



March 2024 Edition

For Non-School Food Authorities

# CACFP FINANCIAL MANAGEMENT WORKBOOK



Developed by the Oregon  
Department of Education – Child  
Nutrition Programs (ODE CNP)

March 2024 Edition

**Disclaimer:** This workbook is meant as a guide for non-School Food Authority sponsors of the Child and Adult Care Food Program (CACFP) in Oregon only.

ODE CNP cannot provide financial counsel and sponsors should reach out to a certified financial accounting professional for financial advice.

This workbook is intended to provide technical assistance on the financial management of CACFP only.



# Non-Discrimination Statement

In accordance with federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, this institution is prohibited from discriminating on the basis of race, color, national origin, sex (including gender identity and sexual orientation), disability, age, or reprisal or retaliation for prior civil rights activity.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotope, American Sign Language), should contact the responsible state or local agency that administers the program or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a Complainant should complete a Form AD-3027, USDA Program Discrimination Complaint Form which can be obtained online at: <https://www.usda.gov/sites/default/files/documents/ad-3027.pdf>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

1. **mail:** U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; or
2. **fax:** (833) 256-1665 or (202) 690-7442; or
3. **email:** [Program.Intake@usda.gov](mailto:Program.Intake@usda.gov)

This institution is an equal opportunity provider.

# Table of Contents

Definitions	5
Financial Management 101	9
Performance Standards in CACFP	11
What is Non-Profit Food Service	13
Non-Profit Food Service and Your Organization	15
Maintaining Non-Profit Food Service	27
Management Plan	28
Financial Management Procedure	34

# Definitions

Terms used in this workbook with specific financial meaning or definitions specific to the Child and Adult Care Food Program are listed here.

<b>Terms</b>	<b>Definition</b>
<b>Account codes</b>	Account codes are used for specific categories of income and expenses.
<b>Administrative costs/expenses</b>	Costs incurred by organizations related to planning, organizing, and managing the CACFP
<b>Allowable costs/expenses</b>	Costs that occur during the routine operation of CACFP for which Program funds may be used. These are costs that serve the purpose of operating or improving CACFP and are included in the approved CACFP budget
<b>Budget</b>	An annually required document detailing the expected income and expenses for the CACFP in the upcoming fiscal year.
<b>Capital equipment</b>	Equipment with costs of at least \$5,000. Purchasing large equipment with CACFP funds will require Specific Prior Written Approval.
<b>Chart of Accounts</b>	A type of financial organizational tool which includes a listing of all the financial accounts in a company's general ledger.
<b>Child and Adult Care Food Program (CACFP)</b>	A Federal Program that provides reimbursements for nutritious meals and snacks served to eligible participants who are enrolled in eligible programs.
<b>Cost allocation/ Allocated costs</b>	The process of identifying and distributing costs proportionately among two or more programs operated by the organization that benefited from the goods and services purchased. The cost allocation method must be approved by ODE CNP.
<b>Federal regulations</b>	The written requirements based on laws passed by Congress. The Code of Federal Regulations dictates the implementation and operations of legislative bills in the United States. The regulations related to CACFP is <a href="#">7 CFR 226</a> .

<b>Terms</b>	<b>Definition</b>
<b>Financial Management</b>	The effective control and accountability over all funds, property, and other assets to assure that they are safe-guarded and used efficiently to fulfill authorized purposes.
<b>Food Service Management Company (FSMC)</b>	An organization other than a public or private non-profit school with which a sponsor contracts for preparing and delivering meals for use in the CACFP or other Child Nutrition Programs.
<b>Fiscal Year</b>	A one-year period determined by the organization or Federal program for use in financial reporting and budgeting. In CACFP, the fiscal year operates from October to September of the following year.
<b>Indirect costs</b>	Shared costs that are not directly related to a program function but are necessary for the general operations of an organization.
<b>Management Plan</b>	A Federal requirement and part of the application for CACFP. It includes a broad overview of the sponsor's CACFP operations.
<b>Negative account balance</b>	When expenses exceed income at the end of a defined period of time and additional funding sources are needed to cover the excess costs.
<b>Non-Profit Food Service (NPFS)</b>	A guiding principle for CACFP financial management. It means that the food service operations conducted by the organization is principally for the benefit of the participants and all CACFP reimbursement funds are used solely for the operations and improvements of the program. No profit is made from operating the Program.
<b>Non-Profit Food Service (NPFS) Account/Fund Account</b>	A method of documenting fiscal accountability of CACFP funds required by USDA. It requires CACFP income and expenses to be tracked separately from organizational income and expenses. In a NPFS fund account, all income and expenses are tracked in one account for the CACFP.
<b>Operational costs/ expenses</b>	Costs incurred by organizations in serving meals to participants in the CACFP.
<b>Oregon Department of Education – Child Nutrition Programs (ODE CNP)</b>	The State agency in Oregon that administers the United States Department of Agriculture – Food and Nutrition Services' Child Nutrition Programs, including the CACFP.

<b>Terms</b>	<b>Definition</b>
<b>Positive account balance</b>	When money is left over in an account at the end of a defined period of time after all expenses are deducted from income.
<b>Prior approval</b>	Securing the State agency's permission to incur costs prior to incurring them. All costs require prior approval through the annual budget.
<b>Profit and Loss Statement</b>	Financial statement that summarizes the revenues, cost, and expenses incurred during a specified period.
<b>Program integrity</b>	A concept that sponsors will operate the program to meet all requirements and with the intention to use reimbursements received to serve participants nutritious meals. Program integrity is only possible if sponsors are qualified and capable of operating CACFP by meeting all Performance Standards (see VCA).
<b>Reimbursable meal or snack</b>	A meal and snack that meets the nutrition requirements and other eligibility requirements of the CACFP as set by USDA FNS and paid by ODE CNP.
<b>Reimbursement</b>	The only Federal funding provided to sponsors of the CACFP. Reimbursements are provided only for reimbursable meals or snacks served to eligible participants at approved sites.
<b>Specific Prior Written Approval (SPWA)</b>	Securing the State agency's written permission for a particular Program expense before incurring costs. Contracts and some purchases will require Specific Prior Written Approval (SPWA).
<b>Sponsor/CACFP sponsor</b>	In Oregon, a sponsor is an organization that enters into a contract with ODE CNP to operate at least one Child Nutrition Program, including CACFP. Sponsors may have one or more sites.
<b>State agencies</b>	The state educational agency or any other state agency designed to operate the CACFP. In Oregon, this is ODE CNP.
<b>Written financial management procedures</b>	A requirement of operating CACFP and part of the Performance Standards (see VCA). Written procedures help sponsors understand the fiscal requirements for CACFP and how those requirements must be implemented within their organization on a consistent basis.
<b>Unallowable costs/ expenses</b>	A cost that cannot be paid for using CACFP funds.

Terms	Definition
Unfunded CACFP costs	Costs for CACFP that exceed the amount of reimbursements received.
United States Department of Agriculture – Food and Nutrition Services (USDA FNS)	The Federal department that oversees and manages Child Nutrition Programs (CNP), including the CACFP. Often shortened to USDA.
Unrestricted funds	Funds that are not earmarked for a specific purpose and can be used to supplement shortages in the CACFP non-profit food service account.
Vended meals	Meals, with or without fluid milk, prepared by a facility other than the sponsor and sold to the sponsor.
Viability, Capability, and Accountability (VCA)	The three Performance Standards that all CACFP sponsors must meet. It stands for Financial <u>V</u> iability, Administrative <u>C</u> apability, and Program <u>A</u> ccountability.



