

CACFP Cost Allowances

Karamu Nutrition Center Programs

All Child care centers participating on the CACFP are expected to operate a non-profit food service program. Operating non-profit does not mean you have to lose money or just break even. What it means is that all money received from the CACFP should be used only for allowable costs to support the program. Allowable costs are expenses for food and non-food items required in order to operate the food program. Unallowable costs are expenses for items that do not directly support the food program or are not allowed by federal or state regulations. As your CACFP sponsor, Karamu has the responsibility to make sure your center manages the CAFP funds in an appropriate manner and that all expenses charged to the program are reasonable and allowable.

Allowable Costs	Unallowable Costs
The cost of purchasing creditable food items to be served to CACFP participants	Food purchased for personal use and non-creditable foods such as candy, soda, and potato chips.
The cost of handling, storing, preparing and serving meals to participants. This includes the salary of your cook if you employ a full or part time cook to prepare your CACFP meals.	The value of donated food or food purchased using food stamps.
Non-food supplies including paper towels, dishwashing detergent, sanitizers, cleansers, napkins, plates, cups, utensils, and some small appliances (less than \$300 per unit) used	Non-food supplies such as toilet paper, toothpaste, arts & craft supplies, items of clothing, credit card interest, banks fees, capital equipment (renovations, vehicles, ect)

There are certain expenses you pay to support the entire daycare facility which also benefit the CACFP. These costs are known as indirect costs and they are also allowable. Indirect costs include rent, utilities, and fire or hazard insurance on the facility. You may only charge a certain percentage of indirect costs to the CACFP. The percentage is based on how much of your total daycare space is dedicated to the CACFP. To calculate the percentage of indirect costs you can use CACFP funds to pay, follow the instructions below:

Calculating CACFP Percentage Of Indirect Costs:		
A.	Kitchen Area & Food Storage Area: Write in the total area (in square feet) of the kitchen and any food storage areas such as closets or pantries.	_____ sq ft
B.	Dining Room or Cafeteria: If you have a dining room or cafeteria which is used only for CACFP food services write in the total area (in square feet). If you do not have a dedicated dining area, enter zero. (0).	_____ sq ft
C.	Total CACFP Area: Add lines A and B to get the total CACFP dedicated area in your facility.	_____ sq ft
D.	Total Area of the Facility: Write in the total area (in square feet) of your daycare facility. Only include the total living space of the facility to include all rooms, closets, rest rooms, hallways, etc). Do not include the area of the land, outdoors playgrounds, attics, or any other space within the facility not considered living or usable space.	_____ sq ft
E.	CACFP Indirect Cost Rate: Divide line C by line D and then multiply by 100. This is the percentage of indirect costs that can be paid by CACFP funds. Note: Once you calculate the cost rate you shouldn't have to recalculate it again unless you move or make significant renovations to your facility.	_____ %

Use your calculated CACFP indirect cost rate to determine how much of the rent, utilities, and allowable insurance can be charged to the CACFP. Multiply the total bill by the rate percentage to get the amount of CACFP expense. For example if your monthly rent is \$1000 and your CACFP cost rate is 10%, you can charge 10% (\$100) of the \$1000 to the CACFP. (\$1000 x 10% = \$100).

Please note that you must maintain proof of all CACFP purchases. Proof includes itemized receipts, invoices, bills, and the cook's timecards and payroll records. These records must be kept on-site at your facility at all times and should be presented to your site monitor during inspections. Failure to maintain proper proof of purchases is a violation of CACFP policy and could subject the center to termination from the CACFP.