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How does the Child and Adult Care Food Program work with Group Family Day Care Programs?

This is what the IRS has said about these situations:

1. An agreement to participate in the Child and Adult Care Program will be signed with the Program Director or some other designated person.
2. The check for meal reimbursement will be written out to the program director (or some other designated person) using his/her social security number.
3. The Program Director and Board Representative should sign a statement that the money is being accepted on behalf of the Program. The Program Director and Board Representative should keep a copy of this statement.
4. Each month the Program Director will endorse the check over to the Program.
5. At the end of the year, the Program Director should issue a 1099 to the Program showing the yearly amount of money being given to the Program.
6. The director should report on the 1099 from the sponsor as income on her own Schedule C. He/she can claim a deduction for the same amount under "Other" expenses on the back of the form.
7. In the end, the director is not paying any tax on this money.

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