

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization
PACIFIC LEGAL FOUNDATION
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
3900 LENNANE DRIVE 200
 City or town, state or country, and ZIP + 4
SACRAMENTO, CA 95834

D Employer identification number
94-2197343

E Telephone number
916-419-7111

G Gross receipts \$ **14,742,497.**

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: ▶ **PACIFICLEGAL.ORG**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **1973** **M** State of legal domicile: **CA**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: PUBLIC INTEREST LAW-PROVIDE LEGAL REPRESENTATION FOR CITIZENS ON MATTERS OF PUBLIC INTEREST AT		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	20
	4	Number of independent voting members of the governing body (Part VI, line 1b)	20
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	57
	6	Total number of volunteers (estimate if necessary)	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	2,798.
7b	Net unrelated business taxable income from Form 990-T, line 34	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year: 10,449,939. Current Year: 14,135,538.
	9	Program service revenue (Part VIII, line 2g)	793,358. 157,688.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	285,127. 387,625.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	162,767. 14,431.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	11,691,191. 14,695,282.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,500. 0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	5,099,340. 5,046,208.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	106,507. 127,286.
	16b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,479,702.	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	2,201,614. 2,027,881.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	7,409,961. 7,201,375.
19	Revenue less expenses. Subtract line 18 from line 12	4,281,230. 7,493,907.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year: 18,065,705. End of Year: 27,203,311.
	21	Total liabilities (Part X, line 26)	2,122,052. 2,058,276.
	22	Net assets or fund balances. Subtract line 21 from line 20	15,943,653. 25,145,035.

Part II Signature Block

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 officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: *Robin L. Rivett* Date: **8/5/11**
 ROBIN L. RIVETT, PRESIDENT & CEO
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: **LINDA L. HOUSE, CPA** Preparer's signature: *Linda L. House* Date: **8/5/11** Check if self-employed: PTIN: _____
 Firm's name: ▶ **CAMPBELL TAYLOR & COMPANY** Firm's EIN: _____
 Firm's address: ▶ **3741 DOUGLAS BLVD, SUITE 350 ROSEVILLE, CA 95661** Phone no.: **(916) 929-3680**

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:
PLF'S MISSION (ESTABLISHED IN 1973) IS TO BE AMERICA'S PREEMINENT DEFENDER OF FREEDOM IN COURTS THROUGHOUT THE NATION. PLF HAS A LONG TRADITION OF CONVERTING THE PHILANTHROPY OF EVERY DAY AMERICANS INTO LEGAL PRECEDENTS SAFEGUARDING THE FREEDOMS OF ALL AMERICANS. AS THEIR

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No
If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 3,889,654. including grants of \$) (Revenue \$ 184,136.)
LEGAL PROGRAM: DURING 2010, PLF WORKED ON OVER 230 CASES. THE FOLLOWING ARE HIGHLIGHTS OF LITIGATION ACTIVITIES DURING THE YEAR:

PROPERTY RIGHTS LITIGATION

(VICTORY 7/25/11) STERLING V. CALIFORNIA COASTAL COMMISSION - TWICE THE CALIFORNIA COASTAL COMMISSION HAS TRIED TO IMPOSE ILLEGAL CONDITIONS ON DAN AND DENISE STERLING'S PLAN TO BUILD A HOME ON THEIR PROPERTY NEAR HALF MOON BAY AND TWICE THE COMMISSION HAS LOST. IN THE FIRST GO-AROUND THE SAN MATEO COUNTY SUPERIOR COURT RULED THE COMMISSION'S ATTEMPT TO REQUIRE THE STERLINGS TO DEDICATE AN AGRICULTURAL EASEMENT TO THE STATE, REQUIRING 143 ACRES OF THEIR LAND TO BE FARMED FOREVER,

4b (Code:) (Expenses \$ 1,002,197. including grants of \$) (Revenue \$)
PUBLIC EDUCATION: IN 2010, PLF USED A COMPREHENSIVE PROGRAM OF FOCUSED MEDIA RELATIONS, WEB ENHANCEMENTS, AND DIRECT PUBLIC OUTREACH. BELOW ARE SOME OF THE HIGHLIGHTS:

MEDIA RELATIONS: PLF CONTINUES TO BE THE LEADING SOURCE OF NEWS AND INFORMATION TO THE NEWS MEDIA. PLF ISSUED MORE THAN 60 NEWS RELEASES DURING THE YEAR AND OUR ATTORNEYS WERE FREQUENTLY SOUGHT OUT BY REPORTERS AND PRODUCERS AS DEMONSTRATED BY THE FOLLOWING MEDIA RESULTS:

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services. (Describe in Schedule O.)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 4,891,851.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	X	
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	X	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach its audited financial statements to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)		X

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	X
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27	X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	X
35 Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	X
a Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	38	X

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

Main form area containing questions 1a through 14b with corresponding input fields and Yes/No columns.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year; 1b Enter the number of voting members included in line 1a, above, who are independent; 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?; 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Does the organization have members or stockholders?; 7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?; 7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? b Each committee with authority to act on behalf of the governing body?; 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Does the organization have local chapters, branches, or affiliates?; 10b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?; 11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?; 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990.; 12a Does the organization have a written conflict of interest policy? If "No," go to line 13; 12b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?; 12c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done; 13 Does the organization have a written whistleblower policy?; 14 Does the organization have a written document retention and destruction policy?; 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? a The organization's CEO, Executive Director, or top management official; b Other officers or key employees of the organization; If "Yes" to line 15a or 15b, describe the process in Schedule O. (See instructions.); 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?; 16b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed CA, AK, AZ, FL, HI, IL, KS, MD, MA, MI, MN, NJ
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. [X] Own website [] Another's website [] Upon request
19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: PACIFIC LEGAL FOUNDATION - 916-419-7111 3900 LENNANE DRIVE, SUITE 200, SACRAMENTO, CA 95834

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ROBIN L. RIVETT PRESIDENT & CEO	37.50	X		X				261,191.	0.	36,231.
JAMES S BURLING DIRECTOR OF LITIGATION & A	37.50	X		X				191,716.	0.	14,039.
JAMES L. CLOUD TRUSTEE	1.00	X						0.	0.	0.
JOHN C. HARRIS CHAIR OF THE BOARD	1.00	X		X				0.	0.	0.
LEONARD S FRANK SECRETARY-TREASURER	1.00	X		X				0.	0.	0.
RICHARD R ALBRECHT TRUSTEE	1.00	X						0.	0.	0.
THOMAS G. BOST VICE CHAIR	1.00	X		X				0.	0.	0.
GREG M. EVANS TRUSTEE	1.00	X						0.	0.	0.
RICHARD GEARY TRUSTEE	1.00	X						0.	0.	0.
TIMOTHY R. HALL TRUSTEE	1.00	X						0.	0.	0.
GEORGE KIMBALL TRUSTEE	1.00	X						0.	0.	0.
LORRAINE O. LEGG TRUSTEE	1.00	X						0.	0.	0.
WARNER C. LUSARDI TRUSTEE	1.00	X						0.	0.	0.
APRIL J MORRIS TRUSTEE	1.00	X						0.	0.	0.
JERRY W.P. SCHAUFFLER TRUSTEE	1.00	X						0.	0.	0.
BRUCE C. SMITH TRUSTEE	1.00	X						0.	0.	0.
CHARLES W. TRAINOR TRUSTEE	1.00	X						0.	0.	0.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
RONALD E VAN BUSKIRK TRUSTEE	1.00	X						0.	0.	0.
DONALD JOE WILLIS TRUSTEE	1.00	X						0.	0.	0.
H. DIXON MONTAGUE TRUSTEE	1.00	X						0.	0.	0.
JEFFREY E. WARREN TRUSTEE	1.00	X						0.	0.	0.
AMY B BOULRIS TRUSTEE	1.00	X						0.	0.	0.
SHARON L. BROWNE ATTORNEY	37.50				X			171,553.	0.	14,124.
M. REED HOPPER ATTORNEY	37.50					X		137,046.	0.	11,501.
MERIEM HUBBARD ATTORNEY	37.50					X		131,338.	0.	15,964.
R. S. RADFORD ATTORNEY	37.50					X		148,966.	0.	12,621.
1b Sub-total								1,041,810.	0.	104,480.
c Total from continuation sheets to Part VII, Section A								249,682.	0.	15,740.
d Total (add lines 1b and 1c)								1,291,492.	0.	120,220.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **12**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
BLV AGRIBUSINESS, 2945 CANONITA DRIVE, FALLBROOK, CA 92028-8771	PUBLIC RELATIONS	127,286.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **1**