# Financial Management for CACFP 101

1

The **Child and Adult Care Food Program (CACFP)** is a Federally-funded Program that provides meal reimbursements for organizations that serve nutritious meals and snacks to eligible participants in eligible organizations.

Under CACFP, the funding available is from the reimbursements for each **creditable** meal or snack served that meets all eligibility requirements. No additional reimbursements are available to cover expenses incurred for staffing or equipment, although there may be additional grant opportunities available from time to time.

When applying for the CACFP in Oregon, the **Oregon Department of Education—Child Nutrition Programs (ODE CNP)** reviews many financial documents of the applicant organization, including bank statements, profit and loss statements, a projected **budget** for CACFP, and other documents as applicable. This is part of the application process. Once the application is approved, the applicant becomes a **CACFP sponsor**.

Each year, CACFP sponsors complete an application renewal process which includes an annual **budget**. In addition, starting in Fiscal Year 2025, all **State agencies**, including ODE CNP, will be required to review at least one month of bank account activity and associated financial records to verify that CACFP financial transactions meet program requirements.

**Creditable** is a term used to define meals, snacks, and food items that can be served for reimbursement in CACFP. A **reimbursable meal or snack** will be paid at the rates set annually by the **USDA FNS**.

## WHY DOES ODE CNP NEED MY BANK STATEMENTS?

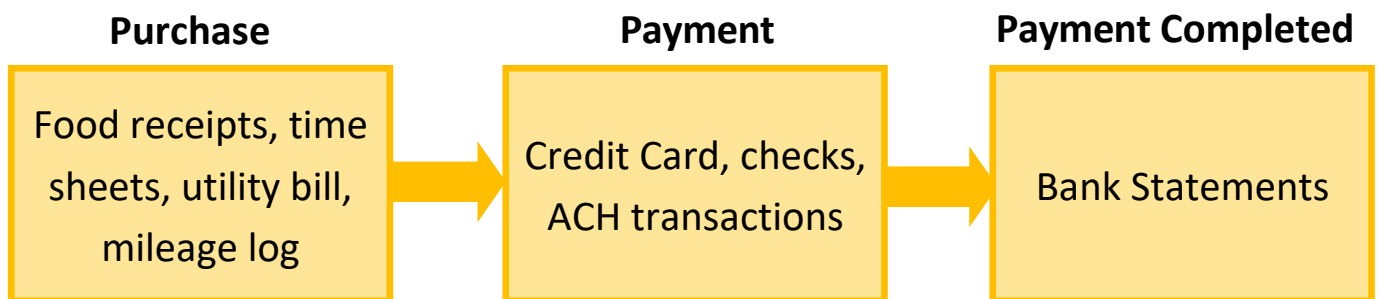
ODE CNP is responsible for ensuring **program integrity**, meaning that sponsors in Oregon are qualified and capable of operating the CACFP. Looking at bank statements helps to determine if Program financial requirements are met. Additional financial supporting documentation will also be reviewed. These documents help ODE CNP verify that the reimbursements received from CACFP were used for the purpose intended: to serve nutritious meals for participants.

## WHAT'S INVOLVED IN CREATING A BUDGET?

ODE CNP provides a budget spreadsheet template each year. CACFP sponsors must complete the budget with the CACFP income they anticipate earning based on CACFP revenue earned the prior year and their estimated expenses for CACFP, such as food costs, non-food costs, or labor costs. ODE CNP reviews the budget and will approve **allowable costs** and deny **unallowable costs**. This budget will be the financial framework for operating CACFP in the fiscal year. If circumstances change and the budget no longer reflects actual operations, a revised budget must be submitted to ODE CNP for approval. ODE CNP has a [Budget Guidance and Procedures](#) tool to help sponsors complete the budget.

## WHAT'S INVOLVED WITH THE ONE MONTH REVIEW OF FINANCIAL RECORDS?

Starting Fiscal Year (FY) 2025, ODE CNP will reach out to collect receipts and documentation for income and expenses charged to CACFP funds (ex. food receipts, payroll, time sheets, mileage logs), credit card statements (if applicable), and bank statements as part of new regulatory requirements. The goal is to be able to verify CACFP transactions from purchase to payment.



 The goal of ODE CNP financial reviews is to ensure CACFP reimbursements are used for authorized and allowable CACFP expenses.

# Performance Standards for the CACFP

2

To ensure **program integrity**, all CACFP sponsors must meet the following three CACFP **Performance Standards** set out in the CACFP regulations under [7 CFR 226.6\(b\)\(1\)\(xviii\)](#). These are known by the initials **VCA**, which stands for Financial **V**iability, Administrative **C**apability, and Program **A**ccountability.

V

## Performance Standard #1: Financial Viability

- Must spend CACFP funds appropriately and account for them
- Must demonstrate there are adequate financial resources to operate CACFP on a daily basis
- Costs in the annual budget must be necessary, reasonable, allowable, and appropriately documented

C

## Performance Standard #2: Administrative Capability

- Must have adequate number of qualified staff to run CACFP
- Multi-site sponsors must have appropriate ratios for monitors
- Have policies and procedures in writing, and ensure compliance with civil rights requirements.

A

## Performance Standard #3: Program Accountability

- Must have adequate oversight of their programs
- Must have **written financial management procedures**
- Must maintain all required CACFP records
- Must provide training to staff and meet all meal pattern and meal service requirements

# HOW TO MEET PERFORMANCE STANDARDS

## Financial Requirements

- Hire qualified financial staff
- Ensure your organization has sufficient financial resources to run the CACFP
- Have a written financial management procedure
- Submit an annual budget
- Save all documentation supporting income and expenses for CACFP (as applicable):
  - Claim reimbursement documentation
  - Bank statements
  - Food and non-food receipts and invoices for meals
  - Timesheets and payroll records
  - Utility bills and **cost allocation** documentation
  - Mileage logs
  - Profit and loss statements

### Cost Allocation:

Allocated costs are costs that are shared with other programs (ex. electricity bill) and must be allocated using methods approved by ODE CNP.

## WRITTEN FINANCIAL MANAGEMENT PROCEDURES

Written procedures for CACFP are part of Performance Standard #2—Administrative Capability, and written financial management procedures are specifically listed as a requirement of Performance Standard #3—Program Accountability. Having written procedures help organizations ensure staff understand their duties and responsibilities and operate the program in compliance with regulations. A written financial management procedure also helps ensure that documentation is saved properly and that CACFP funds are used appropriately on authorized and allowable costs.

Here are 5 questions that must be answered in all financial management procedures:

1. How is **fiscal integrity** of all CACFP funds maintained?
2. What is the process to ensure **accountability of all expenses**?
3. How is the organization ensuring program funds are only used for **authorized CACFP purposes**?
4. What are the **safeguards** in place to prevent improper financial activities?
5. How do you ensure CACFP administrative costs do not exceed the **regulatory limits**?

Don't want to create your own procedure from scratch? Turn to page 34 for the ODE CNP template.

# What is Non-Profit Food Service?

3

The Performance Standards are in place to support **Non-Profit Food Service (NPFS)**. What is it? Non-Profit Food Service means that sponsors must account for CACFP revenue and expenses separately from organizational expenses and ensure **CACFP funds are solely for the operation and improvement of the CACFP**. This is the core principle of CACFP financial management.

## DETERMINING NPFS

In order to determine if all CACFP reimbursements are used towards CACFP expenses, sponsors must establish a **CACFP fund account** or CACFP account codes in their accounting system. This does not require a separate bank account, however it does require separation of accounting for these funds.

