

**Alabama State Department of Education
Child Nutrition Programs
Child and Adult Care Programs**

Board of Directors Policy

Federal regulations for the Child and Adult Care Program (CACFP) require all nonprofit sponsoring organizations to have an independent board of directors to address Performance Standard 3 Program Accountability. For-profit sponsoring organizations may be required to have a board of directors. This policy outlines criteria for all sponsors required to have a board of directors. Verification of compliance occurs during application processes for new and renewing sponsors and during reviews.

Composition of a Board of Directors

1. The composition of the board of directors must be detailed in the bylaws, articles of incorporation, or governing documents. The details should include the number of directors, terms of office, qualifications, and processes for electing or appointing a director.
2. Alabama law:
 - a. Requires at least one member for a board of directors.
 - b. Sets a minimum age of 19.
 - c. Allows terms of up to three years. There is no prohibition on serving more than one term.
 - d. Does not require residency in Alabama.
3. The majority of the board must consist of members whose livelihood is independent from and who hold no personal fiscal interest in the organization's activities and who are not related to each other or employees of the organization.
4. No one whose name appears on the National Disqualified List or the State Disqualified List may serve on a board of directors. The full legal name, any previously used names, and the date of birth of the board chair must be submitted during the application process for new and renewing sponsors.
5. Sponsors must submit a statement at the time of initial application, and annually thereafter, certifying that neither the organization nor any of its principals have been convicted of any activity in the past seven years that indicated a lack of business integrity, including fraud, anti-trust violations, embezzlement, theft, forgery, bribery, falsification or any other activity indicating a lack of business integrity as defined by the Alabama State Department of Education (ALSDE).

Required Functions of a Board of Directors

1. The Board of Directors is responsible for setting policy, fiscal guidance, and ongoing governance. It regularly reviews the organization's policies, Programs, budgets, and operations.
2. A board of directors must meet at least annually. The organization's management plan should identify how often the board meets.
3. The duties of the board must be detailed in the organization's bylaws, articles of

incorporation, or governing document.

4. Board decisions must be documented in meeting minutes which are maintained and available for review. Agendas and minutes should be kept on file for at least three years.
5. A board of directors must have the authority to hire and fire the institution's executive director to ensure the board is independent of the executive director's control.
6. The chair of the board of directors receives formal notifications from the state agency about the denial of applications, serious deficiencies, acceptance of corrective action, suspension, proposed termination, termination, and disqualification.
7. Board members must recuse themselves from votes on decisions relating to compensation for themselves, immediate family members, or other financially-related parties.

Restrictions on Less-Than-Arms-Length Transactions

1. A less-than-arms-length transaction exists when one party to a transaction is able to control or substantially influence the actions of the other parties to the transaction.
2. Sponsors must sign an annual disclosure of potential conflicts of interest, including specific identification of any deals with less-than-arms-length entities and any relationships between officers, board members, and employees.
3. Less-than-arms-length transactions involving members of the board of directors must be disclosed and always require specific prior written approval by the state agency and the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) Regional Office to ensure the integrity of the transaction. The cost must be allowable (i.e., necessary, reasonable, allowable, and documented) under FNS regulations. Additional information is provided in *FNS Instruction 796-2, Rev. 4* and *Guidance for Management Plans and Budgets: A Child and Adult Care Food Program Handbook*. Failure to disclose such transactions will result in disallowance of the cost and may subject the institution, its principals, employees, consultants or others to the administrative and legal remedies available to the state agency and FNS.

Policy Approved: 7-23-2025

Appendix: Links to Resources

Title 10a Alabama Business and Nonprofit Entities Code

[Alabama Legislature | Code of Alabama](#)

Chapter 2A Alabama Business Corporation Laws Chapter 3 Nonprofit Corporations

7 CFR 226 Child and Adult Care Food Program

Definition

7 CFR 226.2 “Independent governing board of directors”

[eCFR.gov | 7 CFR 226.2](#)

Performance Standard 3-Program Accountability, Governing Board of Directors

7 CFR 226.6(b)(1)(xviii)(C)(1)

[eCFR.gov | 7 CFR 226.6\(b\)\(1\)\(xviii\)\(C\)\(1\)](#)

Certification for New Institutions

7 CFR 226.6(b)(1)(xv)

[eCFR.gov | 7 CFR 226.6\(b\)\(1\)\(xv\)](#)

Certification for Renewing Institutions

7 CFR 226.6(b)(2)(iii)(F)

[eCFR.gov | 7 CFR 226.6\(b\)\(2\)\(iii\)\(F\)](#)

FNS Instruction 796-2, Rev. 4 Financial Management: Child and Adult Care Food Program

[FNS Instruction 796-2, Revision 4 | Food and Nutrition Service \(usda.gov\)](#)

Guidance for Management Plans and Budgets: A Child and Adult Care Food Program Handbook

[Guidance for Management Plans and Budgets | Food and Nutrition Service \(usda.gov\)](#)