

# Financial Viability Policy

**To:** Nutrition Program Sponsors and Potential New Child and Adult Care Food Program (CACFP) Sponsors

**From:** Brigitte Hires, Administrator, Office of Nutrition

**Date:** Originally issued December 8, 2022, reissued December 2025, January 2026

**Re:** Financial Viability Policy

## Purpose

This policy provides procedures for evaluating the financial performance of current and potential CACFP sponsors. It offers guidance on situations when a financial viability check will take place. However, this list is not all-inclusive, and sponsors should contact their Education Program Specialist (EPS) before making significant changes to their business and the CACFP.

## Regulatory Authority

Under [7 CFR 226.6\(b\)\(1\)\(xviii\)\(A\)](#), institutions must show they are financially stable and capable of managing CACFP funds responsibly. Submitted documentation may include audits or financial statements. Institutions must operate according to [FNS Instruction 796-2](#) and [2 CFR Part 200, Subpart D](#), and USDA regulations at [2 CFR Parts 400](#) and [415](#).

## Adequate Financial Resources

To participate in the CACFP, all potential new sponsors, including new owners purchasing an existing center, must provide documentation to prove they are financially viable. An institution must demonstrate that it has adequate financial resources to operate the CACFP on a daily basis, has adequate sources of funds to continue to pay employees and suppliers during periods of temporary interruptions in Program payments and/or to pay debts when fiscal claims have been assessed against the institution, and can document financial viability (for example, through audits, financial statements, etc.).

Donations, while beneficial as supplemental support, do not constitute a dependable or sustainable financial foundation for CACFP operations. Due to their inherently variable nature, donations are subject to fluctuations in donor interest, economic conditions, and seasonal giving. As such, donations cannot be relied upon to meet the consistent funding requirements necessary to ensure uninterrupted meal service. Therefore, donations cannot be the sole source of funding for an organization's financial viability. The organization must be anchored

in stable and predictable funding sources, such as federal reimbursements and state allocations, to maintain compliance, operational continuity, and long-term program integrity.

Note: For-profit organizations may only sponsor for-profit centers within the same legal entity, (i.e. affiliated centers). A nonprofit organization may sponsor both affiliated and unaffiliated centers.

## Potential New Sponsors

**Note:** Programs that undergo new ownership and receive a new tax ID are considered new sponsors. As a result, they must follow the steps outlined for potential new sponsors. The new owner is not permitted to make a claim until they have their own approved application and permanent agreement with the Department.

- Potential new sponsors must have been in operation for a minimum of 12 months and will complete a 12-month financial viability review. They must begin the process with the completion of the Potential New Sponsor Survey. They will then work with the Financial Viability Team to determine if the institution has sufficient resources to operate the CACFP. If the Ohio Department of Education and Workforce (hereby known as the Department) has determined that the financial viability review is sufficient to effectively meet Performance Standard 1 (7 CFR 226.6(b)(1)(xviii)(A)), potential new sponsors must submit an approvable CACFP application no more than 365 days after notice of passing their financial viability review or otherwise must submit a new request for review. The Department reserves the right to request an additional review prior to the 365 days after initial determination of financial viability.
- Government agencies with an annual state audit are exempt from submitting financial documentation. However, the Department may request the audit documents at any time. Government agencies must begin the process with the completion of the Potential New Sponsor Survey.

## Existing Single-Site Sponsors

- Existing single site sponsors who purchase a center and intend for the new center to operate as a site under the current IRN, making them a multi-site sponsor, will have a 12-month financial viability review conducted based upon the financial documents of the existing business. For-profit institutions must provide documentation to the state agency in support of multi-site eligibility as indicated in 7 CFR 226.16(j). They must begin the process with the completion of the Potential New Sponsor Survey. They will not be able to claim reimbursement for the new site until the financial viability is completed, and the application is approved. Once the site is approved to be added, the site will operate under the sponsor IRN and will receive a site ID as opposed to a new IRN.

- Existing sponsors who purchase a new center and intend for the new center to operate independently with its own IRN, must complete a 12-month financial viability review. The Department’s Financial Viability Team will review documents from the newly purchased center when they can provide the appropriate documentation. They must begin the process with the completion of the Potential New Sponsor Survey. They will not be able to claim reimbursement for the new center until the financial viability is completed, and the application is approved. In this case, a new IRN is created for the newly purchased center.

## Existing Multi-Site Sponsors

- Existing multi-site sponsors who purchase less than three centers in any 12-month period will not complete financial viability. If the management evaluation results in fiscal concerns, the Department’s Financial Viability Team will assess the need for an additional financial viability review. Once the site is approved, no new IRN is created, and the new center is assigned a site ID.
- Multi-site sponsors with fewer than 100 sites who initially request to add three or more new sites within any 12-month period will be required to complete a 12-month financial viability review. This requirement is based on the original request, regardless of whether the sponsor later amends the request to fewer than three sites. The Education Program Specialist will verify the number of sites requested and added within the 12-month period by reviewing the approved site list at the time of each new site request.
- Sponsors with 100 or more sites will have a financial viability review at the time they enroll in CACFP in Ohio. Additional financial viability reviews will be conducted if the management evaluation results in fiscal concerns.

Sponsors who have not made a claim in the Claims Reimbursement and Reporting System (CRRS) for 12 consecutive months will be made inactive in the system and must re-apply as a new sponsor if they wish to participate in the CACFP.

The Department reserves the right to conduct a financial viability review at any time without cause.