



North Carolina Department of Health and Human Services
Division of Public Health

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February 8, 2013

CACFP 13-3
SFSP 13-9

MEMORANDUM

To: Institutions Participating in the Child and Adult Care Food Program
Sponsors Participating in the Summer Food Service Program

From: Arnette Cowan, Head 
Special Nutrition Programs

Subject: Tax Exempt Status for Private Nonprofit Organizations and Churches in the Child and Adult Care Food Program and Summer Food Service Program

This memorandum provides updated guidance and clarification regarding the eligibility of private nonprofit organizations and churches seeking participation as Institutions and Sponsors in the Child and Adult Care Food Program (CACFP) and Summer Food Service Program (SFSP). Please note that all nonprofit organizations, including churches, must fulfill all application requirements and demonstrate financial and administrative capability for CACFP and SFSP operations in order to participate in the Programs. This memo addresses only the requirement relating to tax exempt status.

CACFP authorities in Section 17 of the Richard B. Russell National School Lunch (NSLA) (42 USC 1766) and Program regulations at 7 CFR 226.2 and 226.15(a) require that private nonprofit organizations must have Federal tax exempt status under the Internal Revenue Code of 1986 (IRC) in order to be eligible to participate in CACFP.

Recently, Section 111 of the Healthy, Hunger-Free Kids Act of 2010 amended Section 13 of the NSLA (42 USC 1761) by clarifying the definition of "private nonprofit" in SFSP to specify that private nonprofit organizations must now *have*, rather than simply be eligible for, tax exempt status under the IRC. A final regulation implementing this change will be published soon.

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For purposes of CACFP and SFSP participation by private nonprofit organizations, only Federal tax exempt status pursuant to the IRC is relevant. Generally, the IRC requires private nonprofit organizations to apply for and receive documentation of tax exempt status. However, Internal Revenue Service (IRS) guidance provides that under certain circumstances, a church is considered automatically tax exempt under the IRC and is not required to apply for the IRS document verifying that it has tax exempt status (Form 1023). Therefore, for purposes of participation in CACFP and SFSP, churches are not required to provide the State agency with IRS Form 1023 as documentation of tax-exempt status. Ministries and religious organizations are required to have Federal tax exempt status.

If you have questions, please contact your regional consultant.

c: SNP Staff