

**North Carolina Department of Health and Human Services  
Division of Public Health  
Women's & Children's Health Section  
Nutrition Services Branch  
Special Nutrition Programs  
Child and Adult Care Food Program  
Instructions for Annual Budget for Sponsored Center's  
Program Year: October 1, 2011 - September 30, 2012**

The CACFP is a non-profit program. This means that the revenue received from CACFP must equal the expenses for the CACFP. All expenses must be necessary, reasonable and allowable per the Financial Management Guide (FNS 796-2, Revision 3). The budget is used as a tool to determine that the institution is financially viable per 7 C.F.R. § 226.6(b)(1)(xviii)(A) for new institutions and 7 C.F.R. § 226.6(b)(2)(vii)(A) for renewing institutions.

To complete this CACFP budget, you must know the expected amount of reimbursement from CACFP for the upcoming year, the amount of other funds available to spend on CACFP costs, and the total costs associated with operating the CACFP. The total costs associated with operating the CACFP will be shown in the first column "Budgeted Food Service Costs". Those costs to be paid by CACFP funds will be shown in the second column, "Use of CACFP Funds". The third column, "Use of Non-CACFP Funds" will be the costs paid by other funds and is the difference between column one and column two. The "Budgeted Food Service Costs" amount will not always be the total CACFP reimbursement. Column two "Use of CACFP Funds" will equal the "Projected CACFP Reimbursement" from Line 3.

Justification is necessary for each line item included in this budget. Justification will include cost comparisons with national salaries and fringe benefits, references to previous expenditures, and contracts. For example, salary justification will include a cost study to show that your salaries are within the acceptable range for the duties performed.

A cost allocation plan is used to equitably divide costs between two or more programs. Two of the most commonly used plans are the space allocation method and the time usage method. In some cases, it may be necessary to use a combination of the two. If another cost allocation plan is used then provide a complete explanation of the plan.

The State Agency will grant final approval of each budget.

<b><u>SPONSORED CENTER'S PROFILE</u></b>
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1. Sponsor Name: Enter the name of the Sponsoring Organization (SO).
2. Institution Name: Enter name of business as used in the CACFP.

3. Agreement Number: Enter CACFP agreement number for the SO.

## REVENUE

4. **Projected CACFP Reimbursement:** If you are a new center, it will be based on the number of children enrolled, number of free, reduced and denied status and the number of meals served per month. Use Attachment A: Computation of Projected Reimbursement.

If you have participated in the CACFP previously your projected revenue may be based on your past history of reimbursement from the CACFP. Use the total received in the prior year and if increases or decreases are expected, reflect the percentage and provide an explanation. Or you may also use the Attachment A: Computation of Projected Reimbursement.

5. List other sources of income that will be available to meet expenses for the Food Service Operations such as grants, loans, parent fees, DSS, or in-kind contributions. (The funds received from CACFP are not expected to pay for all of the expenses necessary to serve nutritious meals to children. In order to do this, other funds must be available.)
6. Add Lines 4 and 5 for the total projected annual income.

## CACFP COSTS

### WORKSHEET A: ADMINISTRATIVE EXPENDITURES

Administrative expenditures are those incurred to manage the CACFP effectively. Costs that are considered administrative **may** include any of the following: labor for management, trainers, and office staff; fringe benefits, office supplies, travel/training, communications and any other costs necessary to manage and implement the program. (If these costs are not incurred for CACFP purposes, they do not have to be listed.)

7. **Administrative Expenditures:**
- a. **Sponsor's Fees:** Compute by using the amount of reimbursement expected per Line 4 multiplied by the percentage charged by the SO for administering the CACFP. This amount can be no more than 15% of Line 4.
  - b. **Other Administrative Expenses:** List all other administrative costs that are related to the program not included in the above. If the fee's charged by the Sponsoring Organization are less than 15%, then other administrative costs may be paid for with CACFP funds. Please reflect the costs and how they are paid for, either with CACFP funds or with Non-CACFP funds.
    - i. **Administrative Labor:** Compute the amount of salaries paid to staff that perform administrative duties. Include taxes. Salaries of the Director and Office Personnel including any taxes that the employer has to pay for these employees that can be attributed to the CACFP.

