

Detailed Outline of Allowable Costs in accordance to FNS Instruction 796-2 (rev. 4)													
Revised: 01/01/2014													
Approval Status													
Cost Item/Allowability	Prior Approval			Type of Amendment Needed			Specific Prior Written Approval			Type of Amendment Needed			Unallowable: Cannot claim for CACFP funds
	Generally Allowable	Documentation Needed to be claimed	Type of Amendment Needed	Documentation Needed	Type of Amendment Needed	Documentation Needed	Type of Amendment Needed	Documentation Needed	Type of Amendment Needed				
<b>Accounting</b>													
<b>Allowable:</b> Cost of establishing and maintaining accounting and other information systems required for the management of the program. <i>This does not include the cost for contracting for Accounting services. This is included under "Professional Services"</i>	X	Projected amount of cost of in house accounting system Included in budget,	If not included on original budget, should notify state agency, to update budget. Can do after expense.										
<b>Allowable:</b> Contracting for professional accounting services.				X	Amount specifically indicated on the respective budget line item. Submit a copy of the Contract for service.	SA specific written approval must be received <b>before</b> incurring the cost.							
<b>Unallowable:</b> Any cost incurred to meet or maintain the institution's incorporation or not-for-profit status.												X	
<b>Appeal Costs</b>													
<b>Allowable:</b> Sponsor's costs for administrative appeals pursuant to the CACFP regulations including: (1) Costs for in-house or properly procured private counsel; (2) Costs for professional services, such as an accountant or consultant, administrative and clerical services; and (3) Costs of directly related services provided by the institution's employees, and trustees not otherwise claimed as labor costs.	X	Projected amount of in house legal counsel included in budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense.										
<b>Allowable:</b> Contracting for professional legal services.				X	Amount specifically indicated on the respective budget line item. Submit a copy of the Contract for service.	SA specific written approval must be received <b>before</b> incurring the cost.							
<b>Unallowable:</b> Costs for civil, legal or other proceedings, including the costs of pursuing a judicial review of a decision rendered by hearing official pursuant to 226.6(k).												X	

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<b>Advertising and Public Relations</b>										
<p><b>Allowable:</b> Cost of advertising media to:</p> <ul style="list-style-type: none"> <li>(a) Solicit bids for the procurement of program goods and services;</li> <li>(b) Recruitment of personnel for the program;</li> <li>(c) Disposal of scrap or surplus materials acquired in the performance of the program.</li> </ul>							X	Projected amount specified in the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense.	
<p><b>Allowable:</b> Costs for pamphlets, news releases and other information services to:</p> <ul style="list-style-type: none"> <li>(a) Inform individuals, groups or the general public about the CACFP;</li> <li>(b) Increase an institution's CACFP participation.</li> </ul>	X	Copy of advertising, media release or public relation information relating to CACFP.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> Contracting for outside advertising/PR Services.</p>				X	Amount specifically indicated on the respective budget line item. Submit a copy of the Contract for service.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> All other advertising and public relation costs, including:</p> <ul style="list-style-type: none"> <li>(1) Costs to solicit nonprogram business;</li> <li>(2) Costs to increase attendance of individuals not eligible for the CACFP, and</li> <li>(3) Costs of meetings or other events related to fundraising or non-CACFP organizational activities. Including:                             <ul style="list-style-type: none"> <li>(a) displays;</li> <li>(b) demonstrations;</li> <li>(c) exhibits;</li> <li>(d) costs of memorabilia, such as gifts, tote bags or souvenirs;</li> <li>(e) costs of meeting rooms, hospitality suites or other special facilities used in conjunction with shows and other special events; and</li> <li>(f) Cost of services, including salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations or providing briefings.</li> </ul> </li> </ul>										X

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<b>Audits (include both organization-wide and program specific audits)</b>										
<p><b>Allowable:</b> Either:                      (1) Share of organization-wide audit based on the % or CACFP funds expended to the total of all funds (federal and nonfederal); or                      (2) Full cost of a Program specific audit conducted pursuant to 7 CFR 3052.235</p>							X	Projected amount of in-house audit services included in the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense.	
<p><b>Allowable:</b> Contracting for outside audit services to perform either agencywide or CACFP specific audit.</p>				X	Amount specifically indicated on the respective budget line item. Submit a copy of the Contract for service.	SA specific written approval must be received <b>before</b> incurring the cost.				X
<p><b>Unallowable:</b> Any portion of the cost of a Program or organization-wide audit funded with 1 1/2% audit funds; or costs for other audits incurred by an institution to meet State, local, or institutional needs.</p>										X
<b>Bad Depts and Losses</b>										
<p><b>Unallowable:</b> Debts and losses resulting from: uncollectible accounts, late payments, Insufficient Funds (NSF) charges, Program disallowances, audit or review overclaims, other claims, related collection costs and legal fees. Also include increases in labor or other costs incurred solely for the purpose of maximizing CACFP funds to repay debts or losses and admin. or operating cost deficits resulting from complying with Program requirements or attending training</p>										X
<b>Bank Fees</b>										
<p><b>Allowable:</b> Standard bank fees assessed on the CACFP bank accounts, that are the result of normal operating business. Examples:</p>	X	Projected amount specified in the budget.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> (1) Stop payment Fees</p>	X	Projected amount specified in the budget.	SA approval must be received <b>before</b> incurring the cost.							

