



Military Order of the Purple Heart Department of Arizona



Policy Number: 2025-004

Subject: Financial Guidance

Policy Statement: Chapter and Department Officers will ensure operations at all levels follow the financial management guidelines outlined in this policy. Deviations will be approved at a Department Convention.

1. **Purpose:** The purpose of this Financial Guidance Policy is to establish a clear, consistent framework for the responsible stewardship of financial resources within the Department and all subordinate Chapters. This policy is designed to ensure transparency, accountability, and compliance with all applicable nonprofit regulations and internal governing documents. It provides guidance on budgeting, expenditures, recordkeeping, financial reporting, and internal controls to protect the integrity of the Department's assets, support mission-driven programs, and maintain the trust of our Members, donors, and the Veteran community we serve.
2. **Scope:** This policy applies to the Department Headquarters and all current and future Chapters within the Department. It is intended to provide guidance in the following areas: accounting, budget planning and execution, managing expenditures, fundraising.
3. **Monitoring and Accountability:**
 - a. Commanders are ultimately accountable for financial management within their command both as approving officers and co-signers. If they knowingly authorize expenditures beyond approved limits, they share liability with the Finance Officer and Adjutant.
 - b. Finance Officers are the custodians of all funds, securities, vouchers, and financial instruments. They are responsible for ensuring accounts remain within approved budgets.



Military Order of the Purple Heart Department of Arizona



- c. Adjutants are responsible for ensuring the Commander is alerted when a proposed expenditure violates the budget limits outlined in this policy.
- d. Audit Committees, Trustees, or other appointed Members must review all accounts, verify compliance, and report findings. Failure to identify or report irregularities may constitute neglect of duty.
- e. Financial records must be maintained in accordance with National guidance and made available for inspection by the DEC, Chapter membership, Trustees, or authorized National Officers.
- f. Any Department or Chapter Adjutant, Finance Officer or Commander who authorizes or disburses funds in violation of the approved budget may be held personally liable for the excess expenditure. Officers found negligent in their financial duties are subject to disciplinary action in accordance with the National Constitution, Bylaws, and Procedures of the Order.

4. **Budget Preparation and Approval:**

- a. The Department Finance Officer and the Department Adjutant shall prepare the annual Department budget incorporating the Commander's guidance and priorities for review by the Department Executive Committee (DEC) prior to approval by the convention body at the Department.
- b. The Chapter Commander and Chapter Finance Officers should prepare an annual budget and present it to their membership for approval at the first Chapter meeting after new Officers are elected and installed.



Military Order of the Purple Heart Department of Arizona



5. **Contract Management:**

a. Contracts, agreements, or ventures that obligate Department or Chapter funds must be authorized in advance by the governing body. No Officer or Member may enter a contract on behalf of the Department or a Chapter without such authorization. Unauthorized contracts are not binding on the Department or Chapter.

b. Department contracts require DEC approval and subsequent ratification at the Department Convention. The Department Commander shall sign all contracts. Contracts extending beyond one fiscal year require a two-third vote of the Convention.

c. Chapter contracts require a majority vote of the membership present at a regular or special meeting. The Chapter Commander shall sign all contracts. Contracts extending beyond one fiscal year require a two-third vote of the membership present at a regular or special meeting.

6. **Expenditure Management:**

a. Departments and Chapters may not exceed any budget line item or the total approved budget by more than 10% without prior DEC (for Departments) or Membership (for Chapters) approval. All deviations beyond 10% must be submitted for approval at the next Department Convention or Chapter meeting, as appropriate.

b. All disbursements shall be made only with a warrant signed by the Adjutant and approved and signed by the Commander. Except for approved mileage stipends, all warrants will be supported by either an invoice or a receipt. In unusual circumstances or in the interest of time, the Commander may authorize an expenditure not to exceed \$500.00 in writing prior to the warrant being prepared and approved.



