STRATEGIES FOR LGBTQ NONPROFITS: LESSONS FROM NOMENUS INC.

by

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This thesis explores strategies LGBTQ organizations can use to obtain Section 501(c)(3) tax-exempt status. These strategies draw from both the historical experience of Nomenus Inc., an LGBTQ nonprofit from the 1980s, and the experiences of modern-day queer nonprofits. While barriers for LGBTQ organizations seeking nonprofit status have decreased overt ime, queer nonprofits still face challenges when applying. This research aims to address these challenges, especially those relating to nonprofit classification, regulatory scrutiny, and mission framing.

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Introduction

Despite a large increase in LGBTQ communities across the United States, LGBTQ related nonprofits are often left out of much of the research on the nonprofit accounting sector. Existing research ignores how the nonprofit application process may differ for marginalized groups. This thesis aims to fill this gap within nonprofit research, exploring how LGBTQ organizations navigate obtaining tax-exempt status. Research on this topic takes two perspectives, a case study on Nomenus Inc. and their application experience, and interviews of modern-day queer nonprofits. The case study on Nomenus aims to reveal how discrimination and cultural bias informed nonprofit status determinations in the 1980s. Interviews of more modern-day nonprofits aim to showcase how the application process had changed overtime and reveal any challenges LGBTQ nonprofits may still face today.

Literature Review

Underrepresentation in the nonprofit sector

According to a 2025 index created by *Cause IQ*, there were 1,817 LGBTQ rights organizations registered in the United States.[1] Gallup's latest polls measured 9.3% of U.S. adults self-identifying as something other than heterosexual.[2] Despite their presence in society, LGBTQ populations have been largely removed or limited in mainstream nonprofit research.

In the article "'Where My Gays At?' The Status of LGBTQ People and Queer Theory in Nonprofit Research", authors Seth Meyers, Elizabeth Dale, and Kareem Willis examined how queer organizations are represented within nonprofit scholarship. Through their research, the authors reviewed three popular nonprofit journals: *Nonprofit and Voluntary Sector Quarterly, Nonprofit Management and Leadership,* and *Voluntas*. They searched each journal for articles mentioning anything related to the LGBTQ community and ended up gathering 40 articles ranging from 1973 to 2019. Their overall findings showed that "research in nonprofit studies that specifically includes or focuses on LGBTQ people and issues has been scant and sporadic and has often reinforced existing power relations, including positioning LGBTQ identity as non-normative."[3] Many of the articles they analyzed treated the LGBTQ community as an object to study, rather than individuals with agency, and the only issue that these articles sincerely focused on was the AIDS crisis. While a few articles did mention the idea of including more LGBTQ

[1] *Cause IQ*, "LGBT Rights Organizations," *CauseIQ.com.*
[2] Gallup, "LGBTQ+ Identification in U.S. Rises to 9.3%," *Gallup News*, February 20, 2025.
[3] S. J. Meyer, E. J. Dale, and K. K. M. Willis, "'Where My Gays At?' The Status of LGBTQ People and Queer Theory in Nonprofit Research," *Nonprofit and Voluntary Sector Quarterly* (2022), pg. 572.

individuals in nonprofit leadership roles, many articles often disregarded queer perspectives for a more institutional or funding-focused opinion.

LGBTQ Employment and Philanthropic Engagement

While there is a clear gap in research about LGBTQ nonprofits, some more recent studies have started to explore LGBTQ giving patterns, and why the queer community is drawn to philanthropic organizations in the first place. In his article titled, “Why Do So Many Lesbians and Gay Men Work for Nonprofit Organization” Gregory Lewis conducted his research using statistical analysis tests on the 2000’s census data.[4] Lewis found that there tends to be smaller wage gaps at nonprofits between gay and heterosexual men compared to for-profit organizations. He also found that some LGBTQ couples who did not have children had fewer financial constraints, which could explain why they were able to afford working for lower-paying nonprofit jobs. Researching the intersection between nonprofits and the LGBTQ community is important since so many queer individuals are engaging with nonprofits, and many of these organizations directly support their community.

Nonprofit Industrial Complex

While increasing LGBTQ awareness in the nonprofit sector is an important goal, some critics are skeptical if the nonprofit structure is even beneficial to the queer movement. In “Gay Inc.: The Nonprofitization of Queer Politics”, Myrl Beam provides more context surrounding the issues with LGBTQ nonprofits. This book heavily critiques the current nonprofit structure, explaining

[4] G. B. Lewis, “Modeling Nonprofit Employment: Why Do So Many Lesbians and Gay Men Work for Nonprofit Organizations?”, *Administration & Society* 42, no. 6 (2010), pg. 720–748.

that queer organizations that become nonprofits are moving further away from their radical grassroots history and more towards an institutionalized format.[5] Beam explains that nonprofits often fall into the habit of altering their speeches and mission statements to get more money from donors instead of focusing on their original purpose. More organizations are prioritizing the interests of their donors, rather than the marginalized communities they aim to support. Beam even describes a "complex donor management database" that nonprofits are now adopting to better remember details about their donors, such as their hobbies and motivations for donating. This database can help nonprofits in framing how to best ask donors for more money. This mission drift mindset and shift towards only focusing on fundraising has coined the term the Nonprofit Industrial Complex, or the NPIC. This fear of developing a NPIC is not just a concern for queer nonprofits, as nonprofits across all sectors have expressed concern for adopting this new mindset. Remaining true to one's original mission as a nonprofit is becoming increasingly important, and LGBTQ organizations applying to become a nonprofit should be aware of the possibility of developing a NPIC.