SEE PART VII, SECTION A CONTINUATION SHEETS

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1 a	Federated campaigns	1a	13,905,274.				
	b	Membership dues	1b					
	c	Fundraising events	1c	230,264.				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f: \$		5094060.				
	h	Total. Add lines 1a-1f			14,135,538.			
Program Service Revenue	2 a	COURT AWARDED ATTY FEE	Business Code 541100	157,688.	157,688.			
	b						
	c						
	d						
	e						
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			157,688.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		387,625.			387,625.	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6 a	Gross Rents	(i) Real	(ii) Personal				
		Less: rental expenses						
		Rental income or (loss)						
		Net rental income or (loss)						
	7 a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		Less: cost or other basis and sales expenses						
		Gain or (loss)						
		Net gain or (loss)						
	8 a	Gross income from fundraising events (not including \$ 230,264. of contributions reported on line 1c). See Part IV, line 18	a		32,400.			
		Less: direct expenses	b		47,215.			
		Net income or (loss) from fundraising events			-14,815.			-14,815.
9 a	Gross income from gaming activities. See Part IV, line 19	a						
	Less: direct expenses	b						
	Net income or (loss) from gaming activities							
10 a	Gross sales of inventory, less returns and allowances	a						
	Less: cost of goods sold	b						
	Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code					
11 a	OTHER	541100		26,448.	26,448.			
b	BOOK SALES	900099		2,798.		2,798.		
c							
d	All other revenue							
e	Total. Add lines 11a-11d			29,246.				
12	Total revenue. See instructions.			14,695,282.	184,136.	2,798.	372,810.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	503,177.	349,676.	34,712.	118,789.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	3,786,322.	2,917,803.	271,631.	596,888.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	120,801.	71,633.	26,443.	22,725.
9 Other employee benefits	328,198.	199,554.	72,343.	56,301.
10 Payroll taxes	307,710.	199,675.	48,983.	59,052.
11 Fees for services (non-employees):				
a Management				
b Legal	89,481.		70,585.	18,896.
c Accounting	64,194.		64,194.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17	127,286.			127,286.
f Investment management fees				
g Other				
12 Advertising and promotion				
13 Office expenses	78,506.	10,436.	46,323.	21,747.
14 Information technology				
15 Royalties				
16 Occupancy	572,910.	436,862.	40,932.	95,116.
17 Travel	74,222.	29,692.	12,257.	32,273.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	7,091.	4,876.	1,228.	987.
20 Interest	592.	452.	42.	98.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	94,113.	71,764.	6,724.	15,625.
23 Insurance	68,556.	39,412.	28,831.	313.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a PRINTING & PUBLICATIONS	349,058.	234,186.	1,276.	113,596.
b POSTAGE & SHIPPING	229,573.	53,044.	15,628.	160,901.
c EQUIPMENT & RENTAL	83,761.	63,871.	5,984.	13,906.
d LITIGATION EXPENSE	74,663.	74,663.		
e TELEPHONE	69,511.	52,925.	4,959.	11,627.
f All other expenses	171,650.	81,327.	76,747.	13,576.
25 Total functional expenses. Add lines 1 through 24f	7,201,375.	4,891,851.	829,822.	1,479,702.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	1,203,399.	1	921,886.
	2	Savings and temporary cash investments	62,918.	2	150,249.
	3	Pledges and grants receivable, net	1,394,860.	3	984,795.
	4	Accounts receivable, net	143,422.	4	123,375.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges	97,206.	9	96,746.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 1,479,201.		
	b	Less: accumulated depreciation	10b 1,336,215.	216,645.	10c 142,986.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11	11,131,241.	12	21,025,785.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	3,816,014.	15	3,757,489.
16	Total assets. Add lines 1 through 15 (must equal line 34)	18,065,705.	16	27,203,311.	
Liabilities	17	Accounts payable and accrued expenses	138,363.	17	114,191.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities. Complete Part X of Schedule D	1,983,689.	25	1,944,085.
	26	Total liabilities. Add lines 17 through 25	2,122,052.	26	2,058,276.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	11,421,373.	27	20,665,335.
	28	Temporarily restricted net assets	3,714,500.	28	3,592,891.
	29	Permanently restricted net assets	807,780.	29	886,809.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	15,943,653.	33	25,145,035.	
34	Total liabilities and net assets/fund balances	18,065,705.	34	27,203,311.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,695,282.
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,201,375.
3	Revenue less expenses. Subtract line 2 from line 1	3	7,493,907.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	15,943,653.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,707,475.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	25,145,035.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b Were the organization's financial statements audited by an independent accountant?	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

