

Form **990-T****Exempt Organization Business Income Tax Return**
(and proxy tax under section 6033(e))

OMB No. 1545-0687

For calendar year 2013 or other tax year beginning July 1, 2013, and ending June 30, 20 14.

▶ See separate instructions.

2013Department of the Treasury
Internal Revenue Service▶ Information about Form 990-T and its instructions is available at www.irs.gov/form990t.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for
501(c)(3) Organizations OnlyA ☐ Check box if
address changed

B Exempt under section

☒ 501(c)(3)☐ 408(a) ☐ 220(e)☐ 408A ☐ 530(a)☐ 529(a)C Book value of all assets
at end of yearPrint
or
TypeName of organization (☐ Check box if name changed and see instructions)**Nature Conservancy**

Number, street, and room or suite no. If a P.O. box, see instructions

4245 North Fairfax Drive

City or town, state or province, country, and ZIP or foreign postal code

Arlington, VA 22203D Employer identification number
(Employees' trust, see instructions)**53-0242652**E Unrelated business activity codes
(See instructions)**531120****111000**

F Group exemption number (See instructions.) ▶

G Check organization type ▶ ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trust

H Describe the organization's primary unrelated business activity. ▶

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ ☐ Yes ☒ No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ The Organization

Telephone number ▶

703-841-5300**Part I Unrelated Trade or Business Income**

	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales 132,463			
b Less returns and allowances 0	132,463		
c Balance ▶			
2 Cost of goods sold (Schedule A, line 7)	2,178		
3 Gross profit. Subtract line 2 from line 1c	130,285		130,285
4a Capital gain net income (attach Form 8949 and Schedule D)	37,166		37,166
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c Capital loss deduction for trusts			
5 Income (loss) from partnerships and S corporations (attach statement)	412,719		412,719
6 Rent income (Schedule C)			
7 Unrelated debt-financed income (Schedule E)	840,588	492,239	348,349
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10 Exploited exempt activity income (Schedule I)			
11 Advertising income (Schedule J)	568,989	1,299,853	(730,864)
12 Other income (See instructions; attach schedule.)			
13 Total. Combine lines 3 through 12	1,988,747	1,792,092	197,655

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

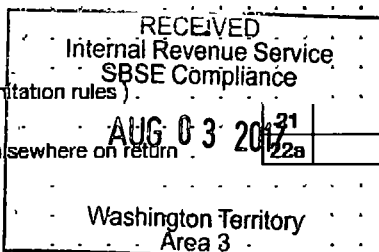
14 Compensation of officers, directors, and trustees (Schedule K)	14	
15 Salaries and wages	15	
16 Repairs and maintenance	16	
17 Bad debts	17	
18 Interest (attach schedule)	18	
19 Taxes and licenses	19	
20 Charitable contributions (See instructions for limitation rules)	20	8,455
21 Depreciation (attach 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	
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	
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	189,200
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)	33	1,000
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	188,200

For Paperwork Reduction Act Notice, see Instructions.

Cat No 11291J

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Page **2****Part III Tax Computation****35 Organizations Taxable as Corporations.** See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here ☐ **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** 56,648**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) **36** 0**37 Proxy tax.** See instructions **37** 0**38 Alternative minimum tax** **38** 0**39 Total.** Add lines 37 and 38 to line 35c or 36, whichever applies **39** 56,648**Part IV Tax and Payments****40a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) **40a** 0**b** Other credits (see instructions) **40b** 0**c** General business credit. Attach Form 3800 (see instructions) **40c** 0**d** Credit for prior year minimum tax (attach Form 8801 or 8827) **40d** 0**e** Total credits. Add lines 40a through 40d **40e** 0**41** Subtract line 40e from line 39 **41** 56,648**42** Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8597 ☐ Form 8866 ☐ Other (attach schedule) **42** 0**43** Total tax. Add lines 41 and 42 **43** 56,648**44a** Payments: A 2012 overpayment credited to 2013 **44a** 32,834**b** 2013 estimated tax payments **44b** 0**c** Tax deposited with Form 8868 **44c** 0**d** Foreign organizations: Tax paid or withheld at source (see instructions) **44d** 0**e** Backup withholding (see instructions) **44e** 0**f** Credit for small employer health insurance premiums (Attach Form 8941) **44f** 0**g** Other credits and payments: ☐ Form 2439 **44g** 0☐ Form 4136 ☐ Other Total **44g** 0**45** Total payments. Add lines 44a through 44g **45** 32,834**46** Estimated tax penalty (see instructions). Check if Form 2220 is attached ☐ **46** 0**47** Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed **47** 23,814**48** Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid **48****49** Enter the amount of line 48 you want: Credited to 2014 estimated tax **49** Refunded**Part V Statements Regarding Certain Activities and Other Information** (see instructions)**1** At any time during the 2013 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 **See Attached****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 instructions for other forms the organization may have to file.**3** Enter the amount of tax-exempt interest received or accrued during the tax year \$ 0**Schedule A—Cost of Goods Sold.** Enter method of inventory valuation **▶****1** Inventory at beginning of year **1** 0**2** Purchases **2** 2,178**3** Cost of labor **3** 0**4a** Additional section 263A costs (attach schedule) **4a** 0**b** Other costs (attach schedule) **4b** 0**5** Total. Add lines 1 through 4b **5** 2,178**6** Inventory at end of year **6** 0**7** Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 **7** 2,178**8** Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? **Yes** **No** ☒ ☐**Sign Here**

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.

