

Form **990-T**

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

OMB No. 1545-0687

**2013**

For calendar year 2013 or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

▶ See separate instructions.

▶ Information about Form 990-T and its instructions is available at [www.irs.gov/form990t](http://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 Only

Department of the Treasury  
Internal Revenue Service

A  Check box if address changed

B Exempt under section

- 501(c)(3)  220(e)  
 408A  530(a)  
 529(a)

Name of organization (  Check box if name changed and see instructions.)

**Print** THE HEARTLAND INSTITUTE

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

**Type** ONE SOUTH WACKER, SUITE 2740

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

CHICAGO IL 60606

D Employer identification number  
(Employees' trust, see instructions.)

36-3309812

E Unrelated business activity codes  
(See instructions.)

511110

C Book value of all assets at end of year

697,671

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.

▶ **ADVERTISING INCOME**

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 HEARTLAND INSTITUTE Telephone number ▶ 312-377-4000

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
	<b>c Balance</b> ▶	<b>1c</b>		
2	Cost of goods sold (Schedule A, line 7)			
3	Gross profit. Subtract line 2 from line 1c			
4a	Capital gain net income (attach Form 8949 and Schedule D)			
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)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)			
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)	2,650	15,299	-12,649
12	Other income (See instructions; attach schedule.)			
13	<b>Total.</b> Combine lines 3 through 12	2,650	15,299	-12,649

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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	
21	Depreciation (attach Form 4562)	21	
22	Less depreciation claimed on Schedule A and elsewhere on return	22a	22b 0
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	<b>Total deductions.</b> Add lines 14 through 28	29	
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	-12,649
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	-12,649
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)	33	1,000
34	<b>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	34	-12,649

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
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
37 Proxy tax. See instructions 37
38 Alternative minimum tax 38
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies 39

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40a
b Other credits (see instructions) 40b
c General business credit. Attach Form 3800 (see instructions) 40c
d Credit for prior year minimum tax (attach Form 8801 or 8827) 40d
e Total credits. Add lines 40a through 40d 40e
41 Subtract line 40e from line 39 41
42 Other taxes. Check if from: [ ] Form 4255 [ ] Form 8611 [ ] Form 8697 [ ] Form 8866 [ ] Other (att. sch.) 42
43 Total tax. Add lines 41 and 42 43 0
44a Payments: A 2012 overpayment credited to 2013 44a
b 2013 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: [ ] Form 2439 [ ] Form 4136 [ ] Other Total 44g
45 Total payments. Add lines 44a through 44g 45
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached [ ] 46
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 47
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 [ ] Refunded [ ] 49

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 [ ] Yes [X] 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 instructions for other forms the organization may have to file. [ ] Yes [X] No
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
2 Purchases 2
3 Cost of labor 3
4a Additional sec. 263A costs (attach schedule) 4a
b Other costs (attach schedule) 4b
5 Total. Add lines 1 through 4b 5
6 Inventory at end of year 6
7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 7
8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? [ ] Yes [ ] No

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] 4/23/14 PRESIDENT
Signature of officer Date Title
May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [ ] No

Paid Preparer Use Only
Print/type preparer's name: CYNTHIA HITZEMANN
Preparer's signature: [Signature]
Date: 04/22/14
Check [ ] if self-employed
Firm's name: TIGHE, KRESS & ORR, P.C.
Firm's EIN: 26-0476995
Firm's address: 2001 LARKIN AVE STE 202 ELGIN, IL 60123-5808
Phone no.: 847-695-2700

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

(see instructions)

1. Description of property

(1) <b>N/A</b>
(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)		
<b>Total</b>	<b>Total</b>	<b>(b) Total deductions.</b>

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

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) <b>N/A</b>				
(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).
<b>Total dividends-received deductions</b> 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 inc.	6. Deductions directly connected with income in column 5
(1) <b>N/A</b>					
(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 (col. 3 plus col.4)
(1) <b>N/A</b>				
(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 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) <b>N/A</b>						
(2)						
(3)						
(4)						
<b>Totals</b>		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) <b>ADVERTISING INCO</b>	<b>2,650</b>	<b>15,299</b>				
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b>		<b>2,650</b>	<b>15,299</b>	<b>-12,649</b>		

