



Instructions: Use this Quick Reference Guide to assist your organization to meet CACFP Financial Management requirements. **Note: This resource is intended for use by non-School Food Authority (non-school district) Sponsors only.**



CACFP PERFORMANCE STANDARDS

All Sponsors must meet the three CACFP Performance standards - VCA. [7 CFR 226.6\(b\)\(2\)\(vii\)](#):

- ⇒ **Financial Viability**— must expend and account for all Program funds according to CACFP regulations. Additionally, Sponsors must be able to demonstrate they have adequate financial resources to operate CACFP on a daily basis.
- ⇒ **Administrative Capability**— must have appropriate and effective management practices to ensure operations are in accordance with CACFP regulations. This includes having adequate staffing and written policies and procedures.
- ⇒ **Program Accountability**—must have controls and other management systems in place to ensure fiscal accountability and program compliance with the CACFP regulations.



REQUIRED WRITTEN POLICIES & PROCEDURES

Sponsors must have:

- ⇒ Written CACFP financial management procedure/controls in place to ensure:
 - Fiscal integrity of all Program funds
 - Accountability of all expenses
 - Program funds are only used for authorized Program purposes
 - Safeguards are in place to prevent improper financial activities, and
 - CACFP administrative costs do not exceed the regulatory limits
- ⇒ Written Nonprofit Foodservice Account policy & procedure (if not included in the CACFP Financial Management procedure). Sponsors may use the ODE CNP template.

ODE CNP expects *food costs* will comprise a minimum of 50% of the CACFP reimbursement earned. Sponsors must have a system to ensure compliance with this requirement.



NONPROFIT FOOD SERVICE (NPFS) ACCOUNT

- ⇒ All CACFP income and expenses must be accounted for *separately* from other organizational funds. This account is called the **NonProfit Food Service (NPFS) account**.
- ⇒ Sponsors must have an established system to track income and expenses in the NPFS account, including tracking the account balance.
- ⇒ Allowable income in the NPFS account includes CACFP reimbursements; any CACFP pricing program revenue; any Vended Meal revenue; any Non-Program Adult meal revenue; any cash donations specifically for CACFP operations; any interest earned on CACFP funds; and any other Program funds from other Federal, State or local government sources.
- ⇒ Allowable expenses in the NPFS account include:
 - Purchases of food and non-food supplies
 - Food service labor costs;
 - Purchased vended meals *
 - Purchased Food Service Mgmt. Co. meals *
 - Donated food maintenance costs
 - Capital equipment purchases*
 - Contracted services*
 - Other operational costs

*indicates ODE CNP prior approval is required.

Sponsors with an approved CACFP Annual Budget may only include expenses in the NPFS account which are listed on the CACFP approved annual budget. Administrative costs in excess of 15% of CACFP reimbursements may not be charged to the NPFS account.

- ⇒ Excessive Operating Cost Fund Balance: The NPFS account is considered to have an excessive fund balance if or when the account exceeds three months' of average Program expenses. Contact ODE CNP if this occurs to discuss a spend-down plan.
- ⇒ If your organization operates more than one Child Nutrition Program (i.e. CACFP and SFSP), each Programs' income and expenses must be tracked *separately* in the NPFS account.
- ⇒ Sponsors must report all CACFP income and expenses using an **accrual basis** (expenses and income recorded when incurred).

OPERATIONAL ALLOWABLE DUTIES AND COSTS

Operational Costs are those incurred by a Sponsor through its normal CACFP operations including:

- ⇒ Menu Planning
- ⇒ Purchasing Food
- ⇒ Food Preparation
- ⇒ Serving Food
- ⇒ Point of Service Meal Count
- ⇒ Cleaning up after meal

ADMINISTRATIVE ALLOWABLE DUTIES AND COSTS

Administrative Costs are those incurred by a Sponsor in planning, organizing, and managing the CACFP including:

- ⇒ Recordkeeping and Accounting
- ⇒ Multi-site Sponsors: Site Monitoring
- ⇒ Mileage reimbursement costs
- ⇒ Providing training to staff with CACFP duties
- ⇒ Claim submission
- ⇒ Labor for Program Management
- ⇒ Costs of printing and copying forms

Unapproved and Unallowable CACFP costs: A cost **not** included in the approved annual CACFP Budget, even if it is a *typical* CACFP cost and could be allowable otherwise, is unapproved and is considered *unallowable*. *Unallowable* costs cannot be charged to the NPFS account. *For example, if Food Service Supply costs are not included on the approved CACFP budget, they are unallowable.*

Unfunded costs: are allowable costs which are included in the Sponsor's approved annual CACFP budget, however must be charged to *unrestricted funds* due to insufficient CACFP reimbursement earned to pay these costs. *For example, if all CACFP food costs during a month exceed monthly CACFP reimbursement, then the excess food costs are unfunded costs. Sponsors must use unrestricted funds to pay these costs in the NPFS account.*



RECORDKEEPING

All CACFP income received and expenses charged to the NPFS

- ⇒ **Source documents**, such as: Invoices, receipts, purchase orders (P.O.s), signed contracts, mileage logs, credit card and bank statements (including cancelled checks), general ledger and accounting system reports
- ⇒ **For Labor:** Timesheets for ALL time worked (not solely CACFP); labor distribution report (time charged to different cost centers) if any; and payroll records
- ⇒ **For Shared Costs:** Method of shared (allocated) costs and supporting documentation, i.e. time and space allocation between CACFP and non-CACFP use



RESOURCES

Click on the link to go to the resource listed:

- ⇒ [CACFP Policy & Procedure Manual](#), Chapter 7, Nonprofit Foodservice
- ⇒ [FNS Instruction 796-2, Rev. 4](#)—Financial Management—Child & Adult Care Food Program:
 - ◆ PDF page #6—Center Administrative Costs
 - ◆ PDF page #17— Operating and Administrative Costs
 - ◆ PDF page #49—Time and Attendance Report Requirements
- ⇒ [7 CFR 226.6\(b\)\(2\)\(vii\)](#) - CACFP Performance Standards 1, 2 and 3
- ⇒ [2 CFR 200 Subpart D](#) - Post Federal Award Requirements
- ⇒ [2 CFR 200 Subpart E - Cost Principles, 200.405](#)—Allocable Costs
- ⇒ [2 CFR 400](#)—Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
- ⇒ [ODE CNP memo](#)—Fiscal Policy and Procedure Requirement, dated February 8, 2021
- ⇒ [2 CFR 415](#)—General Program Administrative Regulations
- ⇒ [Assessing Costs in the CACFP](#)—USDA memo dated August 2015
- ⇒ [Guidance for Management Plans & Budgets](#) (USDA resource), dated December 2013
- ⇒ [CACFP Sponsor Food Program Expense Report](#) –optional form
 - ◆ [Expense Report Walk-Thru](#)—video on how to use form