

Form **990-T**Department of the Treasury
Internal Revenue Service**Exempt Organization Business Income Tax Return**
(and proxy tax under section 6033(e))For calendar year 2009 or other tax year beginning 7/1/2009, and
ending 6/30/2010 ▶ See separate instructions.

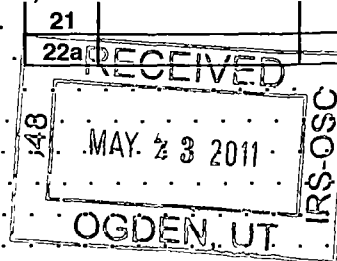
OMB No. 1545-0687

2009Open to Public Inspection
for 501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions) The Nature Conservancy	D Employer identification number (Employees' trust, see instructions for Block D on page 9) 53-0242652
B Exempt under section <input checked="" type="checkbox"/> 501 (c) (3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)		Number, street, and room or suite no. If a P.O. box, see page 8 of instructions. 4245 N. Fairfax Drive, Room No. 100	E Unrelated business activity codes (See instructions for Block E on page 9) 531120 111000
		City or town, state, and ZIP code Arlington VA 22203	
C Book value of all assets at end of year 5,664,758,385	F Group exemption number (See instructions for Block F on page 9.) ▶		
	G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		
H Describe the organization's primary unrelated business activity. ▶ Rental of Office Building, Lodging, Partnerships and S-Corps.			
I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," enter the name and identifying number of the parent corporation. ▶			
J The books are in care of ▶ The Nature Conservancy		Telephone number ▶ (703) 841-5300	

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales <u>93,918</u>			
b	Less returns and allowances			
c	Balance ▶	1c <u>93,918</u>		
2	Cost of goods sold (Schedule A, line 7)	2 <u>140,775</u>		
3	Gross profit. Subtract line 2 from line 1c	3 <u>-46,857</u>		<u>-46,857</u>
4 a	Capital gain net income (attach Schedule D)	4a <u>4,754</u>		<u>4,754</u>
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b		
c	Capital loss deduction for trusts	4c		
5	Income (loss) from partnerships and S corporations (attach statement)	5 <u>-68,034</u>		<u>-68,034</u>
6	Rent income (Schedule C)	6		
7	Unrelated debt-financed income (Schedule E)	7 <u>1,675,363</u>	<u>1,211,088</u>	<u>464,275</u>
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9		
10	Exploited exempt activity income (Schedule I)	10		
11	Advertising income (Schedule J)	11		
12	Other income (See page 10 of the instructions; attach schedule.)	12		
13	Total. Combine lines 3 through 12	13 <u>1,565,226</u>	<u>1,211,088</u>	<u>354,138</u>

Part II Deductions Not Taken Elsewhere (See page 11 of the instructions for limitations on deductions.)		(A) Income	(B) Expenses	(C) Net
(Except for contributions, deductions must be directly connected with the unrelated business income.)				
14	Compensation of officers, directors, and trustees (Schedule K)	14		
15	Salaries and wages	15		
16	Repairs and maintenance	16		
17	Bad debts	17		
18	Interest (attach schedule)	18		
19	Taxes and licenses	19		<u>21,013</u>
20	Charitable contributions (See page 13 of the instructions for limitation rules.)	20		<u>2,925</u>
21	Depreciation (attach Form 4562)	21		
22	Less depreciation claimed on Schedule A and elsewhere on return	22a		
23	Depletion	23		
24	Contributions to deferred compensation plans	24		
25	Employee benefit programs	25		
26	Excess exempt expenses (Schedule I)	26		
27	Excess readership costs (Schedule J)	27		
28	Other deductions (attach schedule)	28		
29	Total deductions. Add lines 14 through 28	29		<u>23,938</u>
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13.	30		<u>330,200</u>
31	Net operating loss deduction (limited to the amount on line 30)	31		
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30.	32		<u>330,200</u>
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)	33		<u>1,000</u>
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34		<u>329,200</u>



Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation on page 15. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:			
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$			
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ (2) Additional 3% tax (not more than \$100,000) \$			
c Income tax on the amount on line 34		35c	111,638
36 Trusts Taxable at Trust Rates. See instructions for tax computation on page 16. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		36	
37 Proxy tax. See page 16 of the instructions		37	
38 Alternative minimum tax		38	
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies		39	111,638