One way to do this is to set up CACFP income and expense account codes in the **Chart of Accounts** used by your organization. Entering CACFP **allowable** expenses and income to this account allows sponsors to identify all CACFP transactions and the account balances.

A **positive account balance** means that money is left over in the account and that money must be spent on other allowable CACFP expenses. A **negative account balance** means that CACFP expenses exceeded the income and additional funding sources must be used to cover this cost. A net zero account is rare, and means that CACFP expenses exactly totaled CACFP income.

## Allowable CACFP Expenses

Some allowable CACFP Expenses include:

- Food and non-food supplies
- Food service labor cost
- Vended meals\*
- Food Service Management Company meals and services\*
- Donated food maintenance cost
- Administrative labor cost
- Capital equipment purchases\*
- Contracted services\*
- Mileage

\*Indicates ODE CNP specific prior written approval is required

## BEST PRACTICES & TIPS FOR NPFS

<p>Set up <b>CACFP account codes</b> in the <b>Chart of Accounts</b> and document the account codes and name of accounts in the written financial management procedure.</p>	<p>Not all CACFP expenses have to be charged to the CACFP account. Some sponsors find that food and non-food supplies make up 100% or more of reimbursements received. Charge unfunded costs to other non-program funds as identified on the budget and management plan.</p>
<p>Make sure all CACFP expenses are approved in the CACFP annual budget by ODE CNP prior to spending.</p>	<p><b>Specific prior written approval (SPWA)</b> is required for some expenses (see page 13). The SPWA must be received for high value costs and some allocated costs. Specific expenses must be listed in the budget with detailed information.</p>
<p>When purchasing non-CACFP foods (ex. coffee and tea for staff, treats for a celebration) with CACFP food and non-food items, ring it up on a separate receipt or buy them on a separate trip when possible.</p>	<p>Identify the source and amount of <b>unrestricted funds</b> your organization has available for <b>unfunded CACFP costs</b> (costs exceeding reimbursements).</p>
<p><b>Food costs</b> must make up a minimum of <b>50%</b> of the CACFP reimbursements earned.</p>	<p><b>Administrative costs</b> must not exceed <b>15%</b> of CACFP reimbursements. Costs in excess of 15% will be considered unfunded CACFP costs.</p>
<p>Have a back-up in place for all financial management duties and make sure key staff know where the financial management procedure can be found.</p>	<p>Scan receipts on a monthly basis and save them in an electronic file folder organized by month and year. Thermal receipt paper often fade with time. Save duplicate copies of the files on the cloud or in a separate hard drive.</p>

# Non-Profit Food Service (NPFS) and Your Organization

4

Now that you have a basic understanding of CACFP financial management requirements, let's apply this to your own CACFP operations.

## YOUR ORGANIZATION'S FINANCIAL HEALTH

Before you start to set up a non-profit food service (NPFS) account for CACFP, answer a few basic questions to ensure you meet the Performance Standards for CACFP.

- Do you have a bank account for your organization?
- Does your organization have enough qualified employees to operate on a continuous basis?
- Do you have an unrestricted funding source that can cover shortfalls in your CACFP expenses?

List your unrestricted funding source(s):

Having an organizational (not personal) bank account is a requirement for financial viability.

CACFP expenses often exceed the reimbursement earned. Having sufficient unrestricted funds is essential to maintain financial health and viability requirements

If you can check off all of these questions affirmatively, move on to the next section on **Looking at the Big Picture**.

If not, work on your organization's financial health and re-apply for CACFP once these requirements are met.

## LOOKING AT THE BIG PICTURE

In CACFP, the main financial goal is to ensure that all CACFP reimbursements are applied towards allowable CACFP expenses. This means that the reimbursements you receive must go towards serving nutritious meals that meet CACFP meal pattern requirements, which is the core principle of Non-Profit Food Service (NPFS). Every organization will spend their CACFP funds in a different way, but some requirements will be the same for every CACFP sponsor.

Fiscal responsibility cannot be outsourced—financial oversight must be tasked to the organization’s employees only

Back-up staff and double checks are a necessary part of running CACFP effectively

Budgets will require two different staff at your organization to sign off

The first step in developing a strategy for CACFP NPFS accounting is to figure out who will be responsible and what they will be responsible for. Below are a list of required financial tasks for all CACFP sponsors. In the blank space, indicate the position(s) or title(s) of the staff who will be responsible for each of these tasks in your organization.

Overseeing financial management	
Writing/updating the non-profit food service procedure	
Creating an annual budget	
Tracking CACFP income and expenses	
Completing monthly claims for reimbursement	
Maintaining receipts and invoices to document NPFS	
Maintaining food and labor costs	
Purchasing and preparing food	

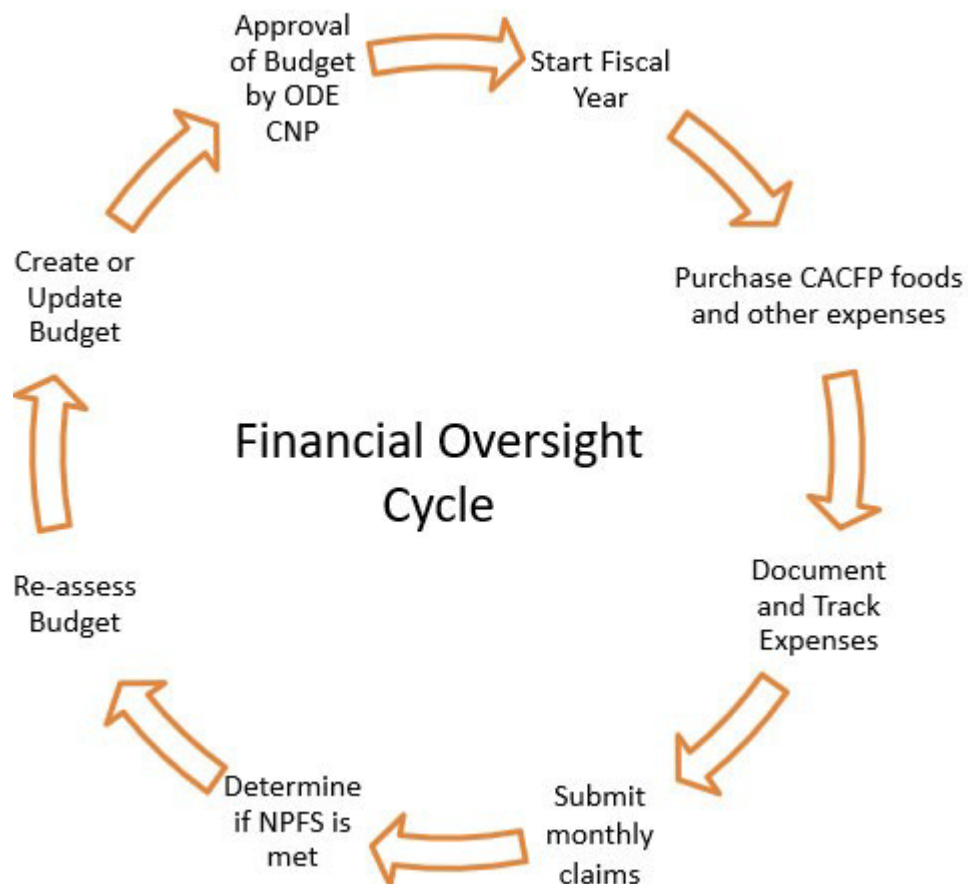


## FINANCIAL OVERSIGHT CYCLE

Once you know who will be involved, it's important to understand how the duties will be implemented on an annual basis.