**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) <b>N/A</b>						
(2)						
(3)						
(4)						
<b>Totals from Part I</b>		<b>2,650</b>	<b>15,299</b>			
<b>Totals, Part II (lines 1-5)</b>		Enter here and on page 1, Part I, line 11, col. (A). <b>2,650</b>	Enter here and on page 1, Part I, line 11, col. (B). <b>15,299</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) <b>N/A</b>		%	
(2)		%	
(3)		%	
(4)		%	

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

Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

**Depreciation and Amortization**  
**(Including Information on Listed Property)**

OMB No. 1545-0172

**2013**

Attachment  
Sequence No. **179**

▶ See separate instructions.      ▶ Attach to your tax return.

Name(s) shown on return

**THE HEARTLAND INSTITUTE**

Identifying number

**36-3309812**

Business or activity to which this form relates

**INDIRECT DEPRECIATION**

**Part I Election To Expense Certain Property Under Section 179**

**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2014. Add lines 9 and 10, less line 12	▶ 13	

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	6,302

**Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	0
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	▶ <input type="checkbox"/>	

**Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	6,302
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2013)

Year Ending: December 31, 2013

36-3309812

The Heartland Institute  
The Heartland Institute  
One South Wacker, Suite 2740  
Chicago, IL 60606

### **NOL Carryback Election**

Under IRC Section 172(b)(3), the taxpayer elects to relinquish the entire carryback period with respect to any regular tax and AMT net operating loss incurred during the current tax year.

Taxable Interest on Investments

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>	<u>Acquired after 6/30/75</u>	<u>US Obs (\$ or %)</u>
INTEREST INCOME	\$ 2,932					
TOTAL	\$ 2,932					

**Federal Statements**

36-3309812

**Form 990, Part IX, Line 11g - Other Fees for Service (Non-employee)**

Description	Total Expenses	Program Service	Management & General	Fund Raising
EDITORS, WRITERS, SPEAKERS	\$ 684,112	\$ 640,182	\$ 37,180	\$ 6,750
EDITORS, WRITERS, SPEAKERS	7,000	7,000		
EDITORS, WRITERS, SPEAKERS	99,241	99,241		
<b>TOTAL</b>	<b>\$ 790,353</b>	<b>\$ 746,423</b>	<b>\$ 37,180</b>	<b>\$ 6,750</b>

**Form 990, Part IX, Line 24e - All Other Expenses**

Description	Total Expenses	Program Service	Management & General	Fund Raising
NEWSWIRE AND CLIPPING	\$ 37,400	\$ 37,400		
TELEPHONE	32,580	19,433	6,375	6,772
EQUIP RENTAL AND MAINT.	21,447	12,868	4,289	4,290
MEMBERSHIPS	13,705	12,650	930	125
LIBRARY AND SUBSCRIPTIONS	1,566	1,482		84
<b>TOTAL</b>	<b>\$ 106,698</b>	<b>\$ 83,833</b>	<b>\$ 11,594</b>	<b>\$ 11,271</b>



# Federal Statements

36-3309812

## Schedule A, Part III, Line 1(e)

Description	Amount
CONTRIBUTIONS	\$ 1,733,449
DONORS TRUST	
CASH CONTRIBUTION	1,680,000
MERCER FAMILY FOUNDATION	
CASH CONTRIBUTION	877,000
JERRY AND MARILYN HAYDEN	
CASH CONTRIBUTION	215,000
RAI SERVICES COMPANY	
CASH CONTRIBUTION	200,000
JERE FABICK	
CASH CONTRIBUTION	100,000
TOTAL	<u>\$ 4,805,449</u>

## Schedule A, Part III, Line 7a - Support from Disqualified Persons

Donor Name	2009	2010	2011	2012	2013
DISQUALIFIED	\$ 4,170,159	\$ 3,398,000	\$ 1,777,600	\$ 3,440,675	\$ 3,471,202
TOTAL	<u>\$ 4,170,159</u>	<u>\$ 3,398,000</u>	<u>\$ 1,777,600</u>	<u>\$ 3,440,675</u>	<u>\$ 3,471,202</u>

## Schedule A, Part III, Line 11

Description	Amount
ADVERTISING INCOME	\$ -12,649
LESS: DEDUCTIONS	-1,000
TOTAL	<u>\$ -13,649</u>