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Allowable: (2) Checking Account Fee on CACFP account;	X	Projected amount specified in the budget.	SA approval must be received <b>before</b> incurring the cost.							
Allowable: (3) Electronic deposit/transfer fee for CACFP payments	X	Projected amount specified in the budget.	SA approval must be received <b>before</b> incurring the cost.							
Allowable: (4) Fee for credit card used to make CACFP purchases only. If used for other items of business the fee must be prorated.	X	Projected amount specified in the budget.	SA approval must be received <b>before</b> incurring the cost.							
<b>Bonding Costs:</b>										
Allowable: (1) Must be in accordance to sound business practices, (2) must be obtained from companies holding certificates of authority as acceptable sureties; (3) Made payable to the State agency if coverage reflects only federal money, (4) Only cover program employees.							X	Projected amount included on the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense.	
Unallowable: The cost of bonding for general admin. staff, officers or any individual not responsible for handling program funds.										X
<b>Collateral</b>	<b>Never Allowed.</b>									
<b>Communication and Technology Cost</b>										
Allowable: Costs of supplies, services and equipment used for CACFP that are purchased or leased by the institution. Including:  (1) Pro-rated cost of cell phones, connectivity costs such as cellular data plans, mobile hotspots, air cards, and internet charges are allowable.				X	(a) Demonstrate need for the efficient and effective admin. of Program; (b) Certify all equipment and services are used for Program purposes. (c) Copy of internal procedure for monitoring to ensure equipment, supplies and services are used only for Program purposes, and that the cost allocation is reasonable.	Documentation needed prior to approval. SA written approval needed <b>prior</b> to incurring cost.				

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<p><b>Allowable:</b> (2) ADP Equipment, purchased or leased by the institution, that is necessary for efficient and effective operation of the Program.</p>				X	(a) ADP Equipment including both software and hardware as defined by §759(a)(2)(B). (b) ADP is considered to be "General Purpose Equipment" and if the acquisition cost is more than the cost-based definition it cannot be directly expensed w/o SA approval.	Documentation needed prior to approval. SA written approval needed <b>prior</b> to incurring cost.				
<p><b>Unallowable:</b> Supplies or services that are: (1) leased or purchased by individuals, (2) transferred to officers, trustees, directors, consultants or to employees for any reason; (3) Used for non-CACFP activities.</p>										X
<b>Contingencies</b>	<b>Never Allowed</b>									X
<b>Contribution and Donation Costs (include cash, good and services)</b>										
<p><b>Allowable</b> Costs required to make good or services donated to the institution usable for the program.</p>				X	Cost must be handled on a case by case basis. Notify the State Agency when/if a good or service is donated. SA will inform institution at that time what costs are allowable to make donated item usable for the program.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable</b> Cash and value of noncash contributions and donations made by the institution or individuals to others.</p>										X
<b>Criminal and Civil Proceedings, Claims and Appeals</b>										
<p><b>Allowable</b> Costs in connection with the defense and prosecution of any criminal, civil or admn. Proceeding initiated by the Federal, State or local government when the proceedings relate to a violation of, or failure to comply with federal regulation, but only when the institution prevails in the proceeding.</p>				X	List of projected costs the agency will incur as the result of their defense of an appeal. All costs will be forwarded to FNS for approval. Payment for these costs will be withheld until after the resolution of the proceedings, unless FNS agrees otherwise.	SA specific written approval must be received <b>before</b> incurring the cost.				

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<p><b>Unallowable:</b> Costs when the proceedings result in any of the following dispositions: (1) conviction, (2) determination of organizational liability, (3) imposition of monetary penalty, but not restitution, (4) suspension, debarment, Program termination, recession or voiding of a Program agreement because of a violation or failure to comply with law or regulation, or (5) disposition by consent or compromise if the action could result in any disposition described (in 1-4) above.</p>										X	
<b>Day Care Home Licensing Standards Costs</b>											
<p><b>Allowable:</b> Up to \$300 of admin. funds per home, can be used by the Sponsor to assist Tier 1 homes, to meet licensing, registration or alternate approval standards. Including: (1) Purchase of supplies such as smoke detectors and fire extinguishers; (2) Minor alterations such as adding handrails, and (3) the costs of fire and safety inspections and licensing fees.</p>				X	Tier 1 home must apply for these funds with the Sponsor. Org. See FNS Instruction p. 26-27 for specific details.	SA specific written approval must be received <b>before</b> incurring the cost.					
<p><b>Unallowable:</b> Any cost to meet licensing or alternate approval standards for income eligible homes, (2) Costs for general remodeling or renovation; and (3) costs for Tier II homes.</p>										X	
<b>Depreciation and Use Allowances (Capital Assets, Space/Facilities, Equipment, Computer Software)</b>											
<p><b>Allowable:</b> <b>All Capital Assets:</b> Any depreciation method other than straight line requires specific prior written approval of SA.</p>	X	Projected amount must be figured by dividing the asset's depreciable cost, minus scap, by its useful life. Unless the assets value or useful life is adjusted the same amount should be used each fiscal year asset is in use.	Identify asset in budget and certify straight line method is used.	X	Must identify depreciation method used (if other than straight line).	SA specific written approval must be received <b>before</b> incurring the cost.					