Part IV Tax and Payments

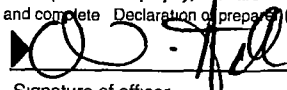
40 a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)		40a		
b Other credits (see page 16 of the instructions)		40b		
c General business credit. Attach Form 3800		40c		
d Credit for prior year minimum tax (attach Form 8801 or 8827)		40d		
e Total credits. Add lines 40a through 40d		40e	0	
41 Subtract line 40e from line 39		41	111,638	
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)		42		
43 Total tax. Add lines 41 and 42		43	111,638	
44 a Payments: A 2008 overpayment credited to 2009		44a	29,004	
b 2009 estimated tax payments		44b		
c Tax deposited with Form 8868		44c		
d Foreign organizations: Tax paid or withheld at source (see instructions)		44d		
e Backup withholding (see instructions)		44e		
f Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total		44f	0	
45 Total payments. Add lines 44a through 44f		45	29,004	
46 Estimated tax penalty (see page 4 of the instructions). Check if Form 2220 is attached <input type="checkbox"/>		46		
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed		47	82,634	
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid		48	0	
49 Enter the amount of line 48 you want: Credited to 2010 estimated tax Refunded		49	0	

Part V Statements Regarding Certain Activities and Other Information (see instructions on page 17)

1 At any time during the 2009 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file.	X	
3 Enter the amount of tax-exempt interest received or accrued during the tax year \$		

Schedule A—Cost of Goods Sold. Enter method of inventory valuation

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2	106,568	7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	140,775
3 Cost of labor	3	27,005	8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4 a Additional section 263A costs (attach schedule)	4a				
b Other costs (attach schedule)	4b	7,202			
5 Total. Add lines 1 through 4b	5	140,775			X

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		Sign Here  Signature of officer		Date 5/14/11	Title VP, Tax Director	May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN		
	Firm's name (or yours if self-employed), address, and ZIP code	EIN	Phone no			

Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions on page 18)

1. Description of property(1)
(2)
(3)
(4)**2. Rent received or accrued**

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)

(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)

3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)(1)
(2)
(3)
(4)

Total

0

Total

0

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶**(b) Total deductions.** Enter here and on page 1, Part I, line 6, column (B) ▶

0

0

Schedule E—Unrelated Debt-Financed Income (see instructions on page 19)**1. Description of debt-financed property****2. Gross income from or allocable to debt-financed property****3. Deductions directly connected with or allocable to debt-financed property**

(a) Straight line depreciation (attach schedule)

(b) Other deductions (attach schedule)

(1) Headquarters Building

1,925,705

295,491

1,096,564

(2)
(3)
(4)**4. Amount of average acquisition debt on or allocable to debt-financed property** (attach schedule)**5. Average adjusted basis of or allocable to debt-financed property** (attach schedule)**6. Column 4 divided by column 5****7. Gross income reportable** (column 2 X column 6)**8. Allocable deductions** (column 6 X total of columns 3(a) and 3(b))

(1) 8,659,086

9,911,020

87%

1,675,363

1,211,088

(2)
(3)
(4)

%

0

0

%

0

0

%

0

0

Totals ▶Enter here and on page 1, Part I, line 7, column (A).
1,675,363Enter here and on page 1, Part I, line 7, column (B).
1,211,088**Total dividends-received deductions** included in column 8 ▶**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions on page 20)**1. Name of controlled organization****2. Employer identification number****Exempt Controlled Organizations****3. Net unrelated income (loss)** (see instructions)**4. Total of specified payments made****5. Part of column 4 that is included in the controlling organization's gross income****6. Deductions directly connected with income** in column 5(1)
(2)
(3)
(4)**Nonexempt Controlled Organizations****7. Taxable income****8. Net unrelated income (loss)** (see instructions)**9. Total of specified payments made****10. Part of column 9 that is included in the controlling organization's gross income****11. Deductions directly connected with income** in column 10(1)
(2)
(3)
(4)

Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A)

Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B)

Totals ▶

0

0

Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions on page 20)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				0
(2)				0
(3)				0
(4)				0
Totals	Enter here and on page 1, Part I, line 9, column (A). 0			Enter here and on page 1, Part I, line 9, column (B). 0

Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income (see instructions on page 21)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)			0			0
(2)			0			0
(3)			0			0
(4)			0			0
Totals	Enter here and on page 1, Part I, line 10, col. (A). 0	Enter here and on page 1, Part I, line 10, col. (B). 0				Enter here and on page 1, Part II, line 26 0

Schedule J—Advertising Income (see instructions on page 21)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0	0	0	0	0	0

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)			0			0
(2)			0			0
(3)			0			0
(4)			0			0
(5) Totals from Part I	0	0				0
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A). 0	Enter here and on page 1, Part I, line 11, col. (B). 0				Enter here and on page 1, Part II, line 27. 0

Schedule K—Compensation of Officers, Directors, and Trustees (see instructions on page 21)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14.			0

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

53-0242652

STATEMENT 1

FORM 990-T, SCHEDULE A - COST OF GOODS SOLD Line 4b

Bear Mountain Lodge

<u>Asset Description</u>	<u>BOY NBV</u>	<u>Current Yr Depr./Amort.</u>	<u>Book Value</u>
Buildings for Operations	1,310,611	39,420	1,271,191