Below is the **Financial Oversight Cycle** for each fiscal year. Every year, before the fiscal year begins, sponsors will be required to create a budget for the upcoming year and have it approved by ODE CNP during renewals. Throughout the year, sponsors purchase food and incur expenses such as non-food costs, labor costs, or mileage that applies to the CACFP non-profit food service (NPFS) account. Once incurred, sponsors must document and track all expenses charged on a monthly basis. Sponsors will also submit monthly claims based on meals served.

The CACFP revenue, expenses, and account balance must be tracked each month in the accounting system and must be supported by reports such as a **profit and loss statement** or revenue expense and summary. This is how sponsors document NPFS. Sponsors with a CACFP account balance that is equal to or greater than three months expenses are considered to have an excessive balance and must notify ODE CNP. A revised budget and spending plan may be necessary.



# FINANCIAL OVERSIGHT

Financial oversight is an ongoing process throughout the entire program year. The main purpose of financial oversight is to ensure that CACFP funds received from claims are used for allowable CACFP expenses only. We know the big picture, now we need to fill in the details of the tasks assigned.



## Tracking Your Non-Profit Food Service (NPFS) Account:

All organizations need to have a way to track the income and expenses for CACFP. Many sponsors have an accounting software, such as QuickBooks, to track CACFP income and expenses. Sponsors who are not able to track CACFP income and expenses separately from organizational income and expenses may use ODE CNP’s [Expense Report](#) (Excel) to document NPFS.

Sponsors should set up a CACFP-specific fund account or set up a CACFP income and expense account. This will be the CACFP NPFS account. If you have an account number, enter it here.

NPFS Account #



## What expenses will be charged to the NPFS Account?

Expenses vary from sponsor to sponsor, but food expenses will always be the major expense for all sponsors. Check off all CACFP expenses that will be charged to your CACFP NPFS account per your approved CACFP budget.

### Operating Expenses

- Food Costs
- Donated Food Expenses
- Food Service Supplies
- Operating Labor Costs
- Contracted Services
- Facility Costs
- Utility Costs
- Other(List here)

### Administrative Expenses

- Admin Labor Costs
- Contracted Services
- Facility Costs
- Utility Costs
- Other (List here)

Not all expenses have to be charged. Only check off the charged expenses.

C

### What documentation are you keeping for charged expenses?

Required documentation for each type of expense is listed, check the box if those are the documents saved for your organization or write in additional or alternative documentation that you will be keeping. Check N/A if not applicable.

#### Operating Expenses

N/A?	Charged Expenses	Documents Saved	Additional/Alternative Documentation?
	Food Costs	<input type="checkbox"/> Food receipts/invoices	
<input type="checkbox"/>	Donated Food Expenses	<input type="checkbox"/> Detailed receipts from food bank identifying specific foods purchased	
<input type="checkbox"/>	Food Service Supplies	<input type="checkbox"/> Receipts/invoices	
<input type="checkbox"/>	Operating Labor Costs	<input type="checkbox"/> Time sheets, time distribution reports, and payroll records	
<input type="checkbox"/>	Contracted Services	<input type="checkbox"/> Contract, invoices, approved allocation method and amount	
<input type="checkbox"/>	Facility Costs	<input type="checkbox"/> Rental agreement, cancelled checks, approved allocation method and amount	
<input type="checkbox"/>	Utility Costs	<input type="checkbox"/> Invoices, cancelled checks, approved allocation method and amount	
<input type="checkbox"/>	Other (List here)		

**Operating expenses** are expenses required to run day-to-day CACFP operations. This can include costs associated with creating a meal, including food, food service supplies, kitchen and meal service labor, and the cost of vended meals, kitchen utilities, or kitchen space. Since the CACFP is a food program, a minimum of 50% of the CACFP reimbursement must be applied to food costs.

## Administrative Expenses

N/A?	Charged Expenses	Documents Saved	Additional/Alternative Documentation?
<input type="checkbox"/>	Admin Labor Costs	<input type="checkbox"/> Time sheets, time distribution reports and payroll records	
<input type="checkbox"/>	Contracted Services	<input type="checkbox"/> Contract, invoices, approved allocation method and amount	
<input type="checkbox"/>	Facility Costs	<input type="checkbox"/> Rental agreement, cancelled checks, approved allocation method and amount	
<input type="checkbox"/>	Utility Costs	<input type="checkbox"/> Invoices, cancelled checks, approved allocation method and amount	
<input type="checkbox"/>	Other (List here)		

**Administrative expenses** are expenses required to oversee the operations of CACFP. This can include administrative labor cost for the time it takes to train staff, complete renewals, update the budget, or site monitor. It can also include phone bills, electricity bills, cost of office space, or mileage (not listed above, can be listed in the other category) for staff who have to travel between sites.

## ALLOWABLE COSTS

To be allowable, all costs must have received prior approval from ODE CNP by being included on the approved budget and supported by documentation showing the cost was incurred for CACFP and paid with CACFP funds. Page 13 includes a list of common allowable costs and indicates costs that must have **specific prior written approval** by ODE CNP. Any costs not listed on that page must have specific prior written approval.

When thinking about allowable costs, think about whether the cost serves the CACFP or will allow improvements towards the CACFP operations at your site(s). Costs must be necessary and reasonable. In certain situations, only part of a cost may be allowable. This include shared costs that benefit multiple programs.



### Do you have any allocated costs?

Some expenses cannot be charged entirely to CACFP because they are shared between programs. This can apply to any of the operating or administrative costs listed. Think about the expenses that you listed on the previous pages, are any of them shared costs?

**Example 1:** A sponsor operates both CACFP and a non-CACFP meal program and purchases all foods together. The food costs must be allocated.

**Example 2:** Garbage services are used by both the kitchen serving CACFP and other parts of the organization. The utility cost must be allocated.

Not every sponsor will need to allocate costs. If you are only charging food costs and some food service supply costs to the NPFS fund and you don't operate any other food programs or share any of the costs with other programs, you can skip this section.

## DETERMINING ALLOCATION AMOUNTS

Allocation methods will vary based on the expenses that are being allocated. Some costs, like labor costs, can be clearly coded by program and can be based on actual amounts charged or time spent. Other allocated costs require more calculations. Below are some common ways that costs are allocated. Check if you use the method listed. **All allocated costs require approval from ODE CNP and non-rental or utility allocated costs must receive specific prior written approval.**

<input type="checkbox"/> <b>Rental or Utilities</b>	<input type="checkbox"/> <b>Other Allocated Costs</b>
Rental or facility costs must be broken out by percentage, typically by time and space. How often is CACFP operating at the site compared to other programs and how much space does CACFP operations take? This percentage must be calculated using the CACFP Annual Budget in Schedules B and C.	There are many different costs that can be allocated and allocation methods will vary. For non-rental/utility allocations, sponsors must develop an equitable method of allocating costs to CACFP and submit it for approval to ODE CNP. ODE CNP will work with the sponsor to develop a system that will be equitable.

Note: Sponsors with **indirect costs** should reach out to their assigned Child Nutrition Specialist to determine the appropriate allocation method.



## How are you managing unallowable costs?

Unallowable costs are those that cannot be charged to the CACFP NPFS fund account. These may be necessary and reasonable costs to operate your organization, but do not further the goals of serving CACFP meals and snacks to your participants. Some costs are expressly unallowable, even if the cost appears to support CACFP. Unallowable costs must be paid using other funding sources.