Moving Towards Queer-Informed Nonprofit Structures

While current research on the queer nonprofit accounting sector is slim, all current literature has come to the consensus that there needs to be more research about this intersection. Some researchers, such as Beam, argue that there needs to be a stronger advocacy for autoethnography, which would allow researchers to share individual's lived experiences as a part of the LGBTQ community. Others argue that there needs to be more research on both mainstream and grassroot

[5] Myrl Beam, *Gay, Inc.: The Nonprofitization of Queer Politics* (Minneapolis: University of Minnesota Press, 2018).

LGBTQ nonprofits. The research in this paper aims to fill this gap, so that modern-day queer organizations have a better understanding of both their history and the current issues the nonprofit system faces.

Methodology

To research a more comprehensive view of the LGBTQ nonprofit experience, two different methodologies were conducted. First, a case study on Nomenus Inc. was written to understand a past perspective with the application process, using their experience as a benchmark to later evaluate more modern LGBTQ nonprofits. Additionally, the case study is meant to encourage other organizations or individuals to share their own experiences within the queer nonprofit sector. The second method was to get a modern-day perspective by interviewing newer queer related nonprofits. These interviews were used to explore the progression of the nonprofit sector, offering a more comprehensive view of the queer nonprofit experience. Both research methods were used in conjunction to create a list of different strategies that future LGBTQ organizations can consider when applying for nonprofit status.

Case Study Method

The case study of Nomenus Inc. was written by analyzing primary sources from the University of Oregon's Special Collections and University Archives (SCUA). Current members of Nomenus that remember their organization's application experience were not available for contact, so the main source for this study comes from archival material found at the SCUA. Within the SCUA, a collection entirely dedicated to Nomenus was analyzed, specifically using documents pertaining to the interactions Nomenus had with the IRS. Main sources were pulled from the folder titled *Nomenus Speaks to the IRS*.

Interviewing Method

To reveal a modern perspective of the application process, interviews of currently running LGBTQ related nonprofits were executed. All organizations interviewed are classified as Section 501(c)(3) nonprofits. The Institutional Review Board (IRB) approved interviewing methods, and all organizations gave consent to be included in this research. Each nonprofit was contacted through email to coordinate their interviews, and each had the option to answer interview questions via email or a Zoom call. The following questions were asked during each interview:

1. When did your organization gain nonprofit status?
2. Is your organization classified as a public charity or a private foundation?
3. Which 501(c)(3) category did your organization most identify with when applying (i.e. religious, educational, charitable, scientific, literary, testing for public safety, amateur sports competition, prevention of cruelty to children or animal organizations)?
4. Did your organization run into any difficulties during the application process?
5. Were any of these difficulties associated with lobbying or political campaigning?
6. Did your organization receive nonprofit status on the first attempt? If not, did the IRS ask for any additional information or revisions?
7. Were there any strategies your organization found useful during the application process?
8. Did your organization receive any guidance from other organizations or resources during the process?
9. Did your organization feel like it had to change or tone down its mission statement to gain approval from the IRS?

All organizations were asked the same set of questions during the interview. Detailed notes were administered during the interview to record the interviewee's answers, then sent back to the organization for their approval of usage. Each interviewee had the option to opt out of the use of their name in association with their responses.

Case Study on Nomenus Inc.

What is Nomenus Inc.?

Nomenus Inc. originally was created as an outcome of a previous organization called Gay Vision Circle: A Community Land Trust. In 1984, directors of Gay Vision Circle realized that the goals of their corporation no longer resonated with its members, and they decided to make changes to their bylaws and purpose. With the help of their founder Harry Hay, the organization under the name of Nomenus Inc. was created, where their new focus is on nature and self-identity. Nomenus has deep connections to the Radical Faerie movement, which is known for the rejection of mainstream gay assimilation and instead embracing one's queer identity through spirituality, self-expression, nature, and community gatherings.[6] Members of Nomenus used to write articles for their newsletter called *The RadDish*, which was distributed to other members across the country to inform them of upcoming gatherings or events.

Nomenus still operates today, with several locations across the West Coast, including one sanctuary in Wolf Creek, Oregon. It is important to note that the case study conducted in this paper is based on what the organization was like during its initial application for nonprofit status, as it is likely that the organization has evolved since then.

Initial Application

Nomenus applied for Section 501(c)(3) nonprofit status on June 19, 1985. They applied with Form 1023, using their headquarters address in San Francisco on the submission. Nomenus applied as a public charity under Section 509(a)(1), claiming they qualified as a church under

[6] Radical Faeries, *LGBTQIA+ Wiki*, Fandom.

