

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

**2007**

For calendar year 2007 or other tax year beginning \_\_\_\_\_, 2007,  
and ending \_\_\_\_\_, \_\_\_\_\_

Department of the Treasury  
Internal Revenue Service (77)

▶ See separate instructions.

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

<b>A</b> <input type="checkbox"/> Check box if address changed  <b>B</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)	<b>Print or Type</b>	Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.) <b>Nature's Guardian, Inc.</b> Number, street, and room or suite number. If a P.O. box, see instructions. <b>34 Pleasant Street</b> City or town State ZIP code <b>Rutland VT 05701</b>	<b>D</b> Employer identification number (Employees' trust, see instructions for Block D.) <b>86-0843784</b>  <b>E</b> Unrelated business activity codes (See instructions for Block E.) <b>453220</b>
<b>C</b> Book value of all assets at end of year <b>0.</b>	<b>F</b> Group exemption number (See instructions for Block F.) ▶ <b>G</b> 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.  
▶ **retail sales of gifts**

**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 ▶ **Elaine Carr** Telephone number ▶ **(802) 775-5898**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
<b>1 a</b> Gross receipts or sales . . . . . <b>119,517.</b>			
<b>b</b> Less returns and allowances . . . . . <b>c</b> Balance ▶ <b>1 c</b>	<b>119,517.</b>		
<b>2</b> Cost of goods sold (Schedule A, line 7) . . . . . <b>2</b>	<b>39,813.</b>		
<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . . <b>3</b>	<b>79,704.</b>		<b>79,704.</b>
<b>4 a</b> Capital gain net income (attach Schedule D) . . . . . <b>4 a</b>			
<b>b</b> Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) . . . . . <b>4 b</b>			
<b>c</b> Capital loss deduction for trusts . . . . . <b>4 c</b>			
<b>5</b> Income (loss) from partnerships and S corporations (attach statement) . . . . . <b>5</b>			
<b>6</b> Rent income (Schedule C) . . . . . <b>6</b>			
<b>7</b> Unrelated debt-financed income (Schedule E) . . . . . <b>7</b>			
<b>8</b> Interest, annuities, royalties, and rents from controlled organizations (Schedule F) . . . . . <b>8</b>			
<b>9</b> Investment income of a section 501(c)(7), (9), or (17) organization (Sch G) . . . . . <b>9</b>			
<b>10</b> Exploited exempt activity income (Schedule I) . . . . . <b>10</b>			
<b>11</b> Advertising income (Schedule J) . . . . . <b>11</b>			
<b>12</b> Other income (See instructions; attach schedule.) . . . . . <b>12</b>			
<b>13 Total.</b> Combine lines 3 through 12 . . . . . <b>13</b>	<b>79,704.</b>		<b>79,704.</b>

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.)			
<b>14</b> Compensation of officers, directors, and trustees (Schedule K) . . . . . <b>14</b>			
<b>15</b> Salaries and wages . . . . . <b>15</b>			<b>21,536.</b>
<b>16</b> Repairs and maintenance . . . . . <b>16</b>			
<b>17</b> Bad debts . . . . . <b>17</b>			
<b>18</b> Interest (attach schedule) . . . . . <b>18</b>			
<b>19</b> Taxes and licenses . . . . . <b>19</b>			
<b>20</b> Charitable contributions (See instructions for limitation rules.) . . . . . <b>20</b>			
<b>21</b> Depreciation (attach Form 4562) . . . . . <b>21</b>			
<b>22</b> Less depreciation claimed on Schedule A and elsewhere on return . . . . . <b>22 a</b>			
<b>23</b> Depletion . . . . . <b>23</b>			
<b>24</b> Contributions to deferred compensation plans . . . . . <b>24</b>			
<b>25</b> Employee benefit programs . . . . . <b>25</b>			
<b>26</b> Excess exempt expenses (Schedule I) . . . . . <b>26</b>			
<b>27</b> Excess readership costs (Schedule J) . . . . . <b>27</b>			
<b>28</b> Other deductions (attach schedule) . . . . . See Other Deductions Statement . . . . . <b>28</b>			<b>155,555.</b>
<b>29 Total deductions.</b> Add lines 14 through 28 . . . . . <b>29</b>			<b>177,091.</b>
<b>30</b> Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13 . . . . . <b>30</b>			<b>-97,387.</b>
<b>31</b> Net operating loss deduction (limited to the amount on line 30) . . . . . <b>31</b>			
<b>32</b> Unrelated business taxable income before specific deduction. Subtract line 31 from line 30 . . . . . <b>32</b>			<b>-97,387.</b>
<b>33</b> Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions) . . . . . <b>33</b>			
<b>34 Unrelated business taxable income.</b> Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32 . . . . . <b>34</b>			<b>-97,387.</b>

**Part III Tax Computation**

<b>35 Organizations Taxable as Corporations.</b> See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> . See instructions and: <b>a</b> Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ <b>b</b> Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) ..... \$ _____ (2) Additional 3% tax (not more than \$100,000) ..... \$ _____ <b>c</b> Income tax on the amount on line 34 ..... ▶ <b>35c</b> 0.	
<b>36 Trusts Taxable at Trust Rates.</b> 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) ..... ▶ <b>36</b>	
<b>37 Proxy tax.</b> See instructions ..... ▶ <b>37</b>	
<b>38 Alternative minimum tax</b> ..... <b>38</b>	
<b>39 Total.</b> Add lines 37 and 38 to line 35c or 36, whichever applies ..... <b>39</b> 0.	