Take a look at the list of common unallowable costs below and then think of how you would manage the common situations below that.

### Unallowable CACFP Expenses:

- Non-program expenses
- Costs not approved on the budget
- Costs that are not properly documented
- Administrative costs over 15% of reimbursement
- Licensing fees and other general business expenses
- Fundraising costs
- Improvement of facilities
- Bad debts, fines, and late charges
- Tips and gratuities

Situation 1	Your staff purchases all items for the week at the local grocery store, including coffee and tea for the teachers, supplies for crafts, as well as CACFP food items. How would you disallow unallowable items?	
Situation 2	Your cook also works in the classrooms as a substitute teacher, but she does not use different codes to track her time. Her time this month for CACFP is unallowable. How do you ensure future time on CACFP is documented correctly?	
Situation 3	Your dairy vendor started allowing tips and your office manager gave \$5. What account do you charge the tip to?	

### Answers for Situations 1-3:

- **Situation 1:** If receipts include both allowable and unallowable expenses, ODE CNP recommends crossing out all unallowable expenses, and totaling all allowable expenses to facilitate entering only the allowable total amount for your CACFP NPFS fund account.
- **Situation 2:** To charge labor costs when staff works on multiple programs, timesheets must be maintained for all labor charged, and a time distribution report of the time spent on CACFP and non-CACFP activities must be available showing what portion of labor costs can be charged to the NPFS account. Payroll records must also be kept. Labor costs must be charged based on actual time spent on CACFP.
- **Situation 3:** Tips and gratuities cannot be charged to the NPFS account. This will need to be charged to another unrestricted fund.



### How do you track CACFP income?

CACFP reimbursements will often be the major source of your CACFP income. Reimbursements are provided for meals and snacks that meet nutrition standards for CACFP as well as eligibility requirements for participants and sponsors. Reimbursement rates vary from sponsor type and may be based on participant income eligibility percentages. Rates will vary by sponsor. You can use the ODE CNP [Estimate Your CACFP Reimbursement Calculator](#) for an idea of how your monthly reimbursement might look.

Some sponsors may have additional funding sources. All sources of Child Nutrition Program funds may be deposited in the NPFS account, but must be tracked separately by the source of funding. If funds are restricted to be used in the CACFP, then it should be tracked as CACFP income.

Below, list out your sources of CACFP income for this year.

Funding Source	Estimated Amount (\$)	Notes
CACFP Reimbursements		

## DETERMINING NPFS—ACCOUNT BALANCE

Sponsors must determine if they are meeting non-profit food service (NPFS) requirements on a monthly basis. To meet NPFS requirements, CACFP funds must be tracked separately from other funds and must be spent only on allowable costs. Any unspent CACFP funds (positive account balance) must be reserved for future CACFP costs. If you have a negative account balance, additional funding must be moved over to the CACFP fund account to cover the unfunded costs.

Below is a list of CACFP income and expenses that you have reported in this workbook. Add in the estimated income and expenses for a given month and see if you are meeting NPFS.

Month/Year	
------------	--

CACFP Operating Expenses	Monthly Expenses (\$)
Food Costs	
Donated Food	
Food Service Supplies	
Operating Labor	
Contracted Services	
Facility Costs	
Utility Costs	
Other(List here)	
<b>Total</b>	

CACFP Income	Monthly Amount (\$)
CACFP Reimbursements	
<b>Total</b>	

CACFP Admin Expenses	Monthly Expenses (\$)
Admin Labor Costs	
Contracted Services	
Facility Costs	
Utility Costs	
Other(List here)	
<b>Total</b>	

<b>Monthly Balance</b>	
<b>If negative, additional funding source?</b>	
<b>If positive, plan to spend down?</b>	



## CREATING A BUDGET

The annual CACFP budget is a way for ODE CNP to approve allowable costs and for determining VCA. All CACFP expenses that will be charged towards the CACFP NPFS fund must be documented in the annual budget and submitted to ODE CNP for approval each year.

**Expenses not approved in the CACFP budget are not allowable.**

The ODE CNP Budget template is updated each year and sponsors will be instructed on where to download the file in their Renewal Memo. Sponsors who need step-by-step guidance on completing the budget can review the ODE CNP [Budget Guidance and Procedures](#) tool.

Sponsors should develop their budget each year based on CACFP income and expenses from the prior year. Basing the budget on past experience and making adjustments for anticipated changes will help sponsors to develop a budget that supports their financial plan for CACFP.

## CHECKLIST FOR YOUR BUDGET

Complete the following tasks as preparation for creating your budget:

- One responsible principal/person listed in CNPweb to complete the budget
- A second responsible principal/person listed in CNPweb review to review the budget (this cannot be the same person)
- Review the following resources:
  - [Budget Guidance and Procedures](#)
  - [FNS Instruction 765-2 Rev. 4](#)
  - [USDA Guidance for Management Plans and Budgets](#)
- Figure out your projected CACFP income for the upcoming fiscal year
- Figure out what unrestricted funds will be available
- A list of all operational expenses and general costs
- A list of all administrative expenses and general costs

# THE MANAGEMENT PLAN AND FINANCIAL MANAGEMENT PROCEDURE

A **management plan** is part of the application process for CACFP. It includes a broad list of tasks related to the operations of CACFP and provides ODE CNP with an idea of how your organization will run CACFP. The management plan in CNPweb has questions on financial management and those select questions are included on pages 28—33 of this workbook.

While the management plan provides a general overview of CACFP operations, the **procedure for non-profit food service**, also known as the **written financial management procedure**, provides a detailed look into how your organization will implement financial requirements as part of CACFP. The ODE CNP procedure template is available on pages 34—47 of this workbook.

Together, the management plan and the financial management procedure work together to provide a comprehensive picture of how your organization operates CACFP. Information in the management plans, written procedures, and budget must match when the topics intersect. When they do not match, ODE CNP may view this as a potential area of concern.

Both the management plan and financial management procedure are considered **living documents** that are expected to be continually updated as situations change. Sponsors must update both of them as needed. When ODE CNP is on review, the expectation is that sponsors will be operating according to their management plan and written procedures.

## NOTES ON COMPLETING THIS WORKBOOK

The next section of this workbook will include completing your own management plan and financial management procedure.

- Sections or questions that do not apply to all sponsors will have a N/A box that can be checked. N/A stands for Not Applicable. If there are no N/A boxes available, the questions will apply to all sponsors.
- This workbook has linked sections and some answers provided earlier in the workbook will auto-populate in the management plan or the procedure for maintaining non-profit food service.
- ODE CNP also has a narrative Word Document template for the procedure for maintaining non-profit food service for sponsors who prefer to include more detailed information.
- If you have questions, review the resources available on page 47 or reach out to your assigned Child Nutrition Specialist.



## Maintaining Non-Profit Food Service

### Management Plan and Financial Management Procedure

Sponsor Name	
Procedure Revision Date	

#### Overview of CACFP Requirements:

- Sponsors must maintain **non-profit food service** meaning that “all food service operations conducted by the institution [is] principally for the benefit of enrolled participants, from which [CACFP] Program reimbursement funds are used solely for the operation or improvement of that food service.” ([FNS 796-2, Rev 4](#))
- Non-profit food service must be documented by the sponsor showing that all CACFP income is spent on Program expenses.
- Acceptable documentation includes itemized receipts, invoices, time and attendance reports, payroll records and bank statements.
  - Sponsors who operate multiple Child Nutrition Programs must account for these funds in the nonprofit food service account separately by Program.

