

Newly applying and renewing independent centers and sponsoring organizations must demonstrate that they have the financial resources to operate the Program on a day-to-day basis. They must also have enough sources of funds to withstand temporary interruptions in Program payments should disruptions in Federal funding occur and/or when fiscal claims are taken against the center (usually due to failure to maintain Program records, correctly provide or count the meals and/or determine the children's eligibility status).

Costs in the center's budget must be necessary, reasonable, allocable, and appropriately documented [7 CFR 226.6(b)(2)(vii)(A)].

Independent and sponsoring organization therefore are required to submit the following financial records for review to the NDE Nutrition Services upon request:

**For Profit Organizations:**

1. Two (2) months (most recent) bank statements (preferred) **OR** balance sheet (assets, liabilities, owners' equity)
2. Statement of cash flow (profit/loss) for the most recent month
3. Statement of cash flow (profit/loss) for the current year-to-date

**Non-Profit Organizations:**

1. Organization wide audit (most recent) **OR** Two (2) months (most recent) bank statements (preferred) **OR** Statement of Financial Position (assets, liabilities)
2. Statement of cash flows (profit/loss) for the most recent month
3. Statement of cash flows (profit/loss) for the current year-to-date

**\* Financial Documents are to be compiled with accurate data. Balance sheets, statement of cash flows and audits must be compiled from an outside accounting source.**

During the compliance review process, the NDE will also review the financial records of the independent center and sponsoring organization to evaluate financial viability.