Form 990 (2010)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public Inspection

Name of the organization: **PACIFIC LEGAL FOUNDATION** Employer identification number: **94-2197343**

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I
 - b Type II
 - c Type III - Functionally integrated
 - d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	<input type="checkbox"/>	<input type="checkbox"/>
(ii) A family member of a person described in (i) above?	<input type="checkbox"/>	<input type="checkbox"/>
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	<input type="checkbox"/>	<input type="checkbox"/>
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	7,668,905.	7,286,951.	8,421,307.	10,449,939.	14,208,074.	48,035,176.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 Total. Add lines 1 through 3	7,668,905.	7,286,951.	8,421,307.	10,449,939.	14,208,074.	48,035,176.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						8,120,534.
6 Public support. Subtract line 5 from line 4.						39,914,642.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4	7,668,905.	7,286,951.	8,421,307.	10,449,939.	14,208,074.	48,035,176.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...	143,228.	400,468.	278,561.	285,127.	387,625.	1,495,009.
9 Net income from unrelated business activities, whether or not the business is regularly carried on ...						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	23,214.	43,565.	54,079.	182,367.	29,246.	332,471.
11 Total support. Add lines 7 through 10						49,862,656.
12 Gross receipts from related activities, etc. (see instructions)					12	2,955,142.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	80.05 %
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	90.51 %
16a 33 1/3% support test - 2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input checked="" type="checkbox"/>		
b 33 1/3% support test - 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10% -facts-and-circumstances test - 2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10% -facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public
Inspection

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

94-2197343

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

Yes No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1
- ▶ \$ _____
- (ii) Assets included in Form 990, Part X
- ▶ \$ _____
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1
- ▶ \$ _____
- b Assets included in Form 990, Part X
- ▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIV and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	11,060,311.	4,880,134.	5,696,799.		
b Contributions	8,334,807.	5,210,277.	733,778.		
c Net investment earnings, gains, and losses	1,826,579.	1,195,879.	-1,274,821.		
d Grants or scholarships					
e Other expenditures for facilities and programs	798,415.	225,979.	275,622.		
f Administrative expenses					
g End of year balance	20,423,282.	11,060,311.	4,880,134.		

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment %
- b Permanent endowment %
- c Term endowment %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		X
3a(ii)		X
3b		

b If "Yes" to 3a(i), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other		1,479,201.	1,336,215.	142,986.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				142,986.

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) MUTUAL FUNDS PRIMARILY		
(B) INVESTED IN DEBT & EQUITY		
(C) SECURITIES	18,126,966.	END-OF-YEAR MARKET VALUE
(D) MONEY MARKET ACCOUNTS	2,302,821.	END-OF-YEAR MARKET VALUE
(E) CORPORATE BONDS	340,007.	END-OF-YEAR MARKET VALUE
(F) GOVERNMENTAL BONDS &		
(G) SECURITIES	255,991.	END-OF-YEAR MARKET VALUE
(H)		
(I)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) ▶	21,025,785.	

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Col (b) must equal Form 990, Part X, col (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) CSV LIFE INSURANCE	22,050.
(2) DEPOSITS, STOCK RECEIVABLE & MISC.	52,639.
(3) CHARITABLE REMAINDER TRUST ASSETS	2,964,192.
(4) OTHER TRUST ASSETS	718,608.
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	3,757,489.