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<p><b>Allowable:</b> <b>Space and facilities:</b> 30 year straight line or the depreciation method used and accepted by the IRS reporting purposes. Maximum amount to depreciate per year: Acquisition cost less the value of the land divided by 30.</p>				X	Projected amount included in the budget. Must show original acquisition cost, less value of the land. Depreciated amount cannot exceed this amount or submit IRS documentation to show alternative depreciation method used.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Allowable:</b> <b>Equipment</b> (<i>nonexpendable personal property with a useful life of more than 1 year and per unit acquisition cost of \$5,000 or more</i>): 15 year straight line (5 years for ADP equipment and vehicles) method or the depreciation. Method used and accepted for Federal income tax reporting purposes.</p>	X	Projected amount must be figured by dividing the asset's depreciable cost, minus scap, by its useful life. Unless the assets value or useful life is adjusted the same amount should be used each fiscal year asset is in use.	Identify asset in budget and certify straight line method is used.	X	Must identify depreciation method used (if other than straight line).	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> (1) No portion of the cost of equipment or improvements that has been directly charged to the program; Paid by the Federal Government; Donated by the Federal Government to others; or Contributed by the institution to satisfy matching requirements for any Federally funded Program. And (2) Equipment replacement reserve fund costs, including contributions to contingency funds, are unallowable.</p>										X
<b>Employee Morale, Health, and Welfare Costs and Credits</b>										
<p><b>Allowable:</b> The costs of: (1) professional crisis intervention counseling and emergency medical care when these costs are a direct result of the institution's participation in the CACFP, (2) benefits provided to program employees when the institution provided the benefits to the same class of employees prior to the institution's participation in the CACFP, (3) new or expanded benefit programs when the institution provided benefit programs to the same class of employees prior to the institution's participation in the CACFP.</p>				X	Specific details of the benefits that are being provided and certification that the cost is equitably assigned to all activities of the institution not just the CACFP, and any income generated from employee morale benefit and welfare will be credited to the cost of these programs.	SA specific written approval must be received <b>before</b> incurring the cost.				

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<p><b>Unallowable:</b> (1) Benefits only provided to CACFP employees, (2) Cost of the employee's share or required co-payments for benefit program, (3) cost of benefit to employee's family members, (4) cost of social functions such as office parties, picnics, award luncheons, dinners or banquets, retirement, holiday or birthday celebrations, etc, (5) the cost of flowers, prizes or gifts, (6) cost of benefits that are limited to owners, officers, directors, trustees or family members thereof.</p>										X
<b>Entertainment and Social Function Costs</b>										
<p><b>Unallowable:</b> Amusements, social activities, fees for motivational, social, or inspirational speakers and costs incidental to social functions including entertainment, meals, beverages, gifts, prizes, lodging, rentals, transportation and gratuities.</p>										X
<b>(Direct) Expensing of Equipment Purchases and Other Capital Expenditures</b>										
<p><b>Allowable:</b> The program's share of the direct expense for general purpose equipment (as defined by 2 CFR 225 part 230); land or buildings; Improvements; and intangible assets. (Used in lieu of depreciation.)</p>				X	Copy of purchase agreement must be submitted prior to approval. Statement indicating that all federal procurement procedures were properly followed. Copy of inventory log must be maintained to track inventory of items purchased with federal funds. (See Exhibit D in Instruction).	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> Cost of: (1) Equipment purchases and other capital expenditures for property used in <u>indirect</u> cost activities (these can only be charged as indirect costs only via depreciation).; (2) Improving rental space or <u>rented</u> facilities; (3) Cost of equipment or other property <u>purchased by individuals</u>; (4) FMV or other imputed cost of equipment or other capital asset <u>donated</u> to the institution.</p>										X



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<b>Facilities and Space Costs</b>										
<p><b>Allowable:</b> Related party rental transactions for commercial space.</p>	X	Projected amount on budget line not to exceed the rental costs of comparable space and facilities for privately owned buildings in the same locality and subject to cost limitations.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> Private residence owned by the institution or a related party used for program purposes.</p>	X	Projected amount on budget line item not to exceed the rental costs of comparable space and facilities for privately owned buildings in the same locality and be recognized as a business by the IRS.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> Rearrangement and alteration to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements</p>				X	Specifically detail the improvements that are going to be made; the cost of the improvements; why these improvements are necessary; and certify that these improvements are not capital improvements (which are unallowable).	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Allowable:</b> Fees charged for inspections of At-Risk Afterschool Care Centers and Outside of Scholl Hours Care Centers for meeting state and local health standards.</p>	X	Projected amount on budget line item. Specify that fees are for the AR and OSH sites code compliance.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Unallowable:</b> (1) Capital improvements made to facilities owned by the institution (as these may be depreciated); (2) Cost for any rearrangement and alteration to rental space; and (3) Cost to bring either owned or rented facilities into compliance with State and local requirements.</p>										X

