

## SECTION 3: Financial Management

At-Risk Afterschool Care Centers and Outside School Hours Care Centers participating in CACFP must demonstrate fiscal management and nonprofit food service.

- Financial Management
- Operating Costs
- Administrative Costs
- Documentation of Nonprofit Foodservice



# Financial Management and Nonprofit Documentation

**Meal Reimbursement Information:** The At-Risk Afterschool programs are reimbursed at the free meal rate. The Outside School Hours programs are reimbursed based on the income eligibility of each child at the free, reduced-price, and paid rates. The reimbursement rates are effective from July 1<sup>st</sup> through June 30<sup>th</sup>. The reimbursement rate for the supper meal (or lunch, if approved to serve on weekends, holidays, and school breaks during the school year) includes the United States Department of Agriculture (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>.

**Financial 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 ensure costs charged to the nonprofit food service 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. All costs charged to the nonprofit food service must be listed in the budget approved by the state agency.

The review of the sponsor's financial management includes a review of all income and expenses of the organization, whether it is an independent (single) facility 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 food service** is defined as food service operations conducted by a sponsor principally for the benefit of enrolled participants, from which all the program reimbursement funds are used solely for the operations or improvement of such food service. (CFR 226.2)

**Operating Costs** represent allowable expenses incurred by the sponsor 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 costs, 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 food service operations. Receipts must be machine-generated, dated, itemized, and legible. If meals are provided by a caterer or food service management company, the facility must maintain original expense documentation of catered meals and 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 facility 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, especially perishables, must be purchased or delivered on a regular basis due to their limited shelf life. Receipts should verify the 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 participants 6 years old and older.

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:** Facilities 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 facility 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 participants 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 facility. Independent facilities and Sponsoring Organizations must submit updated budgets annually during the CACFP renewal process. CFNA will provide assistance on which 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, facilities must supply all of the CACFP meal components, and the food must originate from a source that is in compliance with Missouri Food Code laws. These traditional (approved) food sources include food purchased from food service 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:

- **Facility 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 facility must maintain documentation of costs incurred.
- **Food Bank and Food Pantries** - nonprofit, faith-based, and public facilities 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 the purchase of fresh and unpackaged, 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 facility garden may be used as part of a reimbursable meal and include the 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. The FBG is available at <http://health.mo.gov/cacfp> under Resources.

**Income and/or Additional Funding:** Sources of funding can vary by organization type, size, and structure. In addition to the reimbursement from CACFP, some sponsors fund their operation from tuition fees and fundraising 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 facility 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 food service account and used only for 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, the amount of labor, and indirect costs attributable to the food service. This form is available at <http://health.mo.gov/cacfp> under Forms.

#### **How to use CACFP-214:**

- Compare the total expenditure on food costs to the CACFP monthly reimbursement. If the food cost expenditures for the month are greater than the monthly CACFP reimbursement, the facility does not need to document other operating costs. **If the food costs for the month are less than the monthly CACFP reimbursement, the**

**facility 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 of 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).



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

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

INDIRECT COSTS	AMOUNT	X	PERCENT OF FOODSERVICE USAGE OR PERCENT OF FOODSERVICE SQUARE FOOTAGE	=	SUB TOTALS		GRAND TOTAL SPENT ON CACFP
		X		=		TOTAL FOOD COSTS (MAINTAIN RECEIPTS)	
		X		=		TOTAL NON-FOOD COSTS (MAINTAIN RECEIPTS)	
		X		=		TOTAL LABOR COSTS	
		X		=		TOTAL INDIRECT COSTS (IF APPLICABLE)	
TOTAL INDIRECT COSTS				=		GRAND TOTAL	



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**Correct Example**

FACILITY NAME <b>ANN'S ANGELS AFTERSCHOOL CARE</b>						CLAIM MONTH <b>MARCH CLAIM \$2,450.10</b>	
POSITION TITLE/EMPLOYEE	SALARY PER HOUR	X	HOURS WORKED PER DAY ON FOOD SERVICE	X	DAYS WORKED PER MONTH	=	SUB TOTALS
<b>Center Director</b>	<b>\$20.00 / hour</b>	X	<b>1 hour / day = \$20.00</b>	X	<b>20 days/month</b>	=	<b>\$400.00</b>
<b>Teacher Aide</b>	<b>\$14.00 / hour</b>	X	<b>2.5 hours / day = \$35.00</b>	X	<b>20 days/month</b>	=	<b>\$700.00</b>
<b>Cook</b>	<b>\$14.00 / hour</b>	X	<b>6 hours / day = \$84.00</b>	X	<b>20 days/month</b>	=	<b>\$1,680.00</b>
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
		X		X		=	
<b>TOTAL LABOR COST</b>						=	<b>\$2,780.00</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	TOTAL FOOD COSTS (MAINTAIN RECEIPTS)	\$1,825.50
Utilities	\$310.00	X	15%	=	\$46.50	TOTAL NON-FOOD COSTS (MAINTAIN RECEIPTS)	
		X		=		TOTAL LABOR COSTS	\$2,780.00
		X		=		TOTAL INDIRECT COSTS (IF APPLICABLE)	\$94.50
TOTAL INDIRECT COSTS				=	\$94.50	GRAND TOTAL	\$4,700.00