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) OTHER LIABILITIES	183,436.
(3) PENSION PLAN ACCRUAL	529,549.
(4) ACCRUED EXPENSES	319,347.
(5) LIABILITY UNDER UNITRUST	911,753.
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	1,944,085.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	14,695,282.
2	Total expenses (Form 990, Part IX, column (A), line 25)	7,201,375.
3	Excess or (deficit) for the year. Subtract line 2 from line 1	7,493,907.
4	Net unrealized gains (losses) on investments	1,395,421.
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV.)	312,054.
9	Total adjustments (net). Add lines 4 through 8	1,707,475.
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	9,201,382.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	16,490,108.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	1,395,421.
b	Donated services and use of facilities	40,136.
c	Recoveries of prior year grants	
d	Other (Describe in Part XIV.)	359,269.
e	Add lines 2a through 2d	1,794,826.
3	Subtract line 2e from line 1	14,695,282.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	
b	Other (Describe in Part XIV.)	
c	Add lines 4a and 4b	0.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	14,695,282.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	7,288,726.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	40,136.
b	Prior year adjustments	
c	Other losses	
d	Other (Describe in Part XIV.)	47,215.
e	Add lines 2a through 2d	87,351.
3	Subtract line 2e from line 1	7,201,375.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	
b	Other (Describe in Part XIV.)	
c	Add lines 4a and 4b	0.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	7,201,375.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

PART XI, LINE 8 - OTHER ADJUSTMENTS:

SFAS NO.247 ADJUSTMENT FOR SPLIT INTEREST AGREEMENTS 312,054.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS 312,054.

FUNDRAISING EVENT EXPENSES 47,215.

TOTAL TO SCHEDULE D, PART XII, LINE 2D 359,269.

Part XIV Supplemental Information (continued)

PART XIII, LINE 2D - OTHER ADJUSTMENTS:

FUNDRAISING EVENT EXPENSES 47,215.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		HARRIS (event type)	DEL MAR (event type)	1 (total number)	
Revenue	1 Gross receipts	210,789.	48,375.	3,500.	262,664.
	2 Less: Charitable contributions	182,989.	43,775.	3,500.	230,264.
	3 Gross income (line 1 minus line 2)	27,800.	4,600.		32,400.
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	36,467.	7,258.	3,490.	47,215.
	10 Direct expense summary. Add lines 4 through 9 in column (d)				(47,215)
	11 Net income summary. Combine line 3, column (d), and line 10				-14,815.

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
	2 Cash prizes				
Direct Expenses	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	7 Direct expense summary. Add lines 2 through 5 in column (d)				()
	8 Net gaming income summary. Combine line 1, column d, and line 7				

9 Enter the state(s) in which the organization operates gaming activities: _____
a Is the organization licensed to operate gaming activities in each of these states? Yes No
b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No
b If "Yes," explain: _____

- 11 Does the organization operate gaming activities with nonmembers? Yes No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No
- 13 Indicate the percentage of gaming activity operated in:

a The organization's facility					
13a					%
b An outside facility					
13b					%
- 14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ _____
 Address ▶ _____

- 15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____.
- c If "Yes," enter name and address of the third party:

Name ▶ _____
 Address ▶ _____

16 Gaming manager information:

Name ▶ _____
 Gaming manager compensation ▶ \$ _____
 Description of services provided ▶ _____

 Director/officer Employee Independent contractor

17 Mandatory distributions:

- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G, PART I, LINE 2B, LIST OF TEN HIGHEST PAID FUNDRAISERS:

(I) NAME OF FUNDRAISER: BLV AGRIBUSINESS CONSULTANTS
 (I) ADDRESS OF FUNDRAISER: 2945 CANONITA DRIVE, FALLBROOK, CA 92028-8771

SCHEDULE G, PART I, LINE 2B, COLUMN (V): CONTRACTED AT AN HOURLY RATE
 FOR SERVICES UP TO A MAXIMUM CHARGE IN ANY ONE MONTH. MISCELLANEOUS
 COSTS WILL BE REIMBURSED.

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

2010

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

Open to Public Inspection

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

94-2197343

Part I Questions Regarding Compensation

	Yes	No
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <p> <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account </p> <p> <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) </p>		
<p>b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</p>	1b	
<p>2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?</p>	2	
<p>3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.</p> <p> <input checked="" type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations </p> <p> <input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input type="checkbox"/> Approval by the board or compensation committee </p>		
<p>4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p>		
<p>a Receive a severance payment or change-of-control payment from the organization or a related organization?</p>	4a	X
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	4b	X
<p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</p>	4c	X
<p>Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.</p>		
<p>5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p>		
<p>a The organization?</p>	5a	X
<p>b Any related organization?</p> <p>If "Yes" to line 5a or 5b, describe in Part III.</p>	5b	X
<p>6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p>		
<p>a The organization?</p>	6a	X
<p>b Any related organization?</p> <p>If "Yes" to line 6a or 6b, describe in Part III.</p>	6b	X
<p>7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</p>	7	X
<p>8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>	8	X
<p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2010