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<b>Fines and Penalties</b>											
Unallowable	All costs resulting from the institution's failure to comply with Federal, State and local laws and regulations.										X
<b>Food Costs</b>											
Allowable	The net cost of purchased foods used in the Program. Including: (1) Costs associated with growing food to be used in the meal service; (2) Costs associated with the receipt, storage and use of USDA donated foods;	X	Projected amount on budget line item. Must ensure proper procurement methods were used.	SA approval must be received <b>before</b> incurring the cost.							
Allowable:	The net cost of vended foods and meals used in the Program.	X	Must specify that vendor is not a related party and show that proper procurement procedures were followed before entering into vendor agreement.	SA approval must be received <b>before</b> incurring the cost.							
Unallowable:	(1) Food purchased for catering and vending operations; (2) Cost of foods or meals purchased only for adults not participating in the Program; (3) The cost of foods or meals not meeting specifications; (4) Cost of foods or meals not properly procured; (5) Cost of meals missing a componentl; (6) Spoiled meals or foods; and (7) Value of donated foods.										X
<b>General Business Expenses</b>											
Unallowable	Compensation to members, officers, directors, trustees, and associates; stipends for attendance at corporate meetings conducted pursuant to State or local incorporation requirements; costs of organization and reorganization; stock offering and stock redemption costs; and any cost incurred to meet or maintain the institution's incorporation or not-for-profit status, such as filing Federal and State income tax forms.										X

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<b>Insurance</b>										
Allowable Costs of insurance required by the SA that are identified in the institution's Program agreement and maintained pursuant to that agreement.	X	Specifically document insurance costs in budget and submit insurance policies.	SA approval must be received <b>before</b> incurring the cost.							
Allowable (1) Cost of <u>other</u> insurance in connection with the general activities of the Program; (2) Costs of insurance or contributions to any self insurance reserve covering the risk, loss, or damage to Federal Govt. property; (3) Cost of insuring the lives of Directors and Officers, as long as the policy includes liability coverage related to the CACFP and is properly allocated.				X	Projected cost and details of the policy(ies) included in the budget and supported with documentation. Additional information provided in FNS Instruction.	SA specific written approval must be received <b>before</b> incurring the cost.				
Unallowable (1) The allocated share of insurance coverage costs for non-Program activities; (2) cost of actual losses that could have been covered by permissible insurance through the purchase of insurance or an approved self-insurance plan unless expressly provided for in the State agency-institution agreement.										X
<b>Interest, Fund Raising, and Other Financial Costs</b>										
Allowable Bank service fees for Program accounts, including the Program share of fees for commingled accounts for check printing and <u>routine</u> account servicing charges.	X	Must be included in budget. Documentation retained on-site to support costs.	SA approval must be received <b>before</b> incurring the cost.							
Allowable (1) "Stop Payment" charges for facility advance and reimbursement payments and other Program disbursements, whether by check or EFT; (2) Program account reconciliation and analysis fees including the allocated share of fees charged for commingled accounts; (3) Interest incurred after October 1, 1998 (1980 for public institutions), on institutional debt used to acquire or replace allowable equipment or other property or make allowable improvements; (4) Arms-length transactions involving loans or financial transactions.				X	Specifically request approval of these items. If included in the budget, additional documentation will be required. See Instruction for more information.	SA specific written approval must be received <b>before</b> incurring the cost.				



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Allowable: Benefits	X	Projected cost shown on the respective budget line item. Include a copy of the benefit description.	SA approval must be received <b>before</b> incurring the cost.								
<b>Labor Costs - (b) Approved Position - New employee (no wage increase)</b>											
Allowable: Salaries, Wages, Employer Taxes and Benefits							X	Projected amount updated in the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense is incurred.		
<b>Labor Costs - (c) Approved Position - New employee (wage increase not related to approved Cost of Living increase)</b>											
Allowable: Salaries and Taxes	X	Projected cost shown on the respective budget line item. Include a copy of the new job description.	SA approval must be received <b>before</b> incurring the cost.								
Allowable: Benefits	X	Projected cost shown on the respective budget line item.	SA approval must be received <b>before</b> incurring the cost.								
<b>Labor Costs - (d) Change in allocation of approved position</b>											
Allowable: Salaries, Wages, Employer paid Taxes and Benefits							X	Projected amount updated in the budget under the respective cost category.	If not included on original budget, should notify state agency, to update budget. Can do after expense incurred.		
<b>Labor Costs - (e) Reorganization of Staff due to sudden turnover</b>											
Allowable: Salaries and Taxes	X	Projected cost shown on the respective budget line item. Include a copy of the new job description and revised compensation plan.	SA approval must be received <b>before</b> incurring the cost.								