Section 170(b)(1)(A)(1). In their initial application, Nomenus describes how their main source of financial support comes from donations. Their worship circles and convocations include a variety of expenses that they pay using a voluntary sliding-scale fee. This is a flexible pricing system where costs for members are based on the individual's ability to pay. Nomenus created the acronyms of GAYAABAGS (Give As You Are Able But Always Give Something), and NOTAFLOF (No One Turned Away For Lack Of Funds) to describe their flexible pricing system. On their initial application, Nomenus described that gaining nonprofit status was important to their organization as they began "to raise funds to establish and maintain a permanent place of worship within California" with plans to purchase a property site by 1987. [7]

After submitting their initial form, the IRS requested more information on September 6, 1985. Additional information needed by the IRS included submitting a sample copy of their newsletter, their bylaws, and a program of specific activities conducted during their most recent gathering. The IRS also wanted to better understand how Nomenus Inc.'s purpose had changed since they switched their name from Gay Vision Circle. On September 21, 1985, Nomenus complied with the IRS, submitting everything they requested, including their change in focus from Gay Vision Circle.

Initial Denial

On January 22, 1986, Nomenus Inc. was denied Section 501(c)(3) nonprofit status. The IRS also concluded that Nomenus did not operate exclusively for religious purposes and therefore did not

[7] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.

qualify as a church under Sections 509(a)(1) and 170(b)(1)(A)(1). To explain their determination, the IRS used a case from 1982 as precedence, comparing Nomenus Inc.'s situation to the *Church of the Chosen People v. United States*. During this case, the court used 14 pieces of criteria to decide if the Church of the Chosen People qualified as a church. These criteria looked for specific qualities in an organization, such as having a distinct legal existence, original literature, or a religious history (See Appendix A). The IRS explained that these criteria were used just five years prior to Nomenus Inc.'s initial application, during the *American Guidance Foundation, Inc. v. United States.* case in 1980.[8] During this case, the court concluded that while some of these criteria are relatively minor, others, such as a formal doctrine or an established place of worship, are more important to the decision process.

The Church of the Chosen People had only one formal teaching doctrine called *The Gay Imperative*, which according to the court was "a single faceted doctrine of sexual preference and secular lifestyle."[9] Since the *American Guidance Foundation, Inc. v. United States* case had previously observed the importance of a formal doctrine, the court was skeptical in granting tax exemption to the Church of the Chosen People.

While determining the final ruling for the Church of the Chosen People "the court placed considerable reliance on the three-part test set forth in the case *Africa v. Commonwealth of*

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[8] *American Guidance Foundation, Inc. v. United States*, 490 F. Supp. 304 (D.D.C. May 22, 1980).
[9] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.

Pennsylvania, which examined whether a plaintiff's goals were religious."[10] This test considers the following about one's religious belief:

1. The belief must address fundamental and ultimate questions concerning the human condition.
2. The belief must be a comprehensive worldview, rather than an isolated idea.
3. The belief must exhibit external forms.[11]

After considering both this three-part test and the 14 criteria to be considered a church, the court determined that the Church of the Chosen People did not qualify as a 501(c)(3) nonprofit. The IRS explained this decision, stating that their doctrine did not address a fundamental question, was not comprehensive, and did not constitute an entire belief system. Additionally, the IRS stated that "the plaintiff narrowly focused on only one aspect of human existence- sexual preference."[12]

Using the *Church of the Chosen People v. United States* case as precedence, the IRS determined that Nomenus did not qualify for nonprofit status nor did they qualify to be a church. Like the Church of the Chosen People's case, the IRS believed that Nomenus Inc.'s doctrine was not comprehensive in nature. They state the following in their denial letter to Nomenus:

> "The descriptive materials in the newsletter furnished by you clearly indicate that your calls, gatherings, and ancillary activities are directed to the singular goal of

[10] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.
[11] *Africa v. Commonwealth of Pennsylvania*, 662 F.2d 1025 (3d Cir. Oct. 30, 1981).
[12] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.

> promoting 'gay consciousness.' Moreover, you have no formal code of doctrine that addresses fundamental and ultimate questions concerning the human conditions, such as the nature of good and evil, right and wrong, life and death. While your religious mission, as described by you is to love and worship according to shared beliefs about Balance, Nature, Immanence, and Subject-Subject Consciousness, other descriptive statements furnished by you disclose that your activities are predominantly concerned with the nature of gayness. In addition, it is our view that you lack external manifestations analogous to other religions…Moreover, social and recreational contact predominate in the activities of your organization. Our adverse decisions are also based on the view that you meet relatively few, if any, of the criteria relied on by the Service in determining whether an organization is a church… Accordingly you are not entitled to recognition of exemption from federal income tax under section 501(c)(3) as a religious organization or a 'church'. In addition, your application and supporting information fail to demonstrate that you are operated for any other exempt purposes within the meaning of section 501(c)(3)." [13]

Regardless of what Nomenus stated their purpose was on their application, the IRS believed that their purpose was only "promoting gay consciousness", thus preventing them from obtaining nonprofit status. After receiving this decision from the IRS, Nomenus was given 30 days to respond with an appeal, or their decision would be made final.

Nomenus Responds to Initial Denial

After receiving their initial denial, Nomenus was granted a small extension past the 30 day deadline to appeal, allowing Nomenus until March 31, 1986, to formulate their response. On this date, the president of Nomenus, Mica Kindman, sent the IRS a detailed letter with arguments about why Nomenus should receive tax-exempt status. The following goes into detail about each component of their argument:

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[13] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.

Nomenus operates for a public interest.