Allocable Total based on unrelated activity		7,202	
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THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010

53-0242652

STATEMENT 3
FORM 990-T, SCHEDULE E - 3(A)

<u>Asset Description</u>	Building @Arlington, VA		
	BOY NBV	Current Yr Depr /Amort.	Book Value
Land For Operations	\$3,932,805		\$3,932,805
Land Improvements	0	0	0
Construction in Progress	0		0
Buildings for Operations	21,482,363	753,171	20,729,192
Total	\$25,415,168	\$753,171	\$24,661,997
Allocable Total based on rentable space		<u>295,491</u>	

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010

53-0242652

STATEMENT 6
FORM 990-T, SCHEDULE E - 5

HO Bldg-Arlington, VA
Average Basis July-06 to June-07

Land for Ops	3,932,805
Land Improvements	0
Construction in Progress	0
Building	<u>21,329,230</u>
Total	<u>25,262,035</u>

Allocable Total based on rentable space: 9,911,020

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010

53-0242652

STATEMENT 5
FORM 990-T, SCHEDULE E - 4

HO Bldg-Arlington, VA
Average Basis July-08 to June-09

Debt Financing	22,071,000
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Total	22,071,000
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Allocable Total based on rentable space:	<u><u>8,659,086</u></u>
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THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010

53-0242652

STATEMENT 4
FORM 990-T, SCHEDULE E - 3(B)

Expenses

Arlington VA

	HO Bldg	HO Bldg
Management Co expenses:	1,932,857	
Interest expenses	<u>862,157</u>	
Total expenses	2,795,014	
Allocable Total based on rentable space	@39.23%	<u><u>1,096,564</u></u>

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2010

53-0242652

STATEMENT 2
FORM 990-T, Line 5
Income (loss) from partnerships and S corporations

<u>Description</u>	Portfolio Advisors Private Equity Fund II, LP	Portfolio Advisors Private Equity Fund IV, LP	Flad Venture Partners V, LP	Chrysalis Ventures III, LP	ACACIA Institutional Partners, LP	Total
Ordinary Income (loss) from trade or business activities	(13,649)	(56,384)	3,230		2,386	(64,417)
Interest Income				852		852
Dividend Income			1,055			1,055
Other Income (loss)			(273)	(5,251)		(5,524)
						0
Total	(13,649)	(56,384)	4,012	(4,399)	2,386	(68,034)

**SCHEDULE D
(Form 1120)**Department of the Treasury
Internal Revenue Service**Capital Gains and Losses**▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC,
1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.

▶ See separate instructions.

OMB No. 1545-0123

2009

Name

Nature Conservancy

Employer identification number

53-0242652

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1 147 shares - Starion Bankcorp.	12/3/2009	12/29/2009	12,624	7,870	4,754
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37				2	
3 Short-term gain or (loss) from like-kind exchanges from Form 8824				3	
4 Unused capital loss carryover (attach computation)				4	()
5 Net short-term capital gain or (loss). Combine lines 1 through 4				5	4,754

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

6					
7 Enter gain from Form 4797, line 7 or 9				7	
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37				8	
9 Long-term gain or (loss) from like-kind exchanges from Form 8824				9	
10 Capital gain distributions (see instructions)				10	
11 Net long-term capital gain or (loss). Combine lines 6 through 10				11	

Part III Summary of Parts I and II

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	4,754
13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	
14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns. If the corporation has qualified timber gain, also complete Part IV	14	4,754

Note. If losses exceed gains, see **Capital losses** in the instructions.**Part IV Alternative Tax for Corporations with Qualified Timber Gain. Complete Part IV only if the corporation has qualified timber gain under section 1201(b). Skip this part if you are filing Form 1120-RIC. See instructions.**

15 Enter qualified timber gain (as defined in section 1201(b)(2))	15		
16 Enter taxable income from Form 1120, page 1, line 30, or the applicable line of your tax return	16		
17 Enter the smallest of: (a) the amount on line 15; (b) the amount on line 16; or (c) the amount on Part III, line 13	17		
18 Multiply line 17 by 15%	18		
19 Subtract line 13 from line 16. If zero or less, enter -0-	19		
20 Enter the tax on line 19, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed	20		
21 Add lines 17 and 19	21		
22 Subtract line 21 from line 16. If zero or less, enter -0-	22		
23 Multiply line 22 by 35%	23		
24 Add lines 18, 20, and 23	24		
25 Enter the tax on line 16, figured using the Tax Rate Schedule (or applicable tax rate) appropriate for the return with which Schedule D (Form 1120) is being filed	25		
26 Enter the smaller of line 24 or line 25. Also enter this amount on Form 1120, Schedule J, line 2, or the applicable line of your tax return	26		