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Allowable Benefits	X	Projected cost shown on the respective budget line item. Include a copy of the benefit description.	SA approval must be received <b>before</b> incurring the cost.							
<b>Labor Costs - (f) Overtime (OT)</b>										
Allowable: Overtime, compensatory time or awards when necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of equipment, or occasional operational bottlenecks of a sporadic nature.				X	Within 2 weeks of occurrence submit notification of OT that was earned on employees. Include the names, positions, amount of OT earned, and a reason why the OT had to occur.	Must be approved within 2 weeks of occurrence. If included in employee handbook, approval has already been given.				
<b>Labor Costs - Special Consideration</b>										
Allowable (1) Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof; (2) Stipends to compensate board members for the costs of attending corporate meetings at which Program business is conducted; and (3) Any change in an institution's compensation policy that results in a substantial increase in the institution's level of compensation to an individual or to all employees; (4) Excess funds from an institution's nonprofit food service account used for increases in salaries or fringe benefit costs to improve food service operations, principally for the benefit of the participants; (5) Incentive payments and awards (except for awards of minimal value, see item 23(i)(6)); (6) Severance pay when it does not constitute excess compensation and is required by law, written employee/employer agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement.				X	Specifically identify these costs and provide an explanation of why these costs are necessary and reasonable for the actual services performed. Can be included in written compensation plan.	SA specific written approval must be received <b>before</b> incurring the cost.				
<b>Labor Costs - Deferred Compensation</b>										
Allowable Salaries, wages, or benefits earned by an employee in one period that are not paid to the employee until a future period.				X	Specific policy and procedure must be submitted with request for approval. Procedure must follow all guidelines outlined in 796-2.	SA specific written approval must be received <b>before</b> incurring the cost.				

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	Documentation Needed			Documentation Needed			Documentation Needed			Documentation Needed to be claimed			
<b>Labor Costs - Value of Donated Labor</b>													
Unallowable: When compensation is not given for Program labor, the labor is a donation and cannot be charged to the Program, but the value of the donated labor must be used in the determination of the institution's indirect cost rate.												X	
<b>Labor Costs - Unallowable</b>													
Unallowable: Any payment for services rendered by or the costs of benefits for individuals not employed by the institution.												X	
Unallowable: Compensation in any form incurred, accrued or paid inconsistent with the institution's written compensation policy.												X	
Unallowable: Increases in compensation costs resulting from the institution changing its treatment of specific types of compensation unless the change is directed by FNS, the State agency or required by statute.												X	
Unallowable: Retroactive salary or wage increase.												X	
Unallowable: Compensation in any form based solely on the number of homes recruited, including from nonProgram funds.												X	
Unallowable: Compensation in any form paid, incurred or accrued solely as a means of maximizing available reimbursement												X	
Unallowable: Costs claimed for reimbursement or charged to the institution's nonprofit food service account that do not comply with all Federal and State employment compensation and taxation requirements.												X	
Unallowable: Employee's share of taxes and fringe benefit costs.												X	
Unallowable: Costs of disability and life insurance policies for officers, directors, trustees and employees when the organization is the beneficiary.												X	
Unallowable: Any cost that is not determined and documented in accordance with this Instruction.												X	
Unallowable: Overtime, compensatory time or awards resulting from the institution's failure to obtain and maintain a sufficient number of qualified employees to administer the Program.												X	

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Unallowable: Compensation incurred in any form to repay debts, overclaims or disallowances.										X
Unallowable: Deferrals of any form of compensation to avoid funding limitations or to obtain funds to repay debts, overclaims or disallowances.										X
Unallowable: Incentive payments or awards in any form other than cash or additional vacation leave.										X
Unallowable: Incentive payments or awards given prospectively to employees to improve performance. (i.e. Given before an evaluation.)										X
Unallowable: Incentive payments or awards to contractors, board members, officers of the institution or any individual who is not an employee of the institution.										X
Unallowable: Gifts, social events, luncheons, dinners, banquets or entertainment.										X
Unallowable: Severance pay when the individual's employment was terminated for: (1) Program misconduct; (2) violations of Program requirements; (3) Violation of the organization's ethics and code of conduct requirements; or (4) Conviction for criminal misconduct.										X
Unallowable: Costs for certain severance packages, commonly known as a "golden parachute" payment;										X
Unallowable: Cost of goods or services for personal use of the institution's officers, employees, trustees, directors, or family members, thereof, regardless of whether the cost is reported as a direct cost, indirect cost, fringe benefit or taxable income to the individual;										X