**Information provided in the Management Plan and written Financial Management Procedure must match information provided on the CACFP Annual Budget and reflect current practices.** Sponsors must update the Management Plan and the written Financial Management Procedure when situations change.

#### Sponsor Notes

## Management Plan

This abbreviated management plan only includes questions related to CACFP financial management from the full CNPweb Management Plan under the Applications Tab. The management plan provides an overview of your organization’s CACFP operations. Complete this management plan to provide a “big picture” view of how you are ensuring non-profit food service requirements are met in the CACFP.

### **Financial Viability and Financial Management:**

In this section, indicate the resources used. Institution refers to your organization, and facility means your site(s).

Fiscal Resources and Financial History	Check all Resources that apply
If the institution should experience a temporary interruption of CACFP funds, how would it continue to operate?  (See: Schedule A of the CACFP Annual Budget)	<input type="checkbox"/> Line of Credit/loans <input type="checkbox"/> Tuition/parent fees <input type="checkbox"/> Sponsor discretionary funds <input type="checkbox"/> Other, provide explanation:
If the institution must repay CACFP funds due to an over-claim, how would this be done?  (See: Summary Tab of the CACFP Annual Budget)	<input type="checkbox"/> Line of Credit/loans <input type="checkbox"/> Tuition/parent fees <input type="checkbox"/> Sponsor discretionary funds <input type="checkbox"/> Other, provide explanation:
Does the institution have a waiting list for enrollment at one or more facilities?	<input type="checkbox"/> Yes <input type="checkbox"/> No

### **Institution Structure and Capability:**

In this section, indicate all program staff who will be responsible for the following CACFP management functions. See: Schedules B and C of the CACFP Annual Budget.

CACFP Function	Staff Position(s)/Title(s)
CACFP management/coordination	
Compiling claims for reimbursement	
Completing CACFP Budget	
Site Monitoring	
Purchasing and preparing food	
Maintaining receipts and invoices to document non-profit food service	
Maintaining food and labor costs	
Written Policies and Procedures	

**Site Monitoring:**
 Check if Not Applicable

Required for multi-site Sponsors. Federal regulations require that sponsors employ staff sufficient to ensure that for every 25-150 centers sponsored, at least one full-time equivalent (FTE) staff is devoted to monitoring activities. Fill out this table to determine the total monitoring FTE needed. If this section is not applicable, check the Not Applicable box above. See also: Schedule C of the CACFP Annual Budget.

Allowable Activities for Site Monitoring	Sponsor Responses
Number of Sites	
Number of Site Monitoring Reviews per Year	
Number of CACFP Operation Months per Year (12 maximum)	
Average Number of Reviews per Month	
Estimated Site Monitoring Staff Hours per Month (includes preparation, travel, follow-up, documentation, and site review including 5-day reconciliation, and other required items).	
Estimated Average hours per Month for Child Enrollment Form Collection, Processing, and Tracking (The number will be "0" for Afterschool At-Risk, Emergency Shelters, and Adult Care Programs)	
Estimated Hours for New Site Pre-Approval and 30-day Follow-up Reviews (The number will be "0" unless the sponsor plans to add 1 or more sites during the fiscal year)	
Total Monitoring FTE (FTE = 173.3 hours/month)	

**Site Monitoring** is a requirement for any sponsor with more than one site, however it is best practice for all sponsors to monitor all sites. Multi-site sponsors must monitor each site as least three times per year with no more than six operating months between each review. Site Monitoring Requirements can be found in the [ODE CNP CACFP Policy and Procedure Manual](#), Chapter 14.

**Fiscal Accountability:**

This section covers questions related to fiscal integrity and accountability for all funds and property received, held, and disbursed.

**Account(s):**

Question	Sponsor Response
Does your institution have a bank account?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Note: An organizational bank account is required.

**CACFP Financial Records:**

What documentation is maintained on file to support CACFP **expenditures/expenses**? (Check all that apply)

Check Here	Documentation Maintained
<input type="checkbox"/>	Itemized receipts, invoices, and bills
<input type="checkbox"/>	Timesheets
<input type="checkbox"/>	Time distribution reports
<input type="checkbox"/>	Rental agreements
<input type="checkbox"/>	Bank records
<input type="checkbox"/>	Payroll records
<input type="checkbox"/>	Board minutes
<input type="checkbox"/>	Cost allocation plans
<input type="checkbox"/>	Procurement documentation, e.g., bids, quotes, etc.
<input type="checkbox"/>	Balance sheet
<input type="checkbox"/>	Other, provide an explanation here:

**Validation of Receipts and Expenditures:**

Question	Sponsor Response
How frequently are CACFP receipts and expenditures validated against the budget?	<input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other, provide an explanation here:

**Financial Records** will vary from sponsor to sponsor due to different expenses that may be charged to the CACFP, however, all sponsors must have the following at a minimum:

- For **CACFP expenses**: Food receipts and/or invoices for meals
- For **CACFP income**: Claim reimbursement documentation
- To show that **expenses were paid**: Bank statements
- To show that **non-profit food service** was met: Profit and loss reports or equivalents

Additional documents may be required depending on the expenses charged to the program.

### Consolidating Claims:

What methods are used to consolidate and submit claims for reimbursement before the claim deadline and ensure only eligible meals are claimed? (Check all that apply)

Check Here	Methods Used
<input type="checkbox"/>	Point of service meal counts are used for preparing the claim.
<input type="checkbox"/>	Claims are reviewed by a second party for accuracy prior to submission for reimbursement.
<input type="checkbox"/>	Menus and menu documentation reviewed for meal pattern compliance.
<input type="checkbox"/>	One Month Enrollment Report reviewed for accuracy.
<input type="checkbox"/>	Regulatory edit checks are performed prior to submission for reimbursement.
<input type="checkbox"/>	Claim deadline reminder, e.g., calendar, tickler file, etc.
<input type="checkbox"/>	Back up claim staff
<input type="checkbox"/>	Reimbursement does not exceed two meals and one snack or one meal and two snacks per child per day.
<input type="checkbox"/>	Each participant claimed is enrolled and attending the facility.
<input type="checkbox"/>	Only approved meal types are claimed.
<input type="checkbox"/>	Reimbursement is not claimed for meals served in excess of the facility's authorized capacity or total enrollment.
<input type="checkbox"/>	Meals are only claimed for approved facilities.
<input type="checkbox"/>	Meals are only claims for participants that are within the regulatory age limit.
<input type="checkbox"/>	Monthly For-Profit roster reflecting 25% or more enrolled participants qualify as free and/or reduced price.
<input type="checkbox"/>	Other, provide an explanation here:

### Site Affiliation:

Question	Sponsor Response
Are all sites affiliated with the sponsor? (Affiliated means they are part of the same legal entity)	<input type="checkbox"/> Yes <input type="checkbox"/> No
If no, does the institution disburse reimbursement to facilities within five working days or receipt of payment from ODE CNP?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable

Sponsors with **unaffiliated sites** are rare in Oregon. An example of a sponsor with unaffiliated sites can include a community organization that agrees to oversee CACFP for a day care center that they do not operate and is a separate legal entity. This type of agreement has more regulatory requirements, including the requirement to disburse reimbursements to the facility operating the site within five working days that payment is received from ODE CNP.