One of the factors the IRS used in their determination was whether Nomenus served a comprehensive view rather than an isolated teaching. Kindman argued back, referencing Section 501(c)(3)-1(d)(ii) which states that an organization that does not operate for the purpose of a specified subdivision, (such as religious charitable, scientific, etc.), must instead prove they operate for a public rather than a private interest in order to qualify for tax-exempt status.[14] According to Nomenus bylaws, their corporation's purpose is to "to establish and maintain a place for religious worship and assembly."[15] Additionally, their proposed activities submitted on their Form 1023 included collective worship and gatherings. Kindman explained that for these reasons, their corporation serves a public interest and therefore operates for exempt purposes.

The purpose of Nomenus is religious in nature.

The IRS believed that sample newsletter submitted by Nomenus in their application reflected that their organization's activities were "predominantly concerned with the nature of gayness". They used this assumption to claim that Nomenus hosted activities that were social and recreational, thus disqualifying them from exempt status. As a response, Kindman argued that their newsletter is "not intended as a doctrinal statement, but rather as a tool for sharing information among interested persons."[16] While the newsletter is an aspect of Nomenus, it does not fully encompass the purpose of their organization. Kindman explained that Nomenus has a purpose that is like other more traditional religions. While other religion's members seek to

[14] Title 26 Code of Federal Regulations § 1.501(c)(3)-1 (2025).
[15] Nomenus Inc. Records, Box 8, Folder 105, University of Oregon's Special Collections and University Archives.
[16] Nomenus Inc. Records, Box 8, Folder 106, University of Oregon's Special Collections and University Archives.

discover themselves, Nomenus is no different, with members also searching for their personal identity.

Like other religions, Nomenus also hosts events with the intended purpose of the furtherance of religious values. While these events may seem social and recreational to an outside viewer, that is not their intended purpose. Kindman explained that the real purpose of these gatherings is creating a space where members can participate in the religious beliefs of Nomenus. Kindman also noted that these events are no different from an orthodox church offering refreshments during a religious service or hosting a religious study retreat. As a final rebuttal for this argument, Kindman stated the following:

> "Taxpayer reminds the Service that the question before the Service is not whether or not sexuality plays a part in the religious beliefs of Taxpayer, nor whether or not sexual activities take place at the religious events sponsored by Taxpayer, but whether or not Taxpayer corporation as a whole is 'operated exclusively for exempt purposes,' as that phrase is understood by the law. [According to Section 501(c)(3)-1(d)(ii)] 'the requirement that an organization be operated 'exclusively' for exempt purposes is understood to mean 'primarily', thus allowing for an 'insubstantial' amount of non-exempt activity to occur within a context of primarily exempt activities."[17]

Nonprofits can engage in some non-exempt activities, if it is an insubstantial amount. While the term "insubstantial" is a vague definition, Kindman argued that just because some of their religious activities may seem social, does not mean they automatically are disqualified from exempt-status.

[17] Nomenus Inc. Records, Box 8, Folder 106, University of Oregon's Special Collections and University Archives.

The beliefs of Nomenus constitute a religion.

Using Africa v. Commonwealth of Pennsylvania as precedence, the IRS determined that the beliefs of Nomenus did not constitute a religion. Their only explanation was that the beliefs of Nomenus concern gay consciousness, which the IRS rejected as a possible basis for religious belief. Kindman questioned the logic in their decision making and claimed that a belief can still be religious even if it includes the acceptance of the LGBTQ community. Kindman also stated the following:

> "The Service makes no attempt to clarify any of these matters by defining its understanding of the term 'gay,' nor does it have the authority to do so as a means of assessing the beliefs and operations of Taxpayer… [although] many participants in Taxpayer's activities happen to share in common experience of living as gay-identified men…this background does not disqualify the resulting beliefs from being religious in nature."[18]

Kindman argued that the IRS has no authority to exclude an organization purely based on the perspective that their members are gay.

Nomenus passes the three-pronged test used on the Church of the Chosen People.

The IRS made many parallels to the Church of the Chosen People in their determination of Nomenus Inc.'s exempt status. Kindman argued that this comparison is prejudice, as Nomenus has no similarities to the Church of the Chosen People except for both organizations being associated with the gay community. Regardless of how similar or not the two are, Kindman stated that Nomenus does however pass the three-pronged test used by the court for the Church of the Chosen People. Nomenus has beliefs like those found in all religions, with beliefs

[18] Nomenus Inc. Records, Box 8, Folder 106, University of Oregon's Special Collections and University Archives.

addressing how the human experience is multi-dimensional, encouraging members to look within themselves to answer important questions, from very personal ones to more universal questions. Additionally, the beliefs of Nomenus are comprehensive in nature because they focus on an entire range of human experiences, from mundane tasks to more transcendent experiences. Lastly, Nomenus manifests its beliefs in external forms by hosting rituals and gatherings, writing hymnals, and creating and distributing their newsletter.

Problems with the 14 criteria used to define a church.

To prove that Nomenus qualifies as a church according to the 14 criteria used in the American Guidance Foundation v. United States case, Kindman addressed each criterion and explained how each one is an unfair determination factor towards newer religions. Factors like having a distinct legal existence, a religious history, and a recognized creed are nearly impossible for new organizations like Nomenus to have. These criteria are biased towards more traditional and established religions. Additionally, the criteria stating that one's organization must not be associated with any other church or denomination is nearly impossible to pass. For many religions, their origins often start by someone rejecting their former more established religion. Religions like Protestantism or Lutheranism are examples of more traditionally recognized religions that were formed by branching off from another religion. If these criteria that the IRS uses were strictly followed, no new religions would ever be created.