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<b>Unallowable:</b> Portion of institution-furnished vehicles that relates to personal use by the employee, director, officer, trustee, committee member or family member, thereof, regardless of whether the cost is reported as a fringe benefit, direct cost, indirect cost or taxable income to the individual.											X
<b>Legal Expenses and Other Professional (Contracted) Services</b>											
<b>Approvable:</b> (1) Cost to pursue administrative and judicial recovery of funds due from sponsored facilities; (2) Cost for required services performed by individuals who are not officers, employees, or members of the Sponsor, and are necessary to the administration of the program.				X	Specify cost of service performed. Submit a copy of the contract with the required information detailed.	SA specific written approval must be received <b>before</b> incurring the cost.					
<b>Unallowable:</b> (1) Cost of maintaining a legal staff to discharge general responsibilities; (2) Costs of legal services incurred in connection with organization and reorganization.											X
<b>Lobbying and Advocacy Costs</b>											
<b>Allowable:</b> (1) Costs of responding to a documented request made by a member of Congress or the State legislature, a legislative body or subdivision or a cognizant staff member thereof for a technical or factual presentation of information on a topic directly related to the performance of the Program through hearing testimony. (2) Travel, lodging, and meal costs limited to those offering testimony; (3) Costs of lobbying to influence State legislation that would directly reduce the institution's Program costs or avoid a material impairment of the institution's authority or ability to fulfill Program requirements; and (4) Legislative liaison activities when the activities are not carried on or in support of, or in preparation for prohibited lobbying activities.		X	Include the costs of the activities in the respective cost line items in the budget.		Must be approved <b>prior</b> in incurring through the approval of the budget.						

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<p><b>Unallowable:</b> (1) Any attempt to influence the award, amount, nature or renewal of a Federal award or grant; (2) Any attempt to influence the outcome of any Federal, State or local election, referendum, initiative or similar procedure; (3) Any attempt to influence the introduction of Federal or State legislation through communication with any member or employee government official or employee in connection with a decision to sign or veto enrolled legislation; (4) Any attempt to influence the introduction of Federal or State legislation or the enactment or modification of pending legislation by preparing, distributing or using publicity or propaganda or by urging members of the general public or any segment of the general public to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign, letter writing or telephone campaign. (5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation</p>										X
<p><b>Management Studies</b></p> <p><b>Allowable:</b> The cost of management studies, that are used to identify program weaknesses, target un-served eligible populations or improve program administration or operations, directly related to the program that are performed by entities other than the institution itself.</p>				X	Projected cost specifically detailed in the respective line item in the budget.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> (1) Costs of studies performed by the institution's officers, employees or family members, thereof; (2) Costs of studies for nonprogram purposes including studies to assess the general operation or management of the institution.</p>										X

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<b>Materials and Supplies (does not include equipment)</b>											
<p><b>Allowable:</b> (1) Costs for durable supplies at the time of purchase; (2) Costs of expendable program materials and supplies actually used within 90 days or less at the time of purchase; (3) Expendable material and supplies that exceed more than 90 days usage, limited to the cost of the items actually used for the Program during the month.</p>							X	Projected amount included on the respective line item in the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense. <b>Note: No more than a 90 day supply can be purchased at one time.</b>		
<p><b>Unallowable:</b> Materials and supplies used by the institution and individuals for nonprogram purposes.</p>										X	
<b>Meetings and Conferences</b>											
<p><b>Allowable:</b> Travel costs (meals, incidentals, airfare, mileage) and registration fees for attending meetings and conferences devoted solely to the CACFP.</p>	X	Projected amount and details included in the respective budget line item.	SA approval must be received <b>before</b> incurring the cost.								
<p><b>Allowable:</b> The allocated share of travel and registration fees when the CACFP is only a portion of a larger child and adult care related agenda.</p>				X	Specify the name of the conference and include the detailed amounts in the respective budget line item. Include a copy of the agenda with budget.	SA specific written approval must be received <b>before</b> incurring the cost.					
<p><b>Unallowable:</b> Costs for attending or hosting meetings or conferences that are:            (a) Solely for non-CACFP issues;            (b) To conduct the general business of the institution;            (c) To engage in or prepare for prohibited lobbying activities;            (d) Primarily for social or entertainment activities;            (e) Related to fund raising.</p>										X	

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<b>Membership, Subscriptions, and Professional Organization Activities</b>										
<p><b>Allowable:</b> (1) Membership fees and annual dues for the institution's membership in business, technical and professional organizations related to the program; (2) Membership fees and annual dues for <b>one</b> individual membership per institution in business, technical and professional organizations related to the program when the organization will only accept individual and not institutional membership; (3) Costs for the institution's subscription to periodicals related to the Program.</p>							X	Projected amount included in the budget.	If not included on original budget, should notify state agency, to update budget. Can do after expense.	
<p><b>Allowable:</b> Costs of public and not for profit institution memberships in civic or community organizations.</p>				X	Specify type of membership. Include details on the organizaion.	Specific prior written approval must be received from <b>USDA-FNS-RO</b> prior to approval.				
<p><b>Allowable:</b> Membership in discount warehouse clubs.</p>				X	Include sufficient justification that the membership would be used strictly for the organization and would save the Program money.	Specific written approval from <b>SA</b> prior to incurring.				
<p><b>Unallowable:</b> (1) Costs of individual memberships in professional organizations but these costs may be allowable for employees as fringe benefits; (2) Proprietary institution membership costs in civic or community organizations; (3) All other costs of membership in allowable organizations; (4) Costs of individual or personal subscriptions, unless included as a fringe benefit in employee handbook; (5) All costs of membership or participation in social organizations, organizations whose primary purpose is soliciting funds for lobbying activities, or organizations devoted to lobbying.</p>										X

