

**Alabama State Department of Education
Child Nutrition Programs
Child and Adult Care Food Program**

Administrative Funds for Sponsoring Organizations of Day Care Homes

Sponsoring organizations of family day care homes (DCH) receive federal funds from the U.S. Department of Agriculture (USDA) Child and Adult Care Food Program (CACFP) based on the number of homes under their supervision to cover the cost of administering the Program. The Alabama State Department of Education (ALSDE) provides oversight to protect taxpayer dollars and uphold program integrity by holding organizations accountable for using Program funds only for approved allowable expenses and maintaining an appropriate balance in the nonprofit food service account.

Nonprofit Food Service Accounts

1. The nonprofit food service account must be used for deposits of CACFP reimbursements and payments of approved administrative costs.
2. The nonprofit food service account may be a separate bank account or a fund account that clearly identifies CACFP revenue and expenditures.
3. ALSDE CACFP staff or contracted monitors conduct annual financial reviews of DCH sponsoring organizations' bank statements to ensure the organization is spending federal funds appropriately and operating as a nonprofit.
4. Sponsoring organization should continuously monitor the nonprofit food service account to ensure federal reimbursements are fully utilized by the end of the fiscal year.
 - a. Excess funds should first be used to improve administration of the Program as approved in advance in budget amendments.
 - b. Excess funds may not be used for any non-Program costs.

Assessment of Administrative Funds

1. ALSDE CACFP staff conduct an annual assessment to identify unexpended administrative funds at each DCH sponsoring organization and notify the organization of any needed corrective action.
 - a. Unexpended administrative funds that are no more than 10 percent of the total administrative reimbursement may be carried over to the next fiscal year or returned to the ALSDE.
 - b. Unexpended administrative funds that are more than 10 percent of the total administrative reimbursement must be returned to the ALSDE by cashier's check or money order.
 - c. If carryover funds are not expended in the next fiscal year, the DCH sponsoring organization is required to return the unused funds to the ALSDE.
2. DCH sponsoring organizations may appeal the requirement to return unexpended administrative funds.

3. Failure to respond to the requirement to return unexpended administrative funds results in a serious deficiency citation and may lead to termination from the Program and inclusion on the National Disqualified List.

Policy Approved: 7-22-2026

Appendix: Links to Resources

7 CFR 226

[eCFR :: 7 CFR Part 226 -- Child and Adult Care Food Program](#)

Financial Management—Child and Adult Care Program

USDA FNS Instruction 796-2, Revision 4

[FNS Instruction 796-2 : Financial Management CACFP](#)

Guidance for Management Plans and Budgets: A Child and Adult Care Food Program Handbook (2013)

[CACFP Management Plans and Budgets Handbook](#)