**Data and Methods**

We address our research question by leveraging a novel source of data: U.S. nonprofit tax returns (i.e., the Form 990). The Form 990 contains an immense amount of data on nonprofits, including: location, mission statement, programming activities, and a detailed set of financial data like executive compensation, revenues, and expenses. In 2016, the IRS made 1.3 million e-filed tax returns from 2010 through 2016 electronically available (about 60 to 65% of all filings). After initially housing these data on Amazon Web Services, the IRS moved the data to their own website in 2022 where the data are continuously updated. Before this release, these forms were still publicly available but primarily accessible as PDF documents. Curating these disparate forms into a single dataset of scale required significant investment.[[1]](#footnote-1) This barrier greatly hindered Form 990 utilization within academic research. Greater data accessibility, though, is now igniting new innovations for understanding U.S. nonprofit organizations and their social consequences (Velasco and Paxton 2022; Paxton, Velasco, and Ressler 2020).

These data do contain two notable exclusions. First, only nonprofits with gross receipts over $200,000 are required to submit the full Form 990 that includes a supplementary schedule inquiring about foreign expenses. While nonprofits with less than $200,000 in gross receipts can volunteer this information, they are not required to do so. Additionally, the IRS only began requiring information on foreign expenses in 2008. Second, Forms 990 exclude an important type of anti-LGBT+ actor: churches. These tax-exempt entities are not required to disclose financial information to the federal government. Understanding the financial role of churches, then, requires a separate investigation utilizing alternative sources of data. The ability of churches to evade financial disclosure has additional consequences for the present study as some anti-LGBT+ organizations within our sample change their registration from nonprofits to churches. For example the Billy Graham Evangelistic Association and the Family Research Council changed their registration from nonprofits to churches in XX and XX respectively. Changing tax-exempt designation suddenly removes these organizations’ financial data despite their anti-LGBT+ work continuing. Due to changes in registration being public record, we also separately collect this data from the IRS to assess the frequency of registration changes. We discuss potential implications for our findings below. So, although our analysis is the first large-*N* investigation into foreign expenses by anti-LGBT+ organizations, our results are only generalizable to this set of nonprofit organizations within the U.S.

Nevertheless, Form 990 data are an imperative tool for illuminating how global efforts to curtail the rights of LGBT+ communities are being financed. Both openDemocracy (2020) and the European Parliamentary Forum for Sexual & Reproductive Rights (Datta 2021), for example, use these data to descriptively track changes in U.S. anti-LGBT+ organizations’ foreign expenses and offer accompanying details on local consequences. While certainly insightful, these reports reflect how relying on manual collection of these data limits their investigative scope – the two reports only showcase 28 and 10 organizations, respectively. Consequently, turning to newly available administrative data from the Internal Revenue Service allows us to significantly overcome the persistent constraint of data availability and more robustly evaluate our research question.

*Dependent Variable.*

We measure foreign expenses in two ways: as a proportion of total expenses and as total dollars spent in activities abroad. We incorporate these two measures to determine whether the adoption a progressive policy shifts organizational priorities (by making foreign expenses a larger percentage of their budget) or changes the volume of resources (as determined by total dollars spent abroad). While these may be correlated within an organization, this is not necessarily always the case. Following legislative defeats, anti-LGBT+ organizations may see their overall budgets increase as donors and funders can continue or even increase their support. This can result in more money being spent abroad but at a similar or lower proportion of the organization’s overall budget.

Data on foreign expenses comes from Part I, Line 3C, Column F of Schedule F. On Schedule F, titled “Statement of Activities Outside of the United States,” nonprofits are required to report expenses related to three types of activities: the organization’s own international operations, grants and assistance to foreign organizations and governments, and grants and assistance to foreign individuals. Then, across Parts I, II, and III of Schedule F, organizations provide accompanying information related to each activity.[[2]](#footnote-2) Relevant details include region, total expenditures, and a description of the activity or grant purpose. Schedule F, then, includes the total amount spent internationally within the tax period, but also the number of specific grants awarded as well as more information on where these funds are going and how they are being spent.

To calculate our first dependent variable, we divide these foreign expenses by total expenses from the current year – found on Line 18, Part I of the base form. Our second dependent variable is the raw total logged due to the skewed distribution. All financial variables are converted to real 2012 USD.

*Independent Variables.*

*State Policy Change.* We measure progressive LGBT+ policy change as the year marriage equality was passed or ruled legal (as opposed to year of enactment) in the state a nonprofit resides. These data are collected from Movement Advancement Project. We focus on state-level policy change for theorical and methodological reasons. Theoretically, this policy was primarily debated, banned, and adopted at the state-level. When the U.S. Supreme Court legalized same-sex marriage nationally in 2015, marriage equality was already legal in 33 states (xx). Given the proximity of these debates, state-level adoption is more likely to then influence how nonprofits perceive their political opportunity structure too. Methodologically, focusing on state-level variation offers us more intervention points to assess the effects of this policy switch.

*Anti-LGBT+ Organization.* Our second independent variable is an indicator for whether the organization is classified as “anti-LGBT+” or not. Rather than limiting the sample to only anti-LGBT+ organizations, we instead keep all observations which allows us to determine if changes foreign expenditures by anti-LGBT+ organizations are distinct relative to the broader field. This comparison point will lend greater credibility that any effects found are attributable to LGBT+ policy changes rather than changes to the general field.