**CACFP Fund Management:**

What methods are used to ensure that CACFP funds are used in accordance with [FNS Instruction 796-2, Rev 4](#)? (Check all that apply)

Check Here	Methods Used
<input type="checkbox"/>	Referred to <a href="#">FNS Instruction 796-2, Rev 4</a> , <a href="#">ODE Budget Guidance</a> , and CACFP Center Policy Manual as needed.
<input type="checkbox"/>	Cost allocation plans are used for costs shared between programs.
<input type="checkbox"/>	Only costs included in the annual budget are charged to CACFP.
<input type="checkbox"/>	Receipts are reviewed to ensure no unallowable costs are accounted as CACFP costs.
<input type="checkbox"/>	Sought guidance from ODE CNP staff.
<input type="checkbox"/>	Other, provide an explanation here:

**Internal Controls:**

What system of safeguards and controls is in place to prevent and detect improper financial activities by employees? (Check all that apply)

Check Here	Methods Used
<input type="checkbox"/>	Different employees are responsible for food ordering and food delivery receipt.
<input type="checkbox"/>	Different employees are responsible for receipt and expenditure of funds.
<input type="checkbox"/>	Different employees are responsible for verifying claims and submitting claims.
<input type="checkbox"/>	More than one signature is required for checks used for paying CACFP expenditures.
<input type="checkbox"/>	Accountant prepares monthly reports and yearly tax returns.
<input type="checkbox"/>	Annual Single Audits are performed.
<input type="checkbox"/>	Board reviews CACFP expenditures and gives approval prior to purchases being made.
<input type="checkbox"/>	Board makes fiscal decisions for CACFP.
<input type="checkbox"/>	CACFP duties are rotated periodically within the institution.
<input type="checkbox"/>	Inventory is taken periodically for items purchased with CACFP funds.
<input type="checkbox"/>	Other, provide an explanation here:



**Procurement:**

Question	Sponsor Response
Does the institution have a written procurement procedure that follows applicable federal regulations?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Recordkeeping:**

Where are the following records kept?

CACFP Financial Records	Central Office	Site	Online	Not Applicable
Reimbursement Claims	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receipts/Invoices of Expenditures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit Card and Bank Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vended Meal Agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Procurement Records	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Additional Sponsor Notes:**

## CACFP Financial Management Procedure

Completing this CACFP Financial Management Procedure template will meet the regulations under [7 CFR 226.6\(b\)\(1\)\(xviii\)\(C\)](#)(2 and 4) requiring all CACFP sponsors to have written management controls in place to ensure fiscal integrity of all program funds, accountability of all expenses, use of funds only for authorized purposes, and that administrative costs do not exceed the regulatory limits. Sponsors may use their own templates, however, using this template will help sponsors to provide all required information.

Notes on using this template: Fill in all sections, as applicable. Sections that will not apply to all sponsors include a 'Not Applicable' checkbox.

### I. Record Process and Timeline:

#### A. Overview:

##### 1. Overview of Non-Profit Food Service (NPFS):

Sponsors must ensure non-profit food service operations, meaning that CACFP income and expenses must be accounted for separately from organizational income and expenses and only spent on allowable costs per the approved CACFP budget. In this section, answer questions related to the 'big picture' in financial oversight.

#	Overview Questions	Sponsor Responses
a	Software program used to track organizational income & expenses	Provide name of software here:
b	Method to document NPFS in software program: <input type="checkbox"/> CACFP fund account <input type="checkbox"/> CACFP account codes (Chart of Accounts) <input type="checkbox"/> ODE CNP Expense Report – if using this method, explain in more detail in under question c below	If CACFP fund account or CACFP account codes are used, identify the fund account number or account codes for CACFP expenses:
c	If applicable, identify software limitations that don't allow tracking CACFP separately	
d	What is your organization's fiscal year?	
e	Position(s) of staff who receives expense documentation (ex. invoices, receipts, etc.)	
f	Back-up position(s)	
g	When documentation is initially received, where is the document maintained?	

#	Overview Questions	Sponsor Responses
h	Are these documents given to another position after this to maintain?	<input type="checkbox"/> Yes <input type="checkbox"/> No
i	If yes, provide the position title who receives the document(s) - enter N/A if not applicable	
j	Back-up position(s) - enter N/A if not applicable	
K	What is the timeframe for submitting these documents to the position(s) responsible for maintaining them?	
l	How are documents submitted? Ex. Left on desk or mailbox, scanned and e-mailed, filed in common folder	

**2. Allowable and Unallowable Expenses:**

Allowable expenses are those that can be charged to the CACFP account (can use CACFP reimbursements for these costs) while unallowable expenses must be paid by other funding sources. Refer to [FNS Instruction 796-2, Rev 4](#) for information on allowable and unallowable expenses.

#	Allowable/Unallowable Expenses Questions	Sponsor Responses
a	How are allowable and unallowable expenses determined?	
b	Position(s) responsible for documenting allowable and/or unallowable expenses on receipts/invoices	
c	Back-up position(s)	

#	Allowable/Unallowable Expenses Questions	Sponsor Responses
d	Describe the method used to indicate allowable or unallowable costs, ex. highlight allowable or unallowable costs	
e	Position(s) responsible for determining if allowable costs were included in the approved annual budget and who ensures that allowable costs are accurately documented	
f	Back-up position(s)	
g	Position(s) who enter in unallowable costs on non-profit food service accounting software in 1a above	
h	Back-up position(s)	

**3. Allocated Costs:**

Not Applicable

Allocated costs are those which cannot be charged entirely to CACFP since they are shared with other programs. Allocated costs must be given prior approval by ODE CNP during budget approval annually. Non-rental/facility or non-utility costs requires Specific Prior Written Approval (SPWA). In the table below, indicate which costs are allocated and describe the process to determine the allocation percentages for each of the allocated costs listed above.

If the allocation is not determined based on percentages, write in N/A for Not Applicable under the “What is the ODE CNP Approved Percentage” and provide the specific methods used to determine equitable allocation charged to CACFP.

Allocated Costs	How allocation percentages/methods are determined
Identify the allocated cost:  What is the ODE CNP Approved Percentage?	
Identify the allocated cost:  What is the ODE CNP Approved Percentage?	
Identify the allocated cost:  What is the ODE CNP Approved Percentage?	
Identify the allocated cost:  What is the ODE CNP Approved Percentage?	

See Schedule C of the CACFP Annual Budget – expenses requiring a SPWA must be submitted with detailed information on method of allocation.

**Additional Allocated Costs Questions:**

#	Allocated Costs Questions	Sponsor Responses
a	Position(s) responsible for ensuring all allocated costs are charged per the ODE CNP approved allocation percentage on the approved CACFP annual budget	
b	Back-up position(s)	

#	Allocated Costs Questions	Sponsor Responses
d	Position(s) responsible for double checking the allowable costs against the approved budget to ensure that allowable costs are accurately documented	
e	Back-up position(s)	
f	Timeline for double checks, ex. monthly, quarterly, etc.	

**B. Operating Expenses:**

For the following list of operating expenses, indicate the position(s) and back-up position(s) who would enter the **invoices or receipts** for the expenses and the time frame to complete the reporting.

CACFP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Food Expenses		<input type="checkbox"/> When received within ___ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Donated Food Items  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within ___ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Non-Food Items  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within ___ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:

CACFP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Operating Labor Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Contracted Services  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Facility Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Utility Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Other Approved Operating Costs, list here:   <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:

**C. Administrative Expenses:**

Not Applicable

For the following list of administrative expenses, indicate the position(s) and back-up position(s) that would enter the **invoices or receipts** for the expenses and the time frame to complete the reporting. Sponsors not charging administrative expenses to the CACFP Non-Profit Food Service Fund must still document administrative labor on the annual budget.

CACFP Expenses	Position(s) responsible for entering expenses into tracking software and back-up position	Time frame for entering expenses
Admin Labor Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Contracted Services  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Facility Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Utility Costs  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:
Other Approved Operating Costs, list here:  <input type="checkbox"/> Not applicable		<input type="checkbox"/> When received within __ days <input type="checkbox"/> Weekly on _____ <input type="checkbox"/> Monthly, by _____ <input type="checkbox"/> Alternate time frame, enter here:



**D. Determining Non-Profit Food Service (NPFS):**

**1. Income Verification:**

To determine if you are meeting non-profit food status, it is important to understand what income sources are applicable and available.

#	Income Verification Questions	Sponsor Responses
a	Position(s) responsible for verifying the income and entering it into tracking software or report.	
b	Back-up position(s)	
c	Describe how the income documentation is maintained. Ex. Electronically, by downloading the monthly claims summary from CNPweb and documenting the claim reimbursement amount in the tracking software.	
d	Do you receive reimbursement income from other Child Nutrition Programs?	<input type="checkbox"/> No <input type="checkbox"/> Yes – list all programs below:
e	If yes, how do you ensure income & expenses for each CNP is documented in the NPFS account?	
f	What additional funds do you receive for operating CACFP? List all funding sources, including Farm to Child Nutrition Programs, sanitation grants, expansion grants, etc.	
g	Describe the process that is used to document annual CACFP income and expenses	

**2. Verifying 50% of Reimbursement is Spent on Food Expenses:**

As a food program, sponsors must ensure that food costs will comprise a minimum of 50% of the CACFP reimbursements earned. In this section, provide information showing that there is a system to ensure compliance with this requirement.

#	Verification Questions	Sponsor Responses
a	Position(s) responsible for verifying that 50% of the reimbursement received each month is spent on food	
b	Back-up position(s)	
c	Describe the steps and documentation used to verify 50% of reimbursement is used for food.	
d	If 50% of reimbursement is not used on food for a month, describe what is done to ensure this does not occur in the future	

3. **Administrative Expenses/Costs - 15% of Reimbursement Cap**  Not Applicable  
 Administrative expenses or costs are listed out in Section C: Administrative Expenses. Costs in excess of 15% of reimbursements must be charged to other non-CACFP funding sources (unrestricted funds). Check Not Applicable above if you do not charge administrative expenses to the CACFP fund.

#	Admin Cost Questions	Sponsor Responses
a	Position(s) responsible for verifying that Administrative Costs are limited to 15% of the reimbursement received for each month.	
b	Back-up position(s)	
c	Describe the steps and documentation used to verify no more than 15% of reimbursement is used for admin costs.	
d	If more than 15% of reimbursement is used on admin costs for month, describe what is done to remedy this.	

4. **Closing the Claim Month:**  
 Financial management oversight requires monthly tracking of CACFP income and expenses.

**Journal Entries** are records of a business transaction in your financial accounts which detail how transactions affect accounts and balances. It must identify the date, amount credited or debited, and a brief description of the accounts affected and the reason for the journal entry.

#	Closing Claim Month Questions	Sponsor Responses
a	Position(s) responsible for completing a Profit and Loss Report for the CACFP account or completing a monthly expense report.	
b	Back-up position(s)	
c	Identify the timing of completing a Profit and Loss Report or monthly expense report. Provide a timeframe. Ex. End of month, first week of the following month, etc.	
d	Which position(s) reviews the Profit and Loss report or monthly expense report after it is completed?	
e	Position(s) who determines whether funds must be transferred or journal entry completed.	
f	Back-up position(s)	
g	Position(s) that completes transfer of funds or journal entries	
h	Back-up position(s)	
i	If CACFP expenses are less than CACFP reimbursements earned, what steps are taken?	<input type="checkbox"/> The balance will remain in the CACFP account and applied to future CACFP purchases  <input type="checkbox"/> The balance will be applied to a different Child Nutrition Program expense, a journal entry will be completed, and documentation retained to support the transfer of funds (only applies to sponsors operating multiple Child Nutrition Programs, ex. SFSP)
j	Describe supporting documentation that will be maintained for fund transfers or journal entries.	

#	Closing Claim Month Questions	Sponsor Responses
k	Position(s) responsible for maintaining documenting for transferred funds or journal entries	
l	Back-up position(s)	

**5. Year-End Reconciliation:**

#	Year-End Reconciliation Questions	Sponsor Responses
a	Position(s) responsible to run a year-end reconciliation report at the end of the fiscal year to ensure all transactions entered into the software program or expense report matches the actual amounts received and spent.	
b	Back-up position(s)	
c	<p>If there is a CACFP positive fund balance, identify which position(s) will be responsible to develop a plan* to spend down funds on allowable CACFP expenses if more than 3 months of operating expenses are in the CACFP account?</p> <p>*Note: The plan must be submitted to ODE CNP, and approved, prior to spending excess funds.</p>	
d	Back-up position(s)	
e	If the CACFP account balance is negative, which position(s) will transfer funds or complete a journal entry?	
f	Back-up position(s)	
g	What source of unrestricted fund(s) will be transferred to cover the negative CACFP fund balance? List all.	
h	Describe the supporting documentation that will be maintained for fund transfers or journal entries.	

#	Year-End Reconciliation Questions	Sponsor Responses
i	Position(s) responsible for documenting transferred funds	
j	Back-up position(s)	

**II. Where Records Are Kept**

A. Describe the location (room, cabinet, file folder, file path) where the following records are maintained. Include any additional information that would be necessary for someone to locate these documents.

Check if N/A	Document	Location
	Reimbursement claims/income documentation	
	Itemized receipts, invoices, and purchase orders	
<input type="checkbox"/>	Timesheets and time distribution reports	
<input type="checkbox"/>	Rental agreements	
	Bank records	
<input type="checkbox"/>	Payroll records	
<input type="checkbox"/>	Board minutes	
<input type="checkbox"/>	Cost allocation plans	
	Procurement documentation, e.g., bids, quotes, contracts etc.	
<input type="checkbox"/>	Contracts, e.g., vended meal agreements	
<input type="checkbox"/>	Profit & loss report, ODE Expense Report	
<input type="checkbox"/>	Credit card statements	
<input type="checkbox"/>	Other - List here:	

**III. Resources Used/Reviewed:**

1.  [CACFP Policy and Procedure Manual](#), Chapter 7
2.  [ODE CNP's Financial Management Guidance](#)
3.  [ODE CNP Memo on Fiscal Policy and Procedure Requirement](#), February 8, 2021
4.  [ODE CNP's Budget Guidance and Procedures](#)
5.  [FNS Instruction 796-2, Rev 4.](#)
6.  [Guidance for Management Plans & Budgets](#) – USDA Resource, December 2013
7.  [7 CFR 226.6\(b\)\(1\)\(xviii\)](#) – CACFP Performance Standards 1, 2, and 3
8.  [2 CFR 200 Subpart D](#) – Post Federal Award Requirements
9.  [2 CFR 200 Subpart E](#) – Cost Principles, 200.405 – Allocable Costs
10.  [2 CFR 400](#) – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
11.  [2 CFR 415](#) – General Program Administrative Regulations
12.  [Assessing Costs in the CACFP](#), USDA FNS Memo CACFP 08-2015
13.  Additional resources – List below:

**Additional Sponsor Notes:**

# Sponsor Notes