This Policy Alert is being issued to clarify two policies in the CACFP-DCH Handbook and is effective for all applications received by Special Nutrition Programs (SNP) from November 1, 2003 forward.

Section 2141 Performance Bond

Replace the first sentence in paragraph one with the following sentence:

If you are a non-governmental organization with fewer than three years of administrative and financial history, you must submit a performance bond to insure government funding against misuse.

Section 2142 Comprehensive Financial Statements

Replace all of Section 2142 with the following:

You are required to submit a comprehensive financial statement showing all expenditures and sources of income for your organization during the three years preceding the program year for which you are applying to participate. You may satisfy this requirement by submitting a 3-year comprehensive financial statement for

- your organization as a whole,
- any business in which a principal of your organization held 50% or more ownership interest, or
- a combination of both your organization and a principal’s business.

Any comprehensive financial statement you submit must identify the organization or business for which the expenses and income are being reported. If all or a portion of your 3-year comprehensive financial statement includes a business in which a principal of your organization held 50% or more interest, you must submit a notarized statement from the principal which names the business in which the principal held ownership and it must certify that the principal held 50% or more ownership interest in that business.

(NOTE: If your organization or principals’ business have fewer than three years of administrative and financial history, you must submit a comprehensive financial statement showing all of your organization’s or principals’ business expenditures and sources of income from the date your organization or principals’ business was established and provide a projection for the years for which the information is not available.)

continued
Example: If your organization has operated for one year, you must submit evidence showing all actual expenditures and income sources for the next two years. If your organization is just beginning its operations, you must submit a statement projecting all expenditures and income sources for the next three years.

If you participate as a nonprofit organization under an IRS group ruling, your comprehensive financial statement will only include your expenses and income; it will not include your parent organization's expenses and income.

If you have any questions concerning these policy clarifications, please contact your Area Program Office.