



**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).