Kindman also argued that this test used by the IRS to determine if an organization is a church is constitutionally prohibited by the First Amendment. According to the Establishment Clause, the government is prohibited from establishing a religion, and it cannot favor any religion over the other.[19] By using the 14-factor test, the IRS was excessively regulating religions and favoring more traditional religions over newer ones. Additionally, the court in the *American Guidance Foundation v. United States* case noted that the test must be applied on an ad hoc basis, meaning each case must be examined separately. The criteria were first heard in a speech by an IRS commissioner named Jerome Kurtz, who even stated that a determination must be made on a case-by-case basis and each factor must be considered within the context of a given set of beliefs.[20]

If the 14 criteria test were taken in the context of Nomenus rather than strictly followed, the IRS would have seen that Nomenus does in fact qualify as a church. Kindman stated that hundreds of people have participated in the religious activities of Nomenus, and these activities have been publicly accessible despite a lack of a permanent place of worship. Kindman reminded the IRS that their goal with receiving nonprofit status is to purchase an established place of worship. This would further develop their organization and allow them to better meet some of the 14 factors as they continue to grow.

Nomenus Gains Nonprofit Status

After Nomenus responded to their initial denial, the IRS and Nomenus scheduled a conference call on May 14, 1986. During this call Nomenus addressed the points made in their response letter. The IRS asked for even more information, including additional copies of their newsletter and other literature that members had created. Nomenus submitted this additional material on

[19] Congressional Research Service. 2026. "*Amdt1.3.3 Establishment Clause Tests Generally.*" In *Constitution Annotated: Analysis and Interpretation of the U.S. Constitution.*
[20] Vickey Boatright Richardson, "Definition of a Church," *Free Church Accounting*.

June 2l, 1986. Almost a year later, on April 10, 1987, the IRS finally determined that Nomenus qualified for exempt status under Section 501(c)(3). Furthermore, the IRS determined that Nomenus was a public charity and not a private foundation.[21] Nomenus would no longer be subject to file a federal income tax return, unless they received any unrelated business income. It is important to note that this determination took almost two years since their initial application, which is long in comparison to the average 3-6 months for a nonprofit applying today in Oregon.[22] This difference in time length shows how the process for queer organizations applying for nonprofit status has changed over the past three decades.

While the experiences of Nomenus took more of a religious aspect to their application process, their history with the LGBTQ community offers insight into the hardships queer organizations faced. The IRS reduced Nomenus to only promoting gay consciousness and placed unusually high burden of proof onto Nomenus to appeal this decision. Overall, Nomenus faced a long process of appealing that ultimately led to their success.

[21] Nomenus Inc. Records, Box 8, Folder 108, University of Oregon's Special Collections and University Archives.
[22] Sarah Simpson, "How to Start a Nonprofit Organization in Oregon", *Donor Box Blog.*

Modern Nonprofit Interview Findings

Creative Queer Collective

A nonprofit based in Eugene, Oregon, the Creative Queer Collective (CQC) aims to build an inclusive and vibrant queer community that fosters creativity and collaboration. The CQC obtained Section 501(c)(3) status on July 23, 2024, and was further classified as a public charity under Section 509(a)(2).

An interview with a member of the Creative Queer Collective shared that the process was relatively easy, especially since they had just worked with the Oregon Department of Justice to get incorporated. Additionally, since the CQC is a smaller organization, they qualified to apply using Form 1023-EZ, rather than the standard Form 1023. This EZ version is available for organizations with the following qualifications:

- Gross receipts below $50,000 for the past 3 years.
- Projected average annual gross receipts of less than $50,000 for the following 3 years.
- Total assets valued under $250,000.
- Must be a corporation, unincorporated association, or a trust.[23]

Churches, schools, and LLCs do not qualify for Form 1023-EZ. Since the Creative Queer Collective met the standards to use the EZ application form, they were processed much faster. Form 1023-EZ is only 3 pages, mainly consisting of easier checklist style questions, while the

[23] Foundation Group, "Who Is Eligible to File Form 1023-EZ?," *501c3.org*.

standard form is roughly 26 pages long and requires extensive financial details and attachments of company bylaws.

The most difficult part of the application process for the Creative Queer Collective was getting a physical address for their organization. The CQC currently operates without a permanent location, and members did not want to use their personal address on the application for privacy reasons. As a solution, the CQC hired a registered agent in Portland and used the agent's address on their Form 1023-EZ. This agent receives all legal and state mail for the CQC, then uploads and sends it to them virtually. According to *Oregon Registered Agents*, hiring an agent can cost around \$35 to \$100 annually.[24] This fee could become a bearing expense for smaller companies like the CQC.

The Creative Queer Collective got most of their guidance on their application from other local queer organizations, such as Queer Eugene. Queer Eugene is a nonprofit of similar size and had received their tax-exempt status just recently before the CQC started their own application. Their experience with the nonprofit application process was more relevant to the CQC, especially compared to larger organizations such as the HIV Alliance.

