

Nonprofit Guide



Choose a Location

Determine the type of nonprofit business you are seeking to operate so that you can acquire and complete the appropriate paperwork.

NOTE If your nonprofit is also a business type that requires other special permitting (e.g., food service, retail, etc), you will also have to go through the steps appropriate for establishing that business. Please refer to the [Starter Kits](#) available on the SF Business Portal for assistance or contact OEWD Business Development.

Find a location zoned for your business. Every location is zoned differently - some could require a “Change of Use” or “Conditional Use” application, which can include a public hearing and neighborhood notification. You can do so [here](#).

NOTE Some zoning districts prohibit the establishment of a certain uses, and a “Change of Use” or “Conditional Use” may impact timeline and budget.

Visit the SF Planning Department’s Planning Information Counter at 49 South Van Ness Avenue to understand zoning and building codes. These [requirements](#) will determine where you open your business.

Review Americans with Disability Act (ADA) guidelines to make sure your business is accessible.

NOTE Your landlord is required to provide information about the accessibility of the building, in case it needs renovations.



Set Up Your Business

Evaluate whether setting up your own organization is the right decision. If you anticipate making less than \$5,000 per year in revenue, you can accept tax-deductible donations without filing any paperwork. Such entities are *unincorporated associations*.

NOTE To get to work immediately and complete setting up your own nonprofit later (or forego the paperwork process altogether), *fiscal sponsorship* may be a viable option. Under this arrangement, a nonprofit entity may operate under the auspices of an existing organization.

Choose and file a business name. [Research](#) your desired names name’s availability in your county before filing. [Reserve](#) your nonprofit’s name with the CA Secretary of State.

Create articles of incorporation and bylaws for your nonprofit. CalNonprofits offers guidance on bylaws and specific purpose statements [here](#).

Establish a board. Many nonprofits find their first board members in the community they are assisting. Online marketplaces like [VolunteerMatch](#) are helpful resources for growing your board and rounding out skills and experience.

Register as a nonprofit corporation. Most nonprofits are 501(c)(3) [tax-exempt organizations](#). To attain this status, the first step is to [register](#) with the CA Secretary of State as a California nonprofit corporation and [file](#) your Articles of Incorporation. This must be done before registering locally.

File a 1-page Statement of Information with the CA Secretary of State within 90 days of receiving your California Corporate Number (after submitting your Articles of Incorporation). The fee for this service is \$20.

NOTE If you register your business before choosing a final location, you will have to update your registration with the new address.



Set Up Your Business

Apply for an Employer Identification Number (EIN), also known as a Federal Tax ID Number [from the IRS](#). This is used to identify your business and allows you to hire employees. If you are a sole proprietor without employees, you may choose to use your Social Security Number instead.

NOTE Inform the IRS that you wish to obtain 501(c)(3) tax-exemption status. The IRS will tell you about [Form 1023](#) which you will need to file. If you expect your organization’s income to be less than \$50,000 per year, you will need to file [Form 1023-EZ](#) instead.

Within 30 days of receipt of assets, file [Form CT-1](#) with CA Attorney General’s [Registry of Charitable Trusts](#). This requires Articles of Incorporation and a federal EIN.

Apply for California Tax-Exempt Status with the California Franchise Tax Board.

NOTE If you complete this step after receiving your federal exemption, file [Form 3500A](#) (free). If you have not yet received your exemption, file Form 3500 (\$25). If you are in a rush to set up your nonprofit and can afford the fee, file Form 3500 concurrently with IRS Form 1023. Otherwise, file form 3500A after receiving your EIN and tax exempt status from the federal government.

Register your business with the City through the Office of the Treasurer and Tax Collector (TTX) and the Office of the Assessor-Recorder. Avoid paying payroll taxes and registration fees by selecting “Nonprofit” in Section 2 to let San Francisco TTX know your business is an eligible nonprofit.

NOTE While nonprofits are exempt from the registration fee, payroll expense tax, and gross receipts tax, they must still register with the Tax Collector. They are also required to provide proof of their exempt status. The Bar Association of San Francisco’s Community Organization Representation Project ([CORP](#)) can assist with free or low-cost legal help as you file.

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Prepare Your Space

New Construction: [Submit plans and documents](#) to the SF Department of Building Inspection. Change and resubmit plans as needed.

Water & Wastewater Capacity Charge: If your business will use more water than the previous business or resident, you may have to pay a capacity charge to the [SF Public Utilities Commission](#) (PUC).

NOTE Get an estimate of the water capacity charge from the PUC before signing a lease. This fee can be high. The PUC offers several [grants](#).

Sign your lease. Leases can be tricky, so review the lease carefully with a lawyer before signing. [Community Vision](#) offers free rapid response consultation calls.

Gas & Electric Services: If your business needs new or additional gas or electric services, [contact](#) PG&E Building and Renovation Services to start the application process.

Signs: If you want to install or change a canopy or sign on the outside of the building, ensure you comply with the SF Planning Department sign [guidelines](#).

Transit Impact Development Fee: If your business will increase the number of people coming to your area, you may have to pay a [Transit Impact Development Fee](#) to the San Francisco Municipal Transportation Agency (SFMTA).

NOTE Small businesses may be eligible for Transit Impact Development Fee waivers or reductions.

Property Tax Exemption: Many nonprofit spaces qualify for a [property tax exemption](#). Some leased property is ineligible unless both the owner and operator file and qualify.

DISCLAIMER: While every effort has been made to include only high-quality resources, OEWD does not supervise all of these organizations and does not guarantee the quality of the information or services they provide.



What If ...

If you plan to hire employees, be sure to follow all [wage and employment guidelines](#).

NOTE There are a number of online resources, such as the [Foundation Center](#), for finding talent to work at your nonprofit.

Bike Racks: The SFMTA installs racks for short-term bike parking (under two hours) in the public right-of-way (on the sidewalk or in the parking lane) by request, at no charge. If you wish to install additional bike parking, complete [bicycle parking guidelines](#) are available on their website.



After Opening

Post all required posters and permits including No Smoking signs, minimum wage information, etc.

Mark your calendar. Set reminders to renew your permits and licenses as needed.

Prepare and pay your local, state, and federal taxes. Learn more from these departments:

[San Francisco Treasurer & Tax Collector](#)
[San Francisco Office of the Assessor-Recorder](#)
[California Franchise Tax Board](#)
[Internal Revenue Service](#)

Review nonprofit resources available on the OEWD website. The website is updated with resources for funding, board governance, long-term sustainability and more.

NOTE Additional resources may be found on the OEWD [nonprofit sector assistance](#) page.



To speak with a business counselor
visit the Office of Small Business

City Hall, Room 110
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
(415) 554-6134