electricity, water, etc.)	Meter for kitchen/serving area	Utility provider invoice or statement for utilities used in kitchen/serving area	Direct	Costs that cannot be verified by supporting documentation. <b><i>Using sq. footage or percentage of the cost is unallowable.</i></b>
Utilities (gas, electricity, water, etc.)	One meter for the building	Utility provider invoice or statement for entire school	Indirect	Costs that cannot be verified by supporting documentation. <b><i>Using sq. footage or percentage of the cost is unallowable.</i></b>

\*\*Please note that using percentage of space or sq. footage to determine direct costs is not allowable. There must be separate bills clearly indicating that the invoice is specifically for the cafeteria/kitchen area only. For personnel, time distribution sheets must be used and clearly breakdown the hours worked per job.

Lunch: For school year 2024-2025, SFAs with a positive or zero balance in the nonprofit school food service account as of June 30, 2024, are exempt from PLE pricing requirements. This means SFAs may lower paid meal prices or not charge students for paid meals. Funds from the non-profit food service account can be used to cover the cost of providing meals at no cost. SFAs may also use funds

from the non-profit food service account to cover students paid meal debt only for the current school year in which the PLE exemption is elected. The PLE exemption will need to be elected on the SFAs Annual Information page. More information: [Paid Lunch Equity \(PLE\) | Child Nutrition | NYSED](#)

SFAs operating CEP or P2 in all Recipient Agencies (RAs) are not required to follow PLE requirements since all meals are offered at no charge.