When asked during the interview if the CQC was concerned about having to change or tone down their mission statement for the application, the CQC revealed that at first, they were

[24] Oregon Registered Agent LLC, "Oregon Registered Agent Service," OregonRegisteredAgent.com.

worried. Despite this concern, members decided to remain true to their mission of nurturing a "vibrant queer community, fostering creativity, connection, and collaboration in spaces where every voice is celebrated, free from judgement and filled with possibility."[25] Many of the CQC's events are community and social based, hosting events like creative circles and discussion workshops. Additionally, the CQC creates and distributes their own local queer magazine, called Rainbow Valley Times. This magazine showcases queer art and writing, local queer businesses, and ways to get involved with the CQC.

People Like Us

Operating in Wallowa County, Oregon, People Like Us is a newer grassroots organization aimed at helping their local LGBTQ community, as well as indigenous, intersex, and asexual individuals (2SLGBTQIA+). They gained Section 501(c)(3) status on May 11, 2023 as an education organization, and were classified as a public charity under Section 509(a)(2).

Sarah Osgood, the treasurer of People Like Us, provided more insights into what the application process was like. During the interview, Osgood revealed that they did not stress about having perfect articles of incorporation or bylaws when applying. According to Osgood, getting tax exempt status for grants was more important to their organization, and defining their operations was put on the backburner during the start. People Like Us is mainly funded by grants, private foundations, and individual donors, so obtaining 501(c)(3) status was an important beginning goal for their organization.

[25] Creative Queer Collective, "Mission," CreativeQueerCollective.org.

Osgood shared that the actual application was relatively easy, and it was mainly due to hasty work that People Like Us was initially denied by the IRS. During the initial application, Osgood recorded the wrong expected revenue and ended up submitting a much higher number than was expected. Additionally, People Like Us forgot to file with the Oregon Department of Justice when applying, which is required for organizations that plan to solicit donations. Due to these issues, People Like Us had to resubmit their application to the IRS, and this prevented them from being considered for a grant through Oregon Community Foundation during the first year they applied. Osgood also revealed that on their application they did not tone down or change their mission statement, however Osgood feels that if they were to file under current administration this answer may be different.

Moving forward, People Like Us hopes to hire paid staff as they are currently entirely operated by volunteers. They also aim to gain a more permanent physical space for their organization to gather in the future.

Pride Foundation

The Pride Foundation is the only LGBTQ+ community foundation that serves the Northwest region of Alaska, Idaho, Montana, Oregon, and Washington. Their mission is to fuel "transformational movements to advance equity and justice for LGBTQ+ people in all communities across the Northwest."[26] An interview with their director of finance and operations explained that the Pride Foundation was initially created because so many individuals were

[26] Pride Foundation, "Mission & Vision," PrideFoundation.org.

dying of AIDS, and the community wanted to create an organization to provide support in areas that the government should have been helping with. The Pride Foundation gained Section 501(c)(3) status on May 19, 1986, defining themselves as a charitable organization.

Out of all three interviews with modern-day queer nonprofits, the Pride Foundation had the most trouble during their application process. While they did receive nonprofit status on their first attempt, a member revealed that it took the IRS longer than anticipated to determine if their organization was a private foundation or a public charity. While waiting for a decision, the Pride Foundation was still able to be treated as tax exempt during this interim. After two years of temporary status, the IRS finally classified their organization as public charity under Section 509(a)(2).

Their director explained that the Pride Foundation's founders included several lawyers who were instrumental in getting the appropriate application filed and were useful in the overall process. The founders initially expected to struggle with remaining true to their mission on their application but were determined to not change or tone down their mission statement for the IRS.

Compilation of Strategies

Based on the past experiences of Nomenus as well as a modern perspective of the nonprofit application process, the following strategies have been compiled to help future LGBTQ organizations seeking nonprofit status. These strategies should be used as general guidelines, since every nonprofit's experience with the application process is unique, and the process is always evolving.

Pick the most suitable nonprofit type.

There are 29 different types of nonprofits in the U.S., so picking which one is the best fit for an organization is an important decision to make before applying.[27] Most LGBTQ organizations apply as either a 501(c)(3) or 501(c)(4). Type 501(c)(3) is usually most desired by organizations, since donations to this type of nonprofit qualify for a tax deduction. This creates a greater incentive for individuals or corporations to make donations to a 501(c)(3). Donations to a 501(c)(4) are not tax-deductible, and this form on nonprofit is mainly comprised of social welfare organizations. Although the IRS generally dismisses organizations conducting social welfare activities, as seen in the case of Nomenus, the IRS does allow it under Section 501(c)(4) if the organization does not operate for a private benefit or profit. [28] An organization operating as a 501(c)(4) nonprofit must benefit an entire community or the public, rather than a private group. Nomenus might have had an easier time applying under this form, however they would have not qualified for the tax-deductible contributions that they sought to attain. Additionally, lobbying must remain limited to maintain 501(c)(3) status.

[27] Charity Navigator, *"Types of Nonprofit Organizations,"* CharityNavigator.org.
[28] Internal Revenue Service, *Life Cycle of a Social Welfare Organization*, IRS.gov.

Know which category your organization falls under.

