**Hospitality**

PTAs must maintain their nonprofit status as governed by the Internal Revenue Service Code section 501(c)(3). Within the language of the code, the IRS does permit expenses that are not directly related to the primary purpose of the PTA if the expenses are not of a significant amount. “Not of a significant amount” is defined by the IRS as an amount that does not exceed 5 percent of the nonprofit association’s annual budget. Five percent is the recommended limit to be used as a guideline for PTAs for all hospitality expenses, including staff or volunteer appreciation. It is important to budget appropriately when considering all PTA expenditures, and all expenditures must be approved by the membership.

The PTA may provide hospitality for association, executive board, and committee meetings; staff appreciation; volunteer appreciation; and other events requiring refreshments, food, paper goods, certificates, or decorations. The PTA may choose to:

* Purchase nonalcoholic drinks and/or snacks
* Solicit donations from businesses or members, or
* Store supplies to make coffee and/or punch, etc.

The cost of meals or beverages provided for volunteers during the course of their work; e.g., while processing fundraiser orders or counting money after an evening program, are not considered to be hospitality. Such expenses must be budgeted and approved by the association in advance. The expenditures are accounted for as a cost of doing the program or fundraiser on which they are working; e.g., wrapping paper sales or a fall festival.