



United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

3101 Park  
Center Drive  
Alexandria, VA  
22302-1500

**DATE:** September 24, 2004

**SUBJECT:** CACFP Memorandum # 2-04: Allowability of Cost for Directors and Officers Insurance in the Child and Adult Care Food Program

**TO:** Special Nutrition Programs  
All Regions

This memorandum addresses the allowability of “Directors and Officers” (D&O) insurance as an administrative cost in the Child and Adult Care Food Program (CACFP).

The cost of D&O insurance is an allowable CACFP administrative cost, provided that the following conditions apply:

- (1) The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and
- (2) If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D&O insurance is an allowable cost as described above, we believe it is important for institutions that purchase such insurance to be fully aware of all provisions and exclusions in any policy they consider.

Please contact Denise Londos of my staff at (703) 305-2590 if you have any questions concerning this guidance.

**Original Signed**

STANLEY C. GARNETT  
Director  
Child Nutrition Division

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The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.