



## **Merchandise for Donations or Sale and Protocol for Selling (Revision date 1-13-2013)**

Merchandise has been a “staple” to provide a revenue stream for groups to help fund their meetings and events. When the Tea Party movement began, we couldn’t keep merchandise in stock.

To help fund our first Tax Day rallies, we ordered thousands of dollars of t-shirts, hats, bumper stickers, sweat shirts, pens, blankets, canvas chairs, and on and on. Of course, we had no “start-up” funds, so those purchases went on my personal credit card. I was willing to do that and considered it a “loan payable” to me from our group.

Not everyone is in a position to have a clear credit card that your group can use, or may not be willing to risk having to possibly pay that back yourself to yourself. I didn’t have that fear, so I decided I would do it and our board of directors agreed. That was the only way we could provide merchandise at our rallies that we ultimately were able to pay down the loan as well as fund the rally expenses.

Later, since our merchandise has a statewide general Tea Party logo, we have been able to provide other groups with merchandise that they too can offer to members and guests and not make the same investment that we did. We provide it to groups at a 30% discount from the donation that is given for each item. If we get a \$20 donation for a t-shirt, the group will get the shirt for \$14. They will clear \$6 per shirt with not risk on their part.

### **Things you should know when you have merchandise to offer:**

- If you decide to design your own logo and selection of merchandise, it’s not recommended to have your personal group name on your shirts. Our shirts have “Tea Party California” and its logo. Why?
  - You limit your market range when you limit yourself to one area.
    - Individuals who do not live in your area are not likely to buy your shirt.
    - When all your people have their shirt, who will buy what you have left?
- When there is a regional, statewide or even national logo, you begin to brand your organization with a common look.
- Keep the message on your shirt one that will appeal to groups across a region, state or the nation.
  - For instance, our shirts have just our logo and “Tea Party California” because we don’t want to have a cluttered look on our shirts.
- Trademark your logo. Really?
  - I have been criticized for getting Trademark protection for our logo.
  - Some think that I am a power monger.
  - Trademarking is not a “grassroots” thing to do.
  - Others think that everyone should be able to use the logo with no permission from us, the designers of the logo.

#### **Tea Party California Confidential**

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- While I understand their argument, I respectfully disagree and here's why.
  - Without a Trademark, anyone can take our logo and put any message they want with it, whether it fits with our core values or not.
  - It is fiscally responsible to uphold the integrity of a logo by restricting its misuse.
    - It's not its use that we want to control.
    - We need to control its misuse and that is done with a trademark protection.
  - How would you like to find your logo being used to promote a cause or candidate that violates your true values?

**Know what merchandise is appealing to MOST.** Take it from the voice of experience. When you provide EVERYTHING that EVERYONE asks for you are not being fiscally sound.

- You will always have those who want you to invest in doggie sweaters and they will be the only ones that will buy them.
  - Here are some of the items that move quickly:
    - T-shirts
    - Label Pins
    - Bumper Stickers
    - Hats
    - Visors
    - Polo Shirts
    - Sweat Shirts
    - Tote Bag
- Be careful with “trendy” items that come and go.
- Provide sizes for all shapes and builds within reason.
  - Going above extra-large costs more per item for you so you need to reflect that in your donation.
- Be sure that you have your merchandise displayed at every event you have in order to move it.
  - You also want as many of your members as possible to wear their Tea Party shirts at events.

**Be careful how you handle your income from merchandise:**

- If you are running your income and expenses from your personal account, all revenue is considered income and you must report it on your income tax returns.
- Unless you are a non-profit or under some other groups non-profit status, you must charge sales tax.
- Requires a “Sellers Permit”.
- You must mail in your tax income to the State Board of Equalization when you report your income.



**If you are a non-profit, you never say that you “sell” merchandise.** What they receive from you is a “thank you for your donation” item.

- Selling means sales tax.
- You provide a certain item for a certain dollar amount for a donation.
  - For a \$20 donation, they receive a t-shirt.
  - For a \$5 donation, they receive a bumper sticker.
- It's wise to have a printed sign for what dollar donation gets what piece of merchandise.

### **Checks, Cash and/or Credit Cards?**

- Have checks made out to your group name.
- Keep track of your cash.
  - Always have a cash box with seed money to start with for change.
  - When counting your cash, remember to deduct your starting seed money.
- Credit cards will cost you something.
  - You can now buy a “Cube” that attaches to your phone that will allow your phone to be your Credit Card Machine.
  - There is a bank charge per swipe for this service. Usually between 2 or 3 %.
  - What happens if you don't accept credit cards?
    - You may lose out on donations.

### **Providing receipts for their donation.**

- If you are a 501(c)3 non-profit, you can provide a tax deductible receipt for their donation.
  - You also will provide their names for the IRS at the end of the year.
- If you are a 501(c)4 you do not need to provide a receipt since it is not tax deductible.
  - You do not need to provide the names of your donors to the IRS with the (c)4 status.
  - Many donors prefer not to have their donation a write off in order to prevent the IRS from tracking where their money goes.
- If you are a “business” and pay the sales tax, you must provide receipts for your sales.

While there are challenges with having merchandise to offer, it is also very rewarding to see individuals all over your state wearing a common shirt, hat, sweat shirt or carrying a tote bag. It's really fun when you see another car with a bumper sticker like yours! You'll speed up to see who it is.

Be wise with your donation dollars, but be willing to provide something for your group to have a common identity.