

FEDERAL RESERVE BOARD

281

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4579

April 6, 1926.

SUBJECT: Operation of Cafeterias at Federal Reserve Banks.

Dear Sir:

The Board has reviewed the action taken by the Governors at their conference in November 1925 with regard to the operation of cafeterias, and wishes to state that it has no objection to any Federal reserve bank absorbing approximately one-third of the cost, as shown on the functional expense reports form E, of operating its cafeteria. The Board's decision is based on the assumption that the experience of the Federal reserve banks has shown that the absorption of such expense will be in the interest of economy and operating efficiency, by reason of the better service rendered by the employees when a satisfactory luncheon of good food is served by the bank than is usual when employees eat in outside lunchrooms.

In order that the files of the Board may contain information as to the policy followed by the Federal reserve banks in operating their cafeterias, it will be appreciated if you will advise the Board of the methods followed by your bank (and branches if any) in making charges for meals served, whether or not charges are made for all meals served, and whether any change in the plan of operation is contemplated.

Such expenses connected with the operation of the cafeteria as are absorbed by the Federal reserve bank should hereafter be considered as a current expense rather than as a loss to be charged to profit and loss at the end of the year, and consequently, beginning with the month of April, you are requested to credit that portion of the cost of operating your cafeteria which is absorbed by the Federal reserve bank (including any cost to be absorbed for the first three months of this year) to your cafeteria expense account on form 34, and to charge the same to current expense on the last day of the month. On form 96 the amount should be reported on the reverse side as "Cafeteria - net expense." In keeping with this method of handling

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the expense absorbed by the bank, the account "Cafeteria - net expense" now appearing in the Earnings and Expense section of form 34 should be discontinued, and the new account "Cafeteria" should be carried in the Miscellaneous Assets block. This new account should be charged with all cafeteria expense as outlined in the manual of instructions to form E, and credited with receipts and, at the end of the month, with the amount to be absorbed by the Federal reserve bank, i. e., with the difference between the net balance in the account and the inventory taken at the end of the month. The amount remaining in the account will then represent the inventory carried forward to the following month.

By direction of the Federal Reserve Board.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.