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<b>Participant Training and Other Participant Support Costs:</b>										
<p><b>Allowable:</b> Administrative costs for required pre and post Program approved training of facility personnel. Including:</p> <ul style="list-style-type: none"> <li>(a) Rental costs of properly procured third-party meeting and conference room space;</li> <li>(b) Fees for speakers, who are not employees, officers, directors or trustees or immediate family members, thereof, when the presentation is directly related to Program requirements;</li> <li>(c) Costs of child care services provided for attending facility personnel;</li> <li>(d) Costs for meals and nonalcoholic beverages served to participants but not to guests, when Program training is presented concurrent with meal service;</li> <li>(e) Training materials and supplies;</li> <li>(f) Costs of minor amounts incurred for participant training on non-Program requirements or subjects when the costs are incidental to Program training and not otherwise unallowable.</li> </ul>	X	Projected amount and details included in the applicable budget line item.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> Training - operating costs: (1) cost of substitutes for child or adult care center employees required to attend training conducted during the center's established hours of Program operations for center Programs; (2) travel and transportation costs that meet the requirements of 796-2 for CACFP employees required to attend training.</p>	X	Projected amount and details included in the applicable budget line item.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable:</b> Facility appeal costs. The admin. costs of the SO's system for hearing appeals of actions taken by the SO that affect a facility's Program participation or funding.</p>	X	Projected amount and details included in the applicable budget line item.	SA approval must be received <b>before</b> incurring the cost.							

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<p><b>Unallowable:</b> (1) Costs for motivational speakers; (2) Costs of social events, entertainment, flowers, table decorations, alcoholic beverages, door prizes and gifts; (3) Costs for providing substitutes for day care home providers when training is conducted during the facilities established hours of program operations; (4) Travel and transportation costs for day care home providers to attend training; and (5) All other participant support costs.</p>										X
<b>Political, Partisan and Legislative Costs</b>										
<p><b>Unallowable:</b> All political, partisan and legislative expenses, including salaries and other expenses of local governmental bodies such as county supervisors, city councils and school boards.</p>										X
<b>Proposal Costs</b>										
<p><b>Allowable:</b> (1) The costs of preparing proposals on potential FNS Child Nutrition Program grants.</p>				X	Notify SA in writing of costs that are projected to be incurred.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> (1) Costs of preparing applications for participation in other FNS programs; (2) Costs of preparing all other grant applications or proposals; (3) Unless specifically required by the terms of a Federal grant or project agreement, all costs of performing under the grant or project awarded as a result of proposal submissions.</p>										X
<b>Publication, Printing and Reproduction</b>										
<p><b>Allowable:</b> (1) Direct costs for publication, printing and reproduction of materials related solely to the program; (2) Allocated share of direct costs when program and nonprogram purposes are benefited.</p>	X	Projected amount and details included in the applicable budget line item.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Unallowable:</b> (1) Direct costs when publication, printing and reproduction costs are included in the institution's approved cost allocation plan as indirect costs; (2) Costs for non-Program purposes.</p>										X

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<b>Purchased Services - Other (not professional services)</b>										
<p><b>Allowable:</b> (1) Costs of the maintenance, repair or upkeep of administrative and food service equipment that neither adds to its permanent value nor prolongs its intended life but keeps it in an efficient operating condition, provided the institution incurred these costs in arms-length transactions; and (2) Costs of utilities, purchased security and janitorial service, etc., not included in space costs or labor compensation costs.</p>	X	Projected amount and details included in the applicable budget line item.	SA approval must be received <b>before</b> incurring the cost.							
<p><b>Allowable</b> (1) All less-than-arms-length transactions; (2) Maintenance and service repair contracts on program equipment; (3) All other purchased services costs needed for Program operations.</p>				X	Projected cost shown on applicable budget line item. Inform SA that the services have been properly procured and submit a copy of the contractual agreement. Agreement should include, name of consultant, price of fees, the specific duties that they are to perform, and the start and end dates of the contract.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable</b> (1) Costs that prolong the useful life of equipment or facilities, but these costs may be eligible for depreciation or allowed as a direct expense; (2) Any share of purchased service costs incurred for non-Program purposes; (3) Costs from less-than-arms length transactions that are not fully disclosed.</p>										X
<b>Records Retention Costs</b>										
<p><b>Allowable</b> Costs for supplies, storage and maintenance of records necessary for program administration are allowable.</p>							X	Projected costs included in respective budget line item applicable for cost to be incurred (supplies, storage, maintenance of records).	If not included on original budget, should notify state agency, to update budget. Can do after expense.	