Classifying an organization as “anti-LGBT+” is a difficult process; fuzzy and differing definitions result in loose categorical boundaries between organizations (Velasco *forthcoming*). Consequently, any classification scheme can certainly be either contested or optimized. Regardless, we take the following approach. We first develop a list of organizations that have been identified as actively working against LGBT+ communities. This list includes all organizations deemed “anti-LGBT+” by third-party sources (e.g., the Southern Poverty Law Center, PFLAG), organizations that participated in distinctly anti-LGBT+ conferences (e.g., World Congress of Families), participate in campaigns against marriage equality at the state and federal-level by signing petitions or attending rallies (e.g., 2004 Mayday For Marriage, 2014 March for Marriage), or being designated as anti-LGBT+ in academic studies and reports (e.g., Fetner 2008). This initial set results in 620 organizations.

Next, we classify as “anti-LGBT+” all organizations that have received funding from known anti-LGBT+ organizations. That is, those identified from third-party sources. We implemented this networked approach by relying on Schedule I of the Form 990. This part of the form requires nonprofits to report all U.S.-based entities they give money to. If an organization appeared in the lists provided by known anti-LGBT to the IRS, we classified as anti-LGBT+ as well. For example, in 2011, Focus on the Family reported giving $30,958 to the Minnesota Family Institute for “voter registration” while the National Organization for Marriage gave Radio Vision Cristiana $25,000 for “general support.” Consequently, the Minnesota Family Institute and Radio Vision Cristiana are classified as “anti-LGBT+” in our sample. This process results in 1,441 new nonprofits being designated as “Anti-LGBT+” for a total of 2,061 anti-LGBT+ organizations.

*Alternative Explanations.*

While our aim is to understand the distinct effect of marriage equality on anti-LGBT+ organization’s foreign expenses, it is imperative to account for alternative explanations that close off spurious paths. Because the effect we are interested in estimating is at the state-level, we direct our control variables here as well. These state-level controls are: gross domestic product (logged), percent of the population 25 and older with college degree (associates or higher), percent of the population that is foreign-born, number of registered churches (logged), total number of nonprofits (logged) and an indicator for whether the governor is a Republican for a given year. At the organization level, we include the total expenses (logged) in models with raw dollars as the dependent variable.

*Analytic Sample*

Our analytical sample consists of organization-year pairs, with variables associated either to state-level characteristics or to organization-level characteristics for that year. Organization-level characteristics like our outcomes of interest, are based on the respective Form 990. We restricted our sample according to the data available through the Form 990. Our analytical sample includes all organizations that filed a Form 990 between 2013 and 2019. We did not include filings previous to 2013 because **TK.** We include all organizations in the territorial United States and excluded those based in the District of Columbia. Because of organizations can file multiple returns for a single tax year, we selected only the most recent filing for each year. We also removed filings showed signs of errors: those thar reported negative expenses, or foreign expenditures than were higher than the total reported expenditures. All dollar amounts are reported in real 2012 USD. The analytical sample includes 1,521,368 organization-year pairs. That translates to a total of 324,552 unique non-anti-LGBT+ organizations and 1,048 unique anti-LGBT+ organizations.

*Estimation Strategy*

Our estimation strategy elucidates the causal effect of pro-LGBT+ legislation at the state level on foreign spending by anti-LGBT+ organizations. We explore three outcomes related to foreign spending: gross foreign spending, foreign spending as a proportion of the organization’s total budget, and the likelihood that an organization spends money abroad. To measure the effect of policy change on the first two outcomes, we use OLS regressions. To measure the effect of state courts legalizing same-sex marriage on the likelihood that anti-LGBT+ organizations will spend money abroad, we implement a logit model. The equation below summarizes our analytical strategy:

In the equation above, *Yit* designates one of our three outcomes of interest for organization *i* in year *t.* indicates the difference in the outcome of interest for anti-LGBT+ organizations.indicates the changes to the outcome of interest for anti-LGBT+ organizations after their state legalized same-sex marriage. Taken together, these two coefficients allow us to ascertain the effect of pro-LGBT+ policy change in the foreign expenditures of anti-LGBT+ organizations. *Xit* indicates our state- and organization-level controls for year *t*: gross domestic product, whether the state has a Republican governor, whether same-sex marriage has been legalized, the proportion of the population that is foreign-born, the proportion of the population over 25 who has a college degree, the number of nonprofits in the state, the amount of registered churches in the state, and, for the model measuring gross foreign expenses, the organization’s total expenses in year *t.* signals the error term. We clustered standard errors at the state level to account for the ways in which circumstances specific to each state differently affect the uncertainty around our estimates.

1. The National Center for Charitable Statistics undertook the significant task of manually digitizing all Form 990 filings from 1998-2003. Consequently, prior to the IRS data release, investigations on nonprofits requiring detailed information were limited to this era or to specific subsets of nonprofits. [↑](#footnote-ref-1)
2. Although explained simply here, see IRS reporting instructions for more detail: <https://www.irs.gov/pub/irs-pdf/i990sf.pdf>. [↑](#footnote-ref-2)