

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 2015 or other tax year beginning 07/01, 2015, and ending 06/30, 20 16.► 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).

OMB No 1545-0687

2015Open to Public Inspection for
501(c)(3) Organizations OnlyA ☐ Check box if
address changed

B Exempt under section

☒ 501(c)(3)☐ 408(e) ☐ 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**

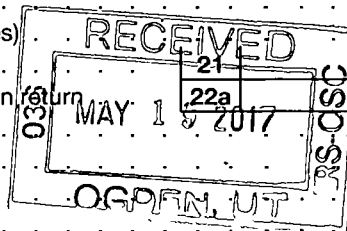
F Group exemption number (See instructions.)

G Check organization type ☒ 501(c) corporation ☐ 501(c) trust ☐ 401(a) trust ☐ Other trustH Describe the organization's primary unrelated business activity. ► **Unrelated Debt Financed Income on Headquarters Building**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 250,357			
b Less returns and allowances 0			
c Balance ►	1c 250,037		
2 Cost of goods sold (Schedule A, line 7)	2 45,820		
3 Gross profit. Subtract line 2 from line 1c	3 204,537		204,537
4a Capital gain net income (attach Schedule D)	4a 13,190		13,190
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)	5 254,510		254,510
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7 846,337	458,401	387,936
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)	11 766,373	2,023,345	(1,256,972)
12 Other income (See instructions; attach schedule)	12		
13 Total. Combine lines 3 through 12	13 2,084,947	2,481,746	(396,799)

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	8,451
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	8,451
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	(405,250)
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	
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	
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	(405,250)



Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. 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) \$ <input type="text"/> (2) \$ <input type="text"/> (3) \$ <input type="text"/>		
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ <input type="text"/> (2) Additional 3% tax (not more than \$100,000) \$ <input type="text"/>		
c Income tax on the amount on line 34	35c	0
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> 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	0

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	0	
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	0	
43 Total tax. Add lines 41 and 42	43	0	
44a Payments: A 2014 overpayment credited to 2015	44a		
b 2015 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 Credit for small employer health insurance premiums (Attach Form 8941)	44f		
g Other credits and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other <input type="checkbox"/> Total	44g		
45 Total payments. Add lines 44a through 44g	45	0	
46 Estimated tax penalty (see instructions) Check if Form 2220 is attached <input type="checkbox"/>	46	0	
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47	0	
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 2016 estimated tax 0 Refunded	49	0	

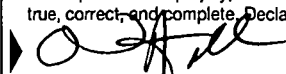
Part V Statements Regarding Certain Activities and Other Information (see instructions)

	Yes	No
1 At any time during the 2015 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here See Statement 6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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	6 Inventory at end of year	6	0
2 Purchases	2	0	7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	45,820
3 Cost of labor	3	0	8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a Additional section 263A costs (attach schedule)	4a	0		<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Other costs (attach schedule)	4b	45,820			
5 Total. Add lines 1 through 4b	5	45,820			

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  **VP, Director of Tax**
 Signature of officer Date Title

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 <input type="checkbox"/> if self-employed	PTIN
	Firm's name	Firm's EIN			
	Firm's address	Phone no.			

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 Building	2,015,087	238,755	852,676
(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)
(1) 2,921,042	6,987,440	42 %	846,337
(2)		%	
(3)		%	
(4)		%	
Totals ▶			846,337
Total dividends-received deductions included in column 8 ▶			458,401

Enter here and on page 1, Part I, line 7, column (A) ▶
Enter here and on page 1, Part I, line 7, column (B) ▶**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)				
Totals ▶			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)

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	766,373	1,256,972				
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	766,373	2,023,345	(1,256,972)			

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			

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016

53-0242652

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

Description	Portfolio Advisors		Portfolio Advisors		Legacy Venture		Legacy Venture		VPC SBIC I, Lp		Iron Point Real Estate Partners		AG Realty Fund		AG Realty Fund		Aberdeen Venture		Starlon		Total
	Private Equity Fund II, LP	Private Equity Fund IV, LP	Private Equity Fund IV, LP	Private Equity Fund IV, LP	III, LLC	IV, LLC	IV, LLC	IV, LLC	III, LP	III, LP	VIII, LP	IX LP	IX LP	Partners V, LP	Partners V, LP	Bancorporation	Bancorporation				
Ordinary Income (loss) from trade or business activities	(12,079)	215,734			(552)	4,163			35	(14,318)	3,943							(382)	255	196,789	
Interest Income	9	585							0	20,407	0							1	0	(24,698)	
Dividend Income	0					15,454														15,454	
Royalties		0																		0	
Other Income (loss)	293	176,680			0	0			0	(113,893)	0							3,886	(11)	66,955	
Total	(11,777)	392,999			(552)	19,617			35	(107,804)	3,943							3,506	244	264,510	

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016

53-0242652

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	0	0	0	0
Buildings for Operations	23,348,160	0	916,585	22,431,575
Total	\$27,504,417	\$0	\$916,585	\$26,587,832
Allocable Total based on rentable space			<u>238,775</u>	

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

53-0242652

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

Expenses

Arlington VA

	<u>HO Bldg</u>	<u>HO Bldg</u>
Management Co expenses.	2,713,151	
Interest expenses	<u>560,013</u>	
Total expenses	3,273,164	
Allocable Total based on rentable space	@26.05%	<u><u>852,676</u></u>

THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016

53-0242652

STATEMENT 4
FORM 990-T, SCHEDULE E - 4

HO Bldg-Arlington, VA
Average Acq Indebt July-15 to June-16

Debt Financing	11,213,000
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Total	11,213,000
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Allocable Total based on rentable space	<u><u>2,921,042</u></u>
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THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016

53-0242652

STATEMENT 5
FORM 990-T, SCHEDULE E - 5

HO Bldg-Arlington, VA
Average Basis July-15 to June-16

Land for Ops	3,932,805
Land Improvements	0
Construction in Progress	0
Building	<u>22,889,867</u>
Total	<u>26,822,672</u>
Allocable Total based on rentable space	<u><u>6,987,440</u></u>

**THE NATURE CONSERVANCY
FORM 990-T
ADDITIONAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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.