

**February 26, 2014**

Greetings Institutions:

Youth Educational Services, Inc. has issued an updated **CACFP policy** on the **Compensation Plan and The Operation of the Non-Profit CACFP Food Program**. Attached you will find a copy of the Updated Compensation Plan for you to complete, sign and submit to our office by March 7, 2014.

**IMPORTANT NOTE:** Beginning March 1, 2014, YES Inc. is requiring All Centers to maintain a **SEPARATE CACFP Food Program Bank Account**. This Account will **ONLY** be used for the CACFP Food Program. This is the Account where your CACFP Food Program Funds will be deposited into and used for the purpose of the CACFP Food Program only.

The reason for this request for Centers to maintaining a separate **Food Program Bank Account**, is to assist YES Inc. in ensuring that all CACFP Funds are used in accordance to the USDA/Bright From the Start Program Policies, Procedures and Guidelines to Operation a Nonprofit Food Services Program within your Day Care Center.

**What is a nonprofit food service?**

Operating a nonprofit food service requires that all revenue received or accruing to the food service is restricted and used only for allowable costs. Any revenue in excess of expenses is used only to maintain, expand or improve the institution's nonprofit food service for its participants.

**Monthly Record of Operating Costs**

All organizations must keep accurate records of their operating costs to document the not-for-profit status of their food service.

**NOTE:** CACFP reimbursement may only be used to purchase items that are used in the operation of the food program. FNS Instruction 796-2 and/or staff at YES INC. should be consulted if there is doubt about whether a particular item can be paid for with CACFP reimbursement.

Operating costs are costs incurred by organizations for the preparation, service and cleanup of meals. Allowable operating costs include, but are not limited to:

- Food costs
- e labor costs
- Costs for certain nonfood supplies and
- Costs for purchased services

All operating costs must be documented on the "Monthly Record of Operating Costs" form as well as documented in financial records. i.e. Cancelled Checks, Payroll records, Bank Statements, etc. Documentations needed to support the costs are listed in the following section. "Food Cost"

### **Food Costs**

Food costs are expenditures for the food used in all meals. The cost of the food may include the purchase price and charges for processing, transporting, storing, and handling purchased or donated food, including USDA commodities. These costs must be documented by items such as invoices, receipts, inventory records, and itemized bills.