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	<b>Rental Costs</b>										
<b>Rental Costs - Space and Facilities - Private and public buildings</b>											
<b>Allowable:</b> Cost for the CACFP share of rental, maintenance and custodial costs owned by a private third party when properly procured and a bona fide arms-length written rental agreement exists between the institution and the lesser. Refer to FNS Instruction 796-2 for requirements on reasonableness and allocation, and allowability of special lease arrangements.	X	Projected amount and details included in the applicable budget line item. Submit copy of current rental/lease agreement to ensure independent 3rd party transaction.	SA approval must be received <b>before</b> incurring the cost.								
<b>Rental Costs - Equipment and vehicles</b>											
<b>Allowable:</b> The Program rental cost must be allocated using a base approved by the State Agency that results in a fair and equitable assignment of cost to the Program. Additional vehicle operating costs (fuel, parking, tolls) should not be included in the lease amount.	X	Projected amount and details included in the applicable budget line item. Submit copy of current rental/lease agreement to ensure independent 3rd party transaction.	SA approval must be received <b>before</b> incurring the cost.								
<b>Rental Costs - Special Lease Arrangements / Less-than Arms length agreements</b>											
<b>Allowable:</b> Cost for the CACFP share of rental costs when entered into a special lease arrangement. Refer to FNS Instruction 796-2 for requirements on reasonableness and allocation, and allowability of special lease arrangements.				X	Projected cost included on applicable budget line item. Special lease arrangement must comply with the requirements detailed in FNS Instruction 796-2 (rev. 4).	SA specific written approval must be received <b>before</b> incurring the cost.					



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<p><b>Rental Costs - Unallowable</b>                      Unallowable: (1) Rental costs leased by individuals. Sponsor's name must be on the lease; (2) Allocated share of the rental costs of space, facilities, vehicles and equipment used by officers, directors, consultants, trustees, employees or their family members for personal purposes; (3) the allocated share of rental costs for space, facilities, vehicles and equipment used by the institution for non-Program purposes; (4) the portion of the rental fee that includes costs originally financed by the Federal Government for purchase or construction; (5) direct rental charges when the rental costs are treated as indirect costs in the institution's indirect cost rate agreement; (6) leasing costs and a mileage allowance for the same vehicle; and (7) charging lease fees and depreciation or a use allowance for the same equipment, facilities or vehicles.</p>										X
<p><b>Taxes</b>                      Allowable: Legal tax obligations to pay as a result of administering the CACFP, including sales tax, taxes on goods and services produced by the institution and assessments levied by Federal, State and local governments.</p>							X	Projected costs included in respective budget line item.	If not included on original budget, should notify state agency, to update budget. Can do after expense.	
<p>Unallowable: (1) Personal Income Taxes; (2) Corporate income taxes; (3) Taxes resulting from non-Program operations; (4) Special assessments on land that represent capital improvements; (5) Any taxes from which exemptions are available, whether or not the exemption is exercised; and (6) Penalties and interest payments resulting from late filings or payments except when these costs result from complying with specific CACFP provisions or written instructions from FNS.</p>										X

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<b>Termination Costs/Closeout Costs</b>										
<p><b>Allowable:</b> The institution's necessary and reasonable costs of ceasing CACFP operations, either for convenience or cause). Examples are:                      (a) Costs of transferring equipment and supplies with a residual interest to the SA or other Child Nutrition Program participant;                      (b) CACFP share of termination fees for unexpired Program space and equipment leases;                      (c) Necessary and reasonable accounting clerical and admin. salary and benefit costs resulting from completing CACFP close-out activities (i.e. notifying providers, filing claims, etc.)                      (d) Reasonable costs for storage, transportation protection and disposition of CACFP records.</p>				X	Upon receiving notification of termination, SA will request submission of any projected close out costs that will be incurred as a result of ceasing operations. In order to receive payment, the costs must be reasonable and allowable. Approved costs will be paid once a claim is submitted to SA for these costs.	SA specific written approval must be received <b>before</b> incurring the cost.				
<p><b>Unallowable:</b> (1) Non-CACFP costs; (2) Costs for items reasonably usable in the institution's other activities; (3) Cost for the losses on the disposal of corporate assets; (4) Estimated costs; (5) All costs resulting from the negligence or willful failure of an institution to discontinue incurring such costs.</p>										X
<b>Travel</b>										
<p><b>Allowable:</b> Expenses for transportation, lodging, subsistence and related costs for employees, officers, directors or trustees performing Program work while in travel status.</p>	X	Projected cost included on applicable line item(s). Must specify if costs are going to be paid on actual, per diem or mileage basis and must be consistent with Sponsor's written employee policy. Must retain the documentation outlined in FNS Instruction 796-2 (rev 4).	SA approval must be received <b>before</b> incurring the cost.							

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<b>Unallowable</b> (1) Cost of personal travel; (2) Cost of nonprogram travel including nonprogram travel incident to program travel; (3) Reimbursement for the costs of commuting to and from work; and (4) Mileage allowance when actual operating costs (fuel, insurance, maintenance, etc.), depreciation, use allowance or a lease fee is charged for the same vehicle.										X