Do not include operating labor in this line item. Operating Labor will be included in Worksheet F.

1. Examples: Labor includes Workman's Compensation and the employer's portion of Social Security.
- ii. **Fringe Benefits:** Include all fringe benefits paid for staff such as insurances and retirement.
- iii. **General Office Supplies:** Items that will be used in the course of conducting business for the CACFP. Example: Paper, pens, pencils, envelopes.
- iv. **Travel/Training:** These travel costs are those involved in administrative duties such as attending CACFP trainings and travel to bank or post office for CACFP purposes.
- v. **Contracted Services:** The costs of contracts with outside services related to the CACFP. Also include a copy of the contract for each of these services if any of the costs are to be paid for with CACFP funds. Specific Prior Written Approval must be granted from the State Agency prior to the incurring of these expenditures. Example: Nutritionists, Accountants, Attorney, ITS
- vi. **Communications:** The costs of communication that can be attributed to the CACFP. Telephone base rates are prorated and only the program share of the base rate and long distance charges related to CACFP are to be entered. A cost allocation plan will be necessary. Example: Telephone, cell phone
- vii. **Other Administrative Expenses:** List other administrative costs that are related to the program not included in the above.

**8. Total Administrative Expenditures:** Total the costs a through b (i - vii).

## **WORKSHEET B: OPERATING COSTS**

### **9. Operating Costs (List):**

- a. **Non-Food Supplies (Food Service):** These are the supplies necessary to operate and support the food program, such as paper products, kitchen supplies for cooking, serving and cleaning.
- b. **Operating Labor:** The wages of personnel, (including employer taxes such as Workman's Compensation) who prepares the food, serves the meals, or any other meal service related duties. Include only the prorated share of wages that can be attributed to the meal service duties such as planning, organizing and managing the nonprofit food service. Labor costs include Base salary. Proper documentation must be kept in order to claim these costs.
- c. **Fringe Benefits – Operating Labor:** Include all fringe benefits paid for staff such as insurances and retirement.
- d. **Rent and Utilities:** The cost of the space used for CACFP purposes is allowable. A cost allocation plan will be necessary to determine the costs for rent and utilities.

- e. **Contracted Services:** Costs for equipment, janitorial, trash pick up, or any others that a contract is used. Include the contract with the justification. These costs must receive Specific Prior Written Approval from the State Agency prior to incurring the expenses.

**10. Food:** Include all costs for food used to prepare and serve the meals to the participants.

**Food Service Management Co.:** Contract amount between the institution and an organization other than a public or private non-profit school, in which the company agrees to prepare, and unless otherwise agreed upon, to deliver meals, with or without milk, for your CACFP. Provide a copy of the contract. If the contract is for more than \$100,000, the procurement policy must be followed and bids must be taken. If the contract is with the School Authority bidding is not required.

**11. Travel:** Allowable costs include those to purchase the food used in the CACFP and if a central kitchen is used that is off site from the center, the cost of taking the food to the daycare would be allowable.

**12. Equipment:** These costs are those for equipment used in the kitchen or operation for the CACFP. Stove, refrigerator, microwave, freezer, dishwasher are examples of equipment used in the kitchen. For those whose cost is more than \$5,000, the cost would be depreciated and a fixed amount claimed each year as the cost instead of the entire cost claimed in the year of purchase. Depreciation methods accepted by the CACFP are those set forth by the IRS, straight-line or double declining are the most common. Attach a copy of the depreciation schedule. Must follow CACFP Procurement procedures. These costs will need Specific Prior Written Approval prior to incurring the expenditure.

**13. Other:** Other allowable costs can be listed in this column.

**14. Total Operating Costs:** Total lines 9 – 13.

**15. Total Administrative and Operating Costs:** Total Line 8 and Line 14.

**Total Administrative and Operating Costs** – The total in the second column “Use of CACFP Funds” must be the same as the Projected CACFP Reimbursement, Line 4.

### **CERTIFICATION AND SIGNATURE**

The Owner or Chairman of the Board must sign and date this budget.

Attachment A: Computation of Projected Reimbursement