Signature of officer

Date 12/1/15

Title VP, Tax

May the IRS discuss this return with the preparer shown below (see instructions)? **Yes** **No** ☐ ☒**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed **PTIN**Firm's name **▶**Firm's EIN **▶**Firm's address **▶**

Phone no

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Form 990-T (2013)

Page **3****Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)**
(see instructions)**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	Total	

(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) ▶**Schedule E—Unrelated Debt-Financed Income** (see instructions)

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 Office Building		1,954,858	201,824	942,917
(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 × column 6)	8. Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1) 3,458,725	8,033,683	43 %	840,588	492,239
(2)		%		
(3)		%		
(4)		%		
Totals ▶			840,588	492,239

Total dividends-received deductions included in column 8 ▶

Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

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 ▶Form **990-T** (2013)

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Page **4****Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

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)				
(2)				
(3)				
(4)				
Totals	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

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

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)						
(2)						
(3)						
(4)						
Totals	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J—Advertising Income (see instructions)**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) Nature Conservancy Magazine	568,989	1,299,853				
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	568,989	1,299,853	(730,864)			

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)						
(2)						
(3)						
(4)						
Totals from Part I						
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

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

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			

Form 990-T (2013)

53-0242652

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014

STATEMENT 1
FORM 990-T, Line 5
Income (loss) from partnerships and S corporations

Description	Portfolio Advisors		Portfolio Advisors		Legacy Venture III, LLC	Legacy Venture IV, LLC	Flag Venture Partners V, LP	Chrysalis Ventures III, LP	Total
	Private Equity Fund II, LP	Private Equity Fund IV, LP	Private Equity Fund IV, LP	Private Equity Fund IV, LP					
Ordinary Income (loss) from trade or business activities	(8,097)	52,184	52,184	52,184	11,803	(1,383)	(2,957)	442	51,550
Interest Income	2,728	5,996	5,996	5,996			3		9,169
Dividend Income	4	135	135	135					139
Royalties		2,794	2,794	2,794			(1,928)	(4,217)	2,794
Other Income (loss)	(901)	357,946	357,946	357,946	(939)	(894)	(1,928)		349,067
Total	(6,266)	419,055	419,055	419,055	10,864	(2,277)	(4,882)	(3,775)	412,719

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The Nature Conservancy

No. 0363 P. 8

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014

63-0242652

STATEMENT 2
FORM 990-T, SCHEDULE E - 3(A)

Asset Description	BOY NBV	Additions	Building @Arlington, VA	
			Current Yr Depr /Amort.	Book Value
Land For Operations	\$3,932,805		\$0	\$3,932,805
Land Improvements	223,452		0	223,452
Construction In Progress	1,839,120	(1,839,120)	0	0
Buildings for Operations	18,968,039	6,648,449	774,743	24,841,745
Total	\$24,963,416	\$4,809,329	\$774,743	\$28,998,002
Allocable Total based on rentable space			<u>201,824</u>	

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

53-0242652

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

<u>Expenses</u>	<u>Arlington VA</u>	
	<u>HO Bldg</u>	<u>HO Bldg</u>
Management Co expenses:	2,976,487	
Interest expenses	643,088	
Total expenses	3,619,575	
Allocable Total based on rentable space	@26.05%	<u>942,917</u>

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

53-0242652

**STATEMENT 4
FORM 990-T, SCHEDULE E - 4**

HO Bldg-Arlington, VA
Average Acq. Indebt July-13 to June-14

Debt Financing 13,277,000

Total 13,277,000

Allocable Total based on rentable space 3,458,725

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**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

63-0242662

**STATEMENT 5
FORM 990-T, SCHEDULE E - 5**

HO Bldg-Arlington, VA
Average Basis July-13 to June-14

Land for Ops	3,932,805
Land Improvements	0
Construction in Progress	5,001,188
Building	21,904,892
Total	30,838,886

Allocable Total based on rentable space. 8,033,683

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

53-0242652

**STATEMENT 6
FORM 990-T, Part 5 Line 1**

List of Countries Where TNC Maintains Signature Authority Over a Financial Account*

Argentina
Australia
Bahamas
Belize
Bolivia
Brazil
Chile
China
Colombia
Costa Rica
Dominican Republic
Ecuador
Federated State of Micronesia
Guatemala
Honduras
Hong Kong
Indonesia
Jamaica
Mexico
Mongolia
Nicaragua
Palau
Panama
Papua-New Guinea
Peru
Solomon Islands
Venezuela

* The Nature Conservancy maintains bank accounts in order to do business in foreign currencies and as required by local law.