OSPI Child and Adult Care Food Program Reference Sheet

Budget

Institutions participating in the Child and Adult Care Food Program (CACFP) must submit a budget showing the anticipated financial needs and resources required to operate the program. Once the annual budget is approved, institutions must follow it or submit revisions when circumstances change. The budget must show sufficient funding to cover planned expenses and identify non-CACFP funds available to support food service operations and repay any fiscal action, if applicable. All budgeted costs must be allowable under CACFP and be necessary, reasonable, authorized, current, properly allocated, and documented. Institutions must also account for all food service program costs by consistently applying Generally Accepted Accounting Principles (GAAP).

Budget Components

- All **projected revenue/income** for the CACFP should be accounted for in the budget.
    - CACFP reimbursement revenue estimate **and**,
    - Other business revenue or income to support:
        - Overclaim payments or other unallowable costs, **and**
        - CACFP expenses included in the budget
- Other revenue in the CACFP budget must be designated for CACFP use. It should not include business income or revenue already planned for other business needs. The CACFP budget is a subset of your business budget and should only reflect revenue that is planned to be used for CACFP.
- All **projected expenses** include both operating costs and administrative costs, if applicable.

Operating Costs

Costs incurred by the institution for preparing and serving meals to eligible children. Examples of operating costs:

- Food (purchasing/storing). The Office of Superintendent of Public Instruction (OSPI) recommends at least 50% of reimbursement be allocated to the food purchases line-item to support consistent compliance with the CACFP meal pattern and serving size requirements.
- Non-food items (items used in food preparation, service and clean up.)
- Labor (to prepare, deliver, and serve meals/clean up.)
- Facilities (rental of food service facilities and equipment, utilities, and repairs involved in food preparation, service, and clean-up.)
- Transportation (mileage for transporting meals or food items/supplies to meal sites.)

Administrative Costs, if applicable

Costs incurred by institutions for activities related to planning, organizing, and administering the program. Institutions can use up to 15% of their annual CACFP reimbursement on administrative costs. All costs that exceed the 15% limit must be accounted for in another budget and cannot be paid for using USDA funds. Examples of administrative costs:

- Labor (administrative, monitoring, training, bookkeeping.)
- Office supplies used for CACFP administrative duties.
- Facilities (rental of office space, equipment, repairs, and maintenance.)
- Transportation (mileage for monitoring, parking expenses.)
- Communications (telephone, postage, advertising.)

Monthly recordkeeping is required using accrual base accounting:

- Accrual base accounting is an accounting method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made.
- Total administrative expenditures, up to the 15% limit, must be entered with monthly claim submissions in the Washington Integrated Nutrition System (WINS).
- Financial reporting will be reviewed by OSPI on a quarterly and annually basis.

Balanced Budget

Once planned expenses and anticipated revenue are entered in the budget, institutions must evaluate whether the budget has sufficient revenue to pay for all planned expenses. Verify that the Total Annual Revenue in WINS is greater than the Total Costs/Expense in the budget.

Best Practices

Steps to comply with requirements:

- Analyze former costs and use realistic projections for costs.
- Budget 50% or more of the estimated CACFP reimbursement toward food purchases.
- Evaluate the budget before submitting for approval.
- Create policies and procedures for maintaining records and financial management.
- Maintain accurate records which justify all costs and meals claimed.
- Use tracking resources made available by OSPI for monthly expenditure records.
- Pay for unallowable purchases separately from allowable CACFP costs.

Resources

- FNS Instruction 796-2, Rev. 4
- Guidance for Management Plans and Budgets CACFP Program Handbook
- VCA Reference Sheet
- Non-Profit Food Service Reference Sheet
- Monthly Administrative Expenditure Worksheet
- Monthly Operational Expenditure Worksheet

Acronym Reference

- Child and Adult Care Food Program – Child and Adult Care Food Program
- CFR – Code of Federal Regulations
- CNS – Child Nutrition Services
- FNS – Food and Nutrition Services
- GAAP – Generally Accepted Accounting Principles
- OSPI – Office of Superintendent of Public Instruction
- USDA – United States Department of Agriculture
- VCA – Financial Viability, Capability, and Accountability
- WINS – Washington Integrated Nutrition System