It is also important to note that within each nonprofit type there are even further specified categories. For the 501(c)(3) type, an organization must fit into categories such as religious, educational, and charitable (See Appendix B). Knowing which category one's organization qualifies for is a key factor in determining if the 501(c)(3) type of nonprofit is the best fit. Picking the best category can also determine how the IRS decides one's exempt status, such as the case with Nomenus and their difficulties in proving they qualified as a religious organization. Other queer-related organizations have had similar difficulties with categorization, such as Lambda Legal, an organization focused on gaining civil rights for the LGBTQ community. When their founder William J. Thom filed their incorporation papers to become a 501(c)(3) nonprofit in 1971, his application was denied. The court's reasoning for denial was that Lambda Legal's proposed activities and mission were neither benevolent or charitable, and that there was no need for the existence of their nonprofit. This decision was eventually overturned by the New York Court of Appeals in 1973.[29] Today, many nonprofits, such as Pride Foundation, often choose the educational or charitable categorization route. If 501(c)(3) status is desired, planning which category best suites one's organization is a key step in the application process.

Decide between private foundation or public charity.

Although the final determination is made by the IRS, an organization should decide if they chose to aim for private foundation or public charity status as a 501(c)(3) nonprofit. Public charities often receive greater public financial support, while private foundations are typically funded by a small group of individuals. Private foundations are also subject to more operating restrictions and

[29] Lambda Legal, *Our History*, LambdaLegal.org.

excise tax on investment income. All 501(c)(3) nonprofits are automatically assumed to be a private foundation on their application unless requested to determine otherwise.[30]

Incorporate your organization.

Before applying for tax-exempt status, one's organization must legally exist. In general, this means that the organization must be incorporated at the state level before starting their application with the IRS. To get incorporated, and organization must register with their state's Department of Justice. As revealed by the experiences of People Like Us, disregarding this step can lead to complications in the application process. In some instances, however, organizations may find applying with the IRS easier after working with the Department of Justice, as both entities ask similar questions about one's organization. This was the case for the Creative Queer Collective, whose nonprofit application answers were almost identical to their incorporation application.

Keep non-charitable activities to an insubstantial amount.

Organizations should minimize non-charitable activities such as social events and lobbying, especially within their mission statement, on their website, and when describing their activities on their nonprofit application. Applicants should avoid terms like "social" and "recreational" on their application as that could trigger the IRS and lead them to decline tax-exempt status. In an interview with Wallace Glausi, a law professor at the University of Oregon, Glausi explained what an insubstantial amount is. Although the IRS does not specify an exact amount, Glausi

[30] Internal Revenue Service, "EO Operational Requirements: Private Foundations and Public Charities," last reviewed August 20, 2025.

states that organizations tend to stay below a 5% benchmark of non-charitable activities. This benchmark stems from the unrelated business income benchmark, which states that tax-exempt organizations cannot have more than 5% of their income be unrelated to their charitable mission, or they may have to pay tax on it. While nonprofits can use this benchmark as guidance, it is important to note that the IRS takes each organization on a case-by-case basis. For example, the Creative Queer Collective has many events that are social, however they were able to make it clear to the IRS that these events were for their charitable purpose.

Describe how each program/event is orientated towards one's charitable purpose.

If one's organization does host social activities, they should be very clear about how these events are working towards their charitable purpose listed on their application. For example, if a nonprofit hosts a community event like an auction or a team building program, they should be explicit on how the event is working towards their nonprofit's mission or goal.

File annual required forms.

All nonprofits, except for some churches and government entities, are required to file some type of Form 990 every year. Nonprofits that don't file a return for three consecutive years will automatically lose their tax-exempt status. As of recent, the government has become stricter with forgetting to file required forms. On June 10, 2011, the IRS conducted a massive round of revocations for nonprofits that had not filed their forms.[31] They released a list of approximately 275,000 nonprofits losing their status, with plans of conducing more revocations in the future. In

[31] *RS Announces First Round of Revocations for Nonprofits that Failed to File Form 990*, Venable LLP, June 20, 2011.

an interview with Dyana Mason, a nonprofit management professor at the University of Oregon, Mason revealed that the most common way to get one's status revoked is forgetting to file annual reports.

When faced with rejection, keep appealing.

The success of Nomenus gaining nonprofit status came from their ability to keep trying after facing denial. They strategically used legal language and precedent cases to argue for their approval. Other organizations can use the experiences of Nomenus as guidance if they too face rejection. Just at Kindman did for Nomenus in her response letter, paying close attention to the exact reasons the IRS states for denying status will be a key component in formulating a strong appeal.

