CACFP-200

Subject: Child and Adult Care Food Program (CACFP) Policy Memoranda - Allowable Cost for Home Office Space

To: State Agency Directors (Special Nutrition Programs) - Colorado DH, Iowa, Kansas, Missouri DH, Montana DHES, Nebraska ED, North Dakota, South Dakota, Utah and Wyoming ED

Our policy memorandum Number CACFP-198, dated July 11, 1990 contained errors in the second question and answer (Q and A), first page, relating to house depreciation and use allowance. The "total value" of the house in the second sentence of the answer should be the "acquisition cost" of the house. The example cited in this same Q and A should read as follows:

2200 square feet in home, 200 square feet in office, 9 percent of square feet used in CACFP.

$85,000 house acquisition cost x 9 percent = $7650 x 2 percent = $153 ÷ 12 = $12.75 monthly use allowance.

Please make these changes to your copy of the memorandum.

The following are some different situations regarding use allowance/depreciation that have been brought to our attention for clarification as a result of policy memorandum CACFP-198.

Q. If an employee of a sponsoring organization (SO) uses her home as an office for CACFP purposes, can a use allowance or depreciation be applied?

A. No. A use allowance or depreciation would not be allowable in this situation as the CACFP agreement is with the sponsor, not the employee. However, a rental cost would be allowable. A fair market rental price would have to be determined based on the amount of square footage used for CACFP. If the employee uses her office for other functions, as well as CACFP, the percentage of time used for CACFP would have to be determined and only that amount could be charged against the Program. If the employee only uses the office space for CACFP, 100 percent could be charged to the Program.
Q. If a sponsor uses her detached garage as an office for CACFP, is the use allowance determined on the garage as a separate unit?

A. Yes, the use allowance would be based on the square footage of the garage alone, using the same method/formula stated in our previous memorandum. If the garage is attached to the home and used as an office, the use allowance is calculated on the total square footage of the property, again using the method/formula previously provided.

Ann C. Hector
ANN C. HECTOR
Regional Director
Special Nutrition Programs