

Food Program Benefits After Taxes: A Comparison for Tax Year 2008.

This example is based on the following assumptions:

8 full time day care children with a 95% attendance rate.

Average full time child care rate of \$92.00 per week.

Each child is claimed for breakfast, lunch and snack each day they are in attendance.

Children occasionally are served a meal for which there is no CACFP reimbursement.

2008 IRS tax tables were used for a single taxpayer (no dependents).

	Provider 1 No CACFP	Provider 2 Tier I - CACFP	Provider 3 Tier II - CACFP
Child Care Fees	36,800	36,800	36,800
Food Reimbursement	0	7,391	3,553
Gross Revenues	36,800	44,191	40,353
Other Business Expenses	5,000	5,000	5,000
Food Expenses	8,389	8,389	8,389
Total Expenses	13,389	13,389	13,389
Gross Profit	23,411	30,802	26,964
FICA Taxes - Employer	1,791	2,356	2,063
Standard Deduction	3,500	3,500	3,500
Taxable Income	18,120	24,946	21,402
Federal taxes	2,318	3,345	2,813
Income After Taxes	\$15,802	\$21,601	\$18,589

Thus, one can see that participating on the food program makes sense from a financial perspective because the provider participating with the food program ends up with substantially more income to spend even after the taxes are taken into account. You have to keep meal records to justify your child care food expenses for tax purposes; you might as well get reimbursement for your recordkeeping efforts.