Military Order of the Purple Heart Department of Arizona



c. The Finance Officers shall not issue checks without an approved warrant or written approval by the Commander. Commanders should co-sign all checks whenever possible.

d. The Adjutant and Finance Officer will maintain a log of all warrants and post all approved expenditures to the approved budget to ensure budget limits are not exceeded and to provide the current budget amount always remaining in each budget line item and the total budget. The logs and budget are subject to audit.

7. **Income Management:**

a. The Finance Officer will ensure all income received is promptly deposited into the appropriate Department or Chapter account. At no time will funds be comingled with personal funds. Income received will be recorded on the appropriate budget line. Care will be taken to distinguish between welfare and administrative funds.

b. Income received and designated for specific reasons or programs such as disaster relief, suicide awareness, women veterans' programs, etc. are considered "restricted funds". While they can be included in the same bank account as general purpose funds, they must be reported separately and must only be used for the designated reason.

c. Funds raised by Viola fundraising events are considered "Welfare Funds" and must be used to support Veteran Welfare programs. They cannot be used for normal operations.



Military Order of the Purple Heart Department of Arizona



8. **Accounting and Reporting:**

- a. In addition to records identified for expenditure management, the Finance Officer will reconcile all appropriate checkbooks with the financial institute's statements monthly. These reconciliations will be documented and subject to audit.
- b. The appropriate Finance Officer will provide a written report detailing all income, expenditures, and account balances to the governing body at each Chapter meeting or Department Convention.
- c. The Commander will direct an independent audit of the Adjutant's and the Finance Officer's records at least once during their term of office. The results of the audit will be recorded on the audit report form (TBD) and reported to the governing body.
- d. The Finance Officer is responsible for preparing the Annual Finance Report and Property Listing for the Commander's review and approval. Once approved, it is submitted to the Department Finance Officer NLT 31 May. **Do not send reports to National.**
- e. The Finance Officer is responsible for filing the annual 990-N or 990-EZ with IRS according to the IRS timeline. The copies of the current 990-N or 990-EZ will be submitted to the National Finance Officer and Department Finance Officer by 31 May.

9. **Fundraising.** Several principles can impact Chapter and Department Fundraising efforts and must be considered when planning events.

- a. Third party fundraising is not allowed without National permission in advance.



Military Order of the Purple Heart Department of Arizona



- b. The phrase “Purple Heart” is word marked/trademarked by an outside organization and CANNOT be used in any fundraising or marketing material without requesting their permission and possibly paying a percentage of the funds raised. This restriction includes the National Organization Emblem.
- c. Use of The Purple Heart Medal images is controlled by the Department of Defense and permission to use those images has been granted to the Military Order of the Purple Heart and can be used on advertising and marketing materials.
- d. The “purpose” for a fundraising event should be concise and relate to the Purple Heart Mission and/or programs.
- e. Depending on the actual wording, the funds raised may be restricted in the eyes of the donor.
- f. Advertising/marketing examples:
 - i. “We are raising funds for the Military Order of the Purple Heart Programs”. This example requires permission of the trademark holder.
 - ii. “We are raising funds to support recipients of The Purple Heart Medal”. This example does not require permission, but funds raised are restricted to purposes benefitting Purple Heart recipients, e.g., funds could not be used to benefit a community food bank, but could be used to benefit a food drive exclusively for Purple Heart recipients.
 - iii. “We are raising funds for Veterans.” This does not require permission. The funds are restricted to those purposes that benefit Veterans.



Military Order of the Purple Heart Department of Arizona



iv. "We are raising funds for suicide awareness and prevention." These funds are purpose restricted to those programs, but are not restricted solely to program targeting Veterans.

v. "We are raising funds to support our programs which support Veterans, especially combat-wounded Veterans, their families, and our communities." These funds are the least restricted as the explanation leaves broad discretion for use of any funds raised.

Approved by the DEC:
November 19, 2025

Cody Phipps

Cody Phipps
Commander
Department of Arizona