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

	(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	ROBIN L. RIVETT	(i) 261,191.	(ii) 0.	(iii) 0.	25,490.	10,741.	297,422.	0.
		(ii) 0.			0.	0.	0.	0.
2	JAMES S BURLING	(i) 191,716.	(ii) 0.	(iii) 0.	3,605.	10,434.	205,755.	0.
		(ii) 0.			0.	0.	0.	0.
3	SHARON L. BROWNE	(i) 171,553.	(ii) 0.	(iii) 0.	3,418.	10,706.	185,677.	0.
		(ii) 0.			0.	0.	0.	0.
4	R.S. RADFORD	(i) 148,966.	(ii) 0.	(iii) 0.	2,963.	9,658.	161,587.	0.
		(ii) 0.			0.	0.	0.	0.
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

PART I, LINE 4B: ROBIN RIVETT, PRESIDENT & CEO, SUPPLEMENTAL LIFE

INSURANCE \$1,700 AND SUPPLEMENTAL PENSION OF \$20,920.

Multiple horizontal lines for supplemental information.

**SCHEDULE M
(Form 990)**

Noncash Contributions

OMB No. 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

Name of the organization **PACIFIC LEGAL FOUNDATION** Employer identification number **94-2197343**

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art - Works of art				
2 Art - Historical treasures				
3 Art - Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities - Publicly traded	X	20	5,094,060.	NYSE MARKET VALUE
10 Securities - Closely held stock				
11 Securities - Partnership, LLC, or trust interests				
12 Securities - Miscellaneous				
13 Qualified conservation contribution - Historic structures				
14 Qualified conservation contribution - Other				
15 Real estate - Residential				
16 Real estate - Commercial				
17 Real estate - Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (WINE & FOOD F)	X	6	40,136.	MARKET VALUE
26 Other ▶ ()				
27 Other ▶ ()				
28 Other ▶ ()				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement **29**

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	X	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) (2010)

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2010

Open to Public
Inspection

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

94-2197343

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

ALL LEVELS OF THE ADMINISTRATIVE AND JUDICIAL PROCESS.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

LEGAL ADVOCATE IN THE COURTS, PLF VIGOROUSLY DEFENDS PROPERTY RIGHTS,
INDIVIDUAL AND ECONOMIC LIBERTIES, AND THE CONSTITUTIONAL GUARANTEES OF
LIMITED GOVERNMENT. WHEN GOVERNMENT-AT ANY LEVEL- EXCEEDS ITS
ENUMERATED POWERS AND ABRIDGES THE CONSTITUTIONAL RIGHTS OF CITIZENS,
PLF COMES TO THEIR AID. LITIGATING FOR PRINCIPLE, NOT PROFIT, PLF
RESTORES PEOPLE'S INDIVIDUAL RIGHTS, AND SETS LASTING LEGAL PRECEDENTS
TO RESTORE GOVERNMENT TO ITS PROPER ROLE.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

CONSTITUTED AN UNCONSTITUTIONAL TAKING. AFTER A SETTLEMENT WAS
PROPOSED AND THEN REJECTED BY THE COMMISSION, REGULATORS IMPOSED A
BROAD OPEN SPACE DEED RESTRICTION. PLF FILED A NEW PETITION FOR WRIT
OF MANDATE ALLEGING THE SECOND CONDITION WAS ALSO UNCONSTITUTIONAL AND
ILLEGAL AND, AGAIN, THE COURT HELD THAT THE COMMISSION'S DEMANDS WERE
UNCONSTITUTIONAL.

(VICTORY 3/29/11) LUHRS V. WHATCOM COUNTY - A DECADE-LONG STRUGGLE BY
LUMMI ISLAND RESIDENT VICKI LUHRS HAS ENDED WITH A SETTLEMENT WITH THE
COUNTY THAT ALLOWS HER TO BUILD A REVETMENT TO PROTECT HER HOME AGAINST