**Part IV Tax and Payments**

<b>40a</b> Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) ..... <b>40a</b>	
<b>b</b> Other credits (see instructions) ..... <b>40b</b>	
<b>c</b> General business credit. Check here and indicate which forms are attached: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ _____ <b>40c</b>	
<b>d</b> Credit for prior year minimum tax (attach Form 8801 or 8827) ..... <b>40d</b>	
<b>e Total credits.</b> Add lines 40a through 40d ..... <b>40e</b>	
<b>41</b> Subtract line 40e from line 39 ..... <b>41</b> 0.	
<b>42</b> 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) ..... <b>42</b>	
<b>43 Total tax.</b> Add lines 41 and 42 ..... <b>43</b> 0.	
<b>44a</b> Payments: A 2006 overpayment credited to 2007 ..... <b>44a</b>	
<b>b</b> 2007 estimated tax payments ..... <b>44b</b>	
<b>c</b> Tax deposited with Form 8868 ..... <b>44c</b>	
<b>d</b> Foreign organizations: Tax paid or withheld at source (see instructions) ..... <b>44d</b>	
<b>e</b> Backup withholding (see instructions) ..... <b>44e</b>	
<b>f</b> Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total ..... ▶ <b>44g</b>	
<b>45 Total payments.</b> Add lines 44a through 44f ..... <b>45</b>	
<b>46</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached ..... ▶ <input type="checkbox"/> <b>46</b>	
<b>47 Tax due.</b> If line 45 is less than the total of lines 43 and 46, enter amount owed ..... ▶ <b>47</b>	
<b>48 Overpayment.</b> If line 45 is larger than the total of lines 43 and 46, enter amount overpaid ..... ▶ <b>48</b> 0.	
<b>49</b> Enter the amount of line 48 you want: <b>Credited to 2008 estimated tax</b> ▶ <b>Refunded</b> ▶ <b>49</b>	

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

<b>1</b> At any time during the 2007 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. If YES, enter the name of the foreign country here ▶ <u>Italy</u>	Yes	No
<b>2</b> 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 the instructions for other forms the organization may have to file.		X
<b>3</b> 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 ▶ **Cost**

<b>1</b> Inventory at beginning of year ..... <b>1</b> 0.	<b>6</b> Inventory at end of year ..... <b>6</b> 16,413.
<b>2</b> Purchases ..... <b>2</b> 56,226.	<b>7</b> <b>Cost of goods sold.</b> Subtract line 6 from line 5. Enter here and in Part I, line 2 ..... <b>7</b> 39,813.
<b>3</b> Cost of labor ..... <b>3</b>	
<b>4a</b> Additional section 263A costs (attach schedule) ..... <b>4a</b>	
<b>b</b> Other costs (attach sch) ..... <b>4b</b>	
<b>5 Total.</b> Add lines 1 through 4b ..... <b>5</b> 56,226.	<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? ..... <b>8</b> X

**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: \_\_\_\_\_ Title: **President**

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer's Use Only**

Preparer's signature: **Mark Klarich** Date: **06/21/09** Check if self-employed:  Preparer's SSN or PTIN: **P00002145**

Firm's name (or yours if self-employed), address, and ZIP code: **Klarich Associates, LP** EIN: **03-0368015**

**226 Parshley Road** Phone no.: **(802) 685-4430**

**Vershire VT 05079**

**Schedule C – Rent Income (From Real Property and Personal Property Leased With Real Property)** (see instructions)

1 Description of property		2 Rent received or accrued	3 Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(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)		
(1)			
(2)			
(3)			
(4)			
Total		Total	<b>Total deductions.</b> Enter here and on page 1, Part I, line 6, column (B) . . . ▶

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

**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 sch)	(b) Other deductions (attach schedule)	
(1)				
(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)		%		
(2)		%		
(3)		%		
(4)		%		
<b>Totals</b> . . . . . ▶		Enter here and on page 1, Part I, line 7, column (A).		Enter here and on page 1, Part I, line 7, column (B).

**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)						
<b>Totals</b> . . . . . ▶				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 (column 3 plus column 4)
(1)				
(2)				
(3)				
(4)				
<b>Totals</b> .....	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 columns 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)						
<b>Totals</b> .....	Enter here and on page 1, Part I, line 10, column (A).	Enter here and on page 1, Part I, line 10, column (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) (column 2 minus column 3). If a gain, compute columns 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)						
<b>Totals</b> (carry to Part II, line (5)) .....						

**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)						
(2)						
(3)						
(4)						
(5) <b>Totals from Part I</b> .....						
<b>Totals</b> , Part II (lines 1-5) .....	Enter here and on page 1, Part I, line 11, column (A).	Enter here and on page 1, Part I, line 11, column (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
		%	
		%	
		%	
		%	

**Total.** Enter here and on page 1, Part II, line 14 .....

**Additional Information**

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Opt out of carryback

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The organization opts out of carryback provisions for Net Operating Losses.

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Form 990-T, Page 1, Part II, Line 28

**Other Deductions Statement**

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Lease Rights	54,609.
Rent	30,458.
Utilities	14,538.
Advertising	1,154.
Support	6,486.
Supplies	736.
Professional Services	30,894.
Vehicle	5,322.
Insurance	4,744.
Freight	6,614.
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Total	<u>155,555.</u>

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**Supporting Statement of:**

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Form 990-T, p1/Line 1a

Description	Amount
Vermont Lanterns	597.
Retail Sales Italy	118,920.
Total	<u>119,517.</u>

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**Supporting Statement of:**

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Form 990-T, p1/Line 28 Amount-3

Description	Amount
Electric	4,030.
Heat	4,893.
Water	436.
Telephone	5,179.
Total	<u>14,538.</u>

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**Supporting Statement of:**

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Form 990-T, p2/Schedule A, Line 2

Description	Amount
NGI	16,413.
Inventory	39,813.
Total	<u>56,226.</u>