Possible Effects of the OBBB's Tax Law Changes

While obtaining nonprofit status can be a difficult task for some organizations, maintaining a nonprofit can be an even bigger challenge, especially in today's political climate. In July of 2025, the One Big Beautiful Bill Act (OBBB), brought many changes to tax law that could significantly impact nonprofits. Some of these changes are predicted to have positive effects on charitable giving, such as the creation of a charitable deduction for non-itemizers and increasing the deduction limit for individual cash contributions. Other tax changes, however, are expected to have negative impacts on charitable giving.[32] The new 0.5% floor for taxpayers who itemize and the 1% floor for corporations are expected to discourage both itemizers and corporations from donating to charities, since they will no longer get as big of a tax cut from doing so. According to the *Independent Sector*, a nonprofit advocacy organization, the new 1% floor on corporations will result in a reduction of charitable giving over the next 10 years of approximately $45 billion and is only expected to increase federal tax revenue by $16.6 billion over the same period.[33] Additional changes that could lead to a negative impact for nonprofits include decreasing the itemized deduction limit for high-income earners, and increasing the overall standard deduction. A higher standard deduction and a lower itemized deduction on charitable giving could lead to a decrease in giving donations, as individuals no longer have a tax-incentive to do so. Additionally, a higher standard deduction makes it increasingly difficult

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[32] Fisher Phillips, "How Will Non-Profits Be Impacted by the Big Beautiful Bill? Your Guide to Key Changes Affecting Charitable Giving, Excise Taxes, and More," *Fisher Phillips*, August 8, 2025.

[33] Taylor Kelly, "New Research: Congressional Tax Proposals Would Eliminate Billions in Charitable Giving," *Independent Sector*, June 26, 2025.

for individuals to match that amount with their itemized donations, leading them to have to have to take the standard deduction.

Although the OBBB is intended to increase federal revenue, the money gained for these tax changes is not being cycled back to nonprofits. Starting in 2026, President Trump plans to cut down government funding for domestic programs by 22.6%, which is nearly a $163 billion reduction.[34] Many of these programs are operated by nonprofit organizations. President Trump has also suggested that "certain activities engaged in by many nonprofits relating to immigration, gender-affirming care, and other activities were illegal, which would be grounds for revoking tax-exempt status."[35] While this might seem like an extreme suggestion, an IRS ruling from the 1970s that is still in effect today states that promoting illegal activity can be grounds to lose tax-exempt status. Lloyd Hitashi, a law professor at the University of Notre Dame, explains that "this ruling does not establish, however, how serious or pervasive the illegal activity has to be to justify revocation of tax-exempt status, leaving the door open for the administration to assert that even a small amount of allegedly illegal activity provides sufficient justification." [36] This leads to the fear that more revocations of nonprofit status could be a higher possibility in the future. The interview with Dyana Mason also revealed similar skepticism about the future of nonprofits

[34] National Council of Nonprofits, "President Trump Proposes to Slash Funding for Domestic Programs in FY2026," *National Council of Nonprofits*, May 2, 2025.

[35] The White House, *Restoring Public Service Loan Forgiveness*, Presidential Action, March 7, 2025.

[36] Lloyd Hitashi Mayer, "Trump's Threat to Nonprofits: How the Government Is Using Tax Law to Pressure Nonprofits and How Nonprofits Can Respond," *Verfassungsblog*, June 3, 2025.

in relation to President Trump's recent threats. Mason expressed that they could see the possibility of more government meddling within the nonprofit sector in the next few years.

With these possible upcoming threats towards nonprofits, it is important to note that any organization facing tax-exempt revocation has the right to challenge the IRS before any changes occur. Such as with the case with Nomenus and their conference call with the IRS, nonprofits have many legal defense routes that they can take to keep their status. These defenses however can become very costly, and Lloyd Hitashi foresees many nonprofits "quietly adjust[ing] their activities to avoid the areas the administration has targeted even if the threat would ultimately fail legally."[37] Staying resilient in appealing to the IRS and remaining well-versed in nonprofit accounting will become increasingly important for LGBTQ organizations, as the effects of these political changes begin to unfold.

[37] Lloyd Hitashi Mayer, "Trump's Threat to Nonprofits: How the Government Is Using Tax Law to Pressure Nonprofits and How Nonprofits Can Respond".

Conclusion

With a large gap in the research on the intersection between nonprofit accounting and LGBTQ organizations, this thesis offers both historical and modern insights on the topic. The case study on Nomenus ultimately revealed that persistence in appealing is the key to fighting the discrimination they faced during their application process. While modern-day LGBTQ nonprofits face less barriers to tax-exempt status compared to when Nomenus applied, there are still areas in which they must be strategic. Being intentional about nonprofit classification and keeping one's activities related to their charitable purpose are tactics organizations can use to their benefit when applying. When all else, fails knowing how to appeal like Nomenus did is an important final strategy, especially with the recent threat of revocations. Overall, the nonprofit application system has evolved since Nomenus, and LGBTQ nonprofits are more widely recognized. Understanding the historical context of Nomenus can help modern-day LGBTQ organizations see the progress that has occurred in the nonprofit sector, while also offering lessons and strategies that can help with the changing political climate today.

Appendix A

Fourteen factors to qualify as a church:

1. A distinct legal existence.
2. A recognized creed and form of worship.
3. A definite and distinct ecclesiastical government.
4. A formal code of doctrine and discipline.
5. A distinct religious history.
6. A membership not associated with any church or denomination.
7. A complete organization of ordained ministers ministering to their congregation.
8. Ordained ministers selected after completing prescribed courses of study.
9. A literature of its own.
10. Established places of worship.
11. Regular congregations.
12. Regular religious services.
13. Sunday schools for the religious instruction of the young.
14. Schools for the preparation of its ministers.

Appendix B

Qualified categories for 501(c)(3) nonprofits:

- Religious
- Educational
- Charitable
- Scientific
- Literary
- Testing for public safety
- To foster national or international amateur sports competition
- Prevention of cruelty to children or animals

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