



Allowable and Non-Allowable Costs

Child and Adult Care Food Program (CACFP)





To demonstrate financial viability and manage funds according to federal and state requirements





Take Note....

- USDA provides monthly reimbursement to serve nutritious meals and snacks
- Sponsors must be prepared to manage their CACFP as a non-profit food service program
- Must establish a separate line account
- Closely monitor all expenses



Program Reimbursement

Money you receive



- Based on the number of meals claimed
 - Reimbursement rates change annually
- Reimbursement may be used to cover allowable CACFP costs
- Must maintain and document all costs



ALLOWABLE CACFP COSTS



- Operating
 - ✓ Food
 - Non-Food
 - ✓ Labor
- Administrative
 - ✓ Labor
 - ✓ Office Supplies



Must document and maintain all costs



Operational Cost:

- Food used for reimbursable meals
 - Rule of Thumb: 40-45% should be spent on food
 - Must be creditable
- Meals purchased from a vendor (need approval from ISBE)
 - If under \$250,000 must have a small purchase agreement
 - If over \$250,000 must have Invitation for Bid
- Meals can be served to CACFP workers (i.e. program adults) but cannot be claimed



Documentation sources: cash disbursement form, receipts, invoices



Non-Food Supplies



Operational Cost:

- Used for the meal service
 - Includes utensils, napkins, plates, cups, serving utensils, foil/plastic wrap, cleaning products for kitchen/food service area, food service equipment, etc.

Documentation sources:

cash disbursement form, receipts, invoices



Labor

OPERATIONAL:

- Shopping for food
- Preparing/serving food
- Supervision during meal service
- Taking daily meal counts
- Clean-up after meal service



ADMINISTRATIVE:

- Processing HEA/Enrollment Forms
- Training
- Monitoring
- Claim consolidation/ submission
- Securing vendor contract (if applicable)

Documentation sources: personnel activity report, payroll records/time sheets



More on Labor



Labor costs are based upon HOURLY or SALARY rates that are *reasonable* for the services provided

All labor *(operational/administrative)* must be allocated based on actual time spent on the CACFP program



Does your food, non-food supplies and labor show you are operating at a non-profit status? If yes...



If not...you may allocate the following allowable costs for CACFP:

- Office supplies
- Utilities
- ➢ Rental



Let's look at the next few slides

Additional Allowable Costs

Office Supplies

- Administrative Cost
 - Paper/ink cartridges, printing, binders, clip boards, pens/pencils, etc
- * Pro-rated cost needed if used for other purposes

Utilities

- Operational Cost
 - Kitchen and food storage areas
- Administrative Cost
 - Office use for CACFP
- * Pro-rated costs based on square footage of space used only for CACFP

Rental

- Operational Cost
 - Trucks, kitchen, any other kitchen related rentals
- Administrative Cost
 - Office equipment, space
- * Pro-rated cost needed if used for other services

Documentation sources: cash disbursement form, receipts, invoices, pro-rated formula



Remember...

- It is <u>not</u> required to account for all labor (admin/teacher/aides), utilities, rental, and office supplies to CACFP once your non-profit status has been met
- If including an allowable cost... Ask yourself these questions:
 - Is this item solely used for the food program? If no...must allocate a pro-rated cost used for CACFP – or don't include it
 - Would I buy this item if I did not have a food program? If yes... must allocate a pro-rated cost used for CACFP – or don't include it



Last Words about Pro-Rating Costs

Contact ISBE for further guidance if you are unsure how to determine the amount to allocate to CACFP





PROGRAM REIMBURSEMENT CANNOT BE USED FOR THE FOLLOWING COSTS

Unallowable Costs



Unallowable Costs



- Non-creditable foods (ice cream, potato chips, pudding, popsicles, coffee, lemonade, tea, grain-based desserts)
- Meals you do not claim for reimbursement
- The cost of meals served to any adult not working with the operation of the CACFP



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Unallowable Costs (continued)



- Entertainment and fundraising costs
- Bad debts
- Repayment of over-claims and other Federal debts
- Direct capital expenditures, including buildings and vehicles
- Non-business purchased communication costs



Acceptable Methods of Payment

- Debit card assigned to the business account
- Credit card that is in the business name
- Check made payable to the vendor or employee from the business checking account
- Account set-up with a vendor



Unacceptable Methods of Payment

- Cash
 - Only the use of a petty cash account is acceptable, which should retain less than \$100 and be reconciled monthly.
- Employee's WIC or personal SNAP/TANF benefits

There are several forms on our website that will help you with the financial management of your program



> Nutrition > Child and Adult Care Food Program > Child and Adult Care Food Program (CACFP) Forms and Documents

NUTRITION

Child and Adult Care Food Program

NUTRITION

Child and Adult Care Food Program (CACFP) Forms and Documents CHILD AND ADULT CARE FOOD PROGRAM (CACFP) FORMS AND DOCUMENTS

CACEP ADMINISTRATIVE HANDBOOK

AFR Spreadsheet (M)

Recordkeeping

- At-Risk After-School Snack/Supper Program Daily Meal Count Form
- Cash Disbursements 🕍
- Checklist of Annual Documents 🕌
- Checklist for Profit Audit Juli
- Checklist for Program Review 🕌
- Checklist of Monthly Documents
- CN Labeling
 - PFS Fruits/ Vegetables kappa
 - PFS Grains 🕌
 - PFS Meat/ Meat Alternate 🕌
 - PFS Tip Sheet 🕌
 - Product Formulation Statement (PFS) Guidance
 - USDA/ USDC Authorized Labels and Manufacturers
- Food Donations 🚔
- For-Profit Eligibility Form
- Master List 🕌
- Master List for Emergency Shelter 🕌
- Master List for Head Start or Even Start Jack
- Meal Participation Record Fill in Dates July
- Meal Participation Record 31 Days 🛓
- Meal Participation Record for Emergency Shelter 🕌
- Meal Participation for Adults July
- Monthly Milk Purchase Estimate
- Monthly Profit or Loss Summary La
- Personnel Activity Report
- Total Meals Recap 🚔
- Training Form 🕌





Make sure to watch all of our CACFP Financial Management Webinars

- Financial Management Overview for CACFP
- Cash Disbursement Journal, Food Donation log and Monthly Milk Purchase Estimate form
- Personnel Activity Reports
- Monthly Profit and Loss Summary and Annual Financial Report



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