OSPI Child and Adult Care Food Program Reference Sheet

Allowable Costs

Child and Adult Care Food Program (CACFP) operators receive reimbursement through the Office of Superintendent of Public Instruction (OSPI) with funds from the United States Department of Agriculture (USDA). Because these are public funds, operators are responsible for following the ethical business and purchasing practices required by CACFP regulations and *Generally Accepted Accounting Principles* (GAAP) to account for CACFP funds. All CACFP reimbursements must be used for allowable costs.

Requirements

Cost Standards

- Costs paid with CACFP reimbursements **must** be necessary, reasonable, and allocable to the program.
- Allowable costs are classified as either operating costs or administrative costs.
- Costs may be direct or indirect. When a cost is shared, assign **only** the CACFP share to the program.

Administrative Cost Limits

- Sponsoring organizations of centers may not charge administrative costs of more than 15% of the meal reimbursements estimated or earned during the budget year.

Budget and Prior Approval

- In all cases, allowable costs must receive **prior** approval through the CACFP budget approval process.
- Some costs also require prior written approval and procurement documentation.

Documentation and Accounting

- Costs must be properly documented, disclosed, procured, and included in the approved CACFP budget. Costs that do not meet these conditions are unallowable and will not count toward the evaluation of the nonprofit food service.
- All food service program costs must be accounted for through the consistent use of *Generally Accepted Accounting Principles* (GAAP).
- Expenses are reviewed for compliance during financial management monitoring and administrative reviews.

Unallowable Costs and Excess Funds

- Unallowable costs cannot be paid with CACFP funds and must be accounted for separately from CACFP accounts.

- Any CACFP reimbursement revenue that exceeds expenses must be used to maintain, expand, or improve the nonprofit food service for participants.

Best Practices

- ✓ Spend at least 50% of reimbursements on quality food purchases (recommended).
- ✓ Maintain documentation for all purchases, disbursements, allocation records, and personnel activity.
- ✓ Compare allowable CACFP expenses to CACFP reimbursements monthly to evaluate the nonprofit food service and adjust promptly.
- ✓ Pay for unallowable purchases separately from CACFP costs.

References

- 7 CFR 226.2 – Definitions
- 7 CFR 226.7 – State Agency Responsibilities for Financial Management
- 7 CFR 226.15 – Institution Provisions
- 7 CFR 226.16 – Sponsoring Organization Provisions
- 7 CFR 226.22 – Procurement Standards
- 2 CFR 200, Subpart E – Cost Principles
- FNS Instruction 796-2, Rev. 4 – Financial Management: CACFP
- Guidance for Management Plans and Budgets: A CACFP Handbook

Acronyms

- CACFP – Child and Adult Care Food Program
- CFR – Code of Federal Regulations
- CNS – Child Nutrition Services
- FNS – Food and Nutrition Service
- GAAP – Generally Accepted Accounting Principles
- OSPI – Office of Superintendent of Public Instruction
- USDA – United States Department of Agriculture

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