



## SECTION 3: Financial Management

Child Care Centers participating in CACFP must demonstrate fiscal management and nonprofit foodservice.

- Operating Costs
- Administrative Costs
- Purchasing
- Documentation of Nonprofit Foodservice, CACFP-214

# Financial Management and Nonprofit Documentation

**Meal Reimbursement Information:** Meal reimbursement for child care centers is based upon claiming category (free, reduced, or paid). The claiming category is determined by comparing family size and household income data to the income eligibility guidelines. The reimbursement rates are effective from July 1<sup>st</sup> through June 30<sup>th</sup>. The reimbursement rate for the breakfast, lunch, and snack meals include the USDA established cash-in-lieu of commodity rate. The current meal reimbursement rates are located on the Child and Adult Care Food Program (CACFP) website under Rates located at: <http://health.mo.gov/cacfp>.

**Fiscal Management:** The purpose of the financial management review is to verify all financial information related to the nonprofit meal service. The purpose is also to assure costs charged to the nonprofit foodservice are used to meet CACFP meal requirements and that costs claimed for reimbursement under CACFP are allowable, meaning they are necessary and reasonable for the effective and efficient operation of the food service.

The review of the institution's financial management includes a review of all income to and expenses of the organization whether it is an independent (single) center or a sponsoring organization (SO) of multiple facilities. **Organizations and facilities must maintain and retain the required documentation.** Failure to maintain these records may be grounds for the denial of reimbursement.

**Nonprofit foodservice** is defined as food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the program reimbursement funds are used solely for the operations of improvement of such food service." Reference: December 2013 USDA-FNS Monitoring Handbook for State Agencies.

**Operating Costs** represent allowable expenses incurred by the institution for the preparation and service of meals under CACFP. Allowable operating costs include, but are not limited to: food and non-food supplies (e.g. napkins, cooking and eating utensils); compensation for food service labor cost; and costs for purchases or services.

**Food Costs** are expenditures for the food used in all meals under CACFP. Original, itemized food and milk records or receipts must be maintained to support monthly claims for reimbursement and to document nonprofit foodservice operations. Receipts must be machine generated, dated, itemized, and legible. If meals are provided by a caterer or foodservice management company, the center must maintain original expense documentation of catered meals as well as any incidental food and non-food purchases.

The Department of Health and Senior Services-Community Food and Nutrition Assistance (DHSS-CFNA) will examine original food and milk receipts and invoices to

determine if the center purchased adequate amounts of food and milk to meet the minimum meal pattern requirements and that the receipts support the menu for the review month. Food items, perishables in particular, must be purchased or delivered on a regular basis due to their limited shelf life. Receipts should verify purchase of menu items prior to the date the menu items are on the daily dated menu.

**Fluid milk is a required meal component at breakfast, lunch, and supper meals.**

Program regulations require that at least the minimum amount of all components be served to allow the meals to be claimed for reimbursement. Unflavored, whole milk must be served to children 1 year old. Unflavored low-fat (1%) or fat-free (skim) milk must be served to children 2 through 5 years old. Unflavored/flavored low-fat (1%) or fat-free (skim) milk must be served to children 6 years old and older and adults.

Document the type of milk served on the menu. Inadequate milk purchase amounts and non-compliant milk purchase types will result in meal disallowances at CACFP monitoring reviews.

Milk purchase requirements for breakfast, lunch, and supper are as follows:

<b>Amount</b>	<b>Servings per Gallon</b>	<b>Age of Participants</b>
4 oz. or ½ cup	32 servings	1 through 2 years
6 oz. or ¾ cup	21 servings	3 through 5 years
8 oz. or 1 cup	16 servings	6 years and older

**Food Service Labor Costs:** Centers must document the cost of food service labor needed for the operation of the CACFP. This may include wages, salaries, employee benefits, and the share of taxes paid by the independent center necessary to perform the following tasks: menu planning and purchasing, meal preparation, serving, and clean-up of program meals; supervision of day to day food service operations, including supervision of children during the meal service; and on site preparation of daily program meal service records.

**Non-Food Supply Costs** include small kitchen equipment, paper goods, such as napkins and straws, and cleaning supplies used directly for the food service operation. Itemized receipts must be kept on file as documentation.

**Purchased Services – Indirect Costs** are items such as prorated utilities (shared services), equipment rental, rental of facilities and minor repairs. Refer to the Sponsor’s Budget tab on the CACFP web-based system for indirect expenses approved for your center. Independent centers are required to update the budget every three fiscal years during the CACFP renewal process. Sponsoring Organizations must submit updated budgets annually. CFNA will provide assistance on what records are needed to support these costs.

**Administrative Costs** are expenses and allowable costs incurred by an organization in planning, organizing, and managing the food service operation under CACFP. These costs may include labor for management, fringe benefits, traveling, and other costs necessary to manage and implement the program [FNS Instruction 796-2, Rev. 4 (VII D 2)]. The portion of the administrative costs to be charged to the program may not exceed 15 percent of the meal reimbursements estimated or actually earned during the budget year [(7 CFR 226.16(b)(1))].

### **Miscellaneous Food Purchasing Information**

**CACFP food purchased with a Supplemental Nutrition Assistance Program (SNAP, formerly called Food Stamps) electronic benefit transfer (EBT) card is not allowed and demonstrates a lack of business integrity.** SNAP Regulation program violations consist of having intentionally used, presented, transferred, acquired, received, possessed or trafficked authorization cards. The Family Support Division (Social Services) will be notified when CACFP purchases are made using an EBT card.

**Food Sources:** To claim reimbursement for meals or snacks, centers must supply all of the CACFP meal components and the food must originate from a source in compliance with Missouri Food Code laws. These traditional (approved) food sources include food purchased from foodservice distributors, supermarket chains, convenience stores, local grocers, and other retail stores selling food and non-food items in compliance with Missouri Food Code laws. Some examples of non-traditional (approved) food sources that may be used as part of a reimbursable meal include but are not limited to:

- **Center Gardens** - costs associated with growing food that will be used in the CACFP, either as part of a meal service or for activities related to nutrition education are allowable. These costs may include seeds, fertilizer, labor, plot rental, etc. However, the center must maintain documentation of costs incurred.
- **Food Bank and Food Pantries** - nonprofit, faith-based and public centers may be eligible to purchase food from approved sources with appropriate documentation. Itemized receipts with the agency price, per pound for instance, price extension and food name must be maintained. Contact CFNA to ensure food bank and pantry purchases are creditable.
- **Farmers Market or Roadside Produce stands** - are limited to purchase of fresh and not packaged, unprepared (whole, uncut) locally grown fruits, vegetables, in-shell nuts and fresh herb sprigs. Garden donations of fresh produce grown in gardens other than the center garden may be used as part of a reimbursable meal and include these same items.

Refer to the USDA Food Buying Guide for Child Nutrition Programs (FBG); for additional information prior to purchasing items from approved and unapproved sources.

**Income and/or Additional Funding:** Sources of funding can vary by organization type, size, and structure. In addition to the reimbursement from CACFP, some institutions fund their operation from tuition fees and fund raising activities while others

may have other funding streams generated from activities outside of CACFP. Program income is the gross income generated from activities, local government sources, any center funds used to subsidize the food service program, any income for adult meals and any other income including loans and donations to the food program. Regardless of the source, all income must be maintained in the nonprofit foodservice account and used for only approved costs. Please contact DHSS-CFNA if you need further guidance.

**Documentation of Nonprofit Foodservice (CACFP-214)**: This form may be used to document monthly food service costs and expenses and the amount of labor and indirect costs attributable to the food service.

**How to use CACFP-214:**

- Compare the total amount of food cost expenditures to the CACFP monthly reimbursement. If the food cost expenditures for the month are greater than the monthly CACFP reimbursement, the center does not need to document other operating costs. **If the food costs for the month are less than the monthly CACFP reimbursement, the center must document food service labor costs (+ non-food supplies, if needed) on form CACFP-214.**
  - NOTE: The food, non-food, and labor costs total typically exceeds the reimbursement and no further action needs to be taken; however, if the food costs + labor costs + non-food costs are less than the monthly CACFP reimbursement, then expendable and non-expendable must be calculated.
    - Expendable food service equipment has a durability under two years and costs \$5,000 or less.
    - Non-expendable food service equipment has a durability of two years or more with a cost exceeding \$5,000.
- Add total labor costs, total food costs, non-food costs and total indirect costs (if applicable) on CACFP-214 to get the “Grand Total” sum. Compare this amount to the monthly CACFP reimbursement, plus meal income (if applicable), to the program.



MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES  
 COMMUNITY FOOD AND NUTRITION ASSISTANCE (CFNA)  
 CHILD AND ADULT CARE FOOD PROGRAM (CACFP)  
**DOCUMENTATION OF NONPROFIT FOODSERVICE**

**Correct Example**

FACILITY NAME		CLAIM MONTH						
ANN'S ANGELS DAY CARE CENTER		MARCH CLAIM \$2,450.10						
POSITION TITLE/EMPLOYEE	SALARY PER HOUR	X	HOURS WORKED PER DAY ON FOOD SERVICE	X	DAYS WORKED PER MONTH	X	SUB TOTALS	
Center Director	\$10.00 / hour	X	1 hour / day = \$10.00	X	20 days / month	X	\$200.00	
Teacher Aide	\$8.50 / hour	X	2.5 hours / day = \$21.25	X	20 days / month	X	\$425.00	
Cook	\$7.50 / hour	X	6 hours / day = \$45.00	X	20 days / month	X	\$900.00	
		X		X		X		
		X		X		X		
		X		X		X		
		X		X		X		
		X		X		X		
		X		X		X		
<b>TOTAL LABOR COST</b>								

INDIRECT COSTS	AMOUNT	X	PERCENT OF FOODSERVICE USAGE OR PERCENT OF FOODSERVICE SQUARE FOOTAGE	=	SUB TOTALS	GRAND TOTAL SPENT ON CACFP
Waste disposal	\$48.00	X		=	\$48.00	\$1,225.00
Utilities	\$240.00	X	15%	=	\$36.00	
		X		=		\$1,525.00
		X		=		
<b>TOTAL INDIRECT COSTS</b>					<b>\$84.00</b>	<b>\$2,834.00</b>



MISSOURI DEPARTMENT OF HEALTH AND SENIOR SERVICES  
 COMMUNITY FOOD AND NUTRITION ASSISTANCE (CFNA)  
 CHILD AND ADULT CARE FOOD PROGRAM (CACFP)  
**DOCUMENTATION OF NONPROFIT FOODSERVICE**

POSITION TITLE/EMPLOYEE	SALARY PER HOUR	X	HOURS WORKED PER DAY ON FOOD SERVICE	X	DAYS WORKED PER MONTH	X	CLAIM MONTH		
							=	SUB TOTALS	
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
		X			X		=		
<b>TOTAL LABOR COST</b>								=	

INDIRECT COSTS	AMOUNT	X	PERCENT OF FOODSERVICE USAGE OR PERCENT OF FOODSERVICE SQUARE FOOTAGE	=	SUB TOTALS	GRAND TOTAL SPENT ON CACFP
		X				
		X				
		X				
		X				
		X				
<b>TOTAL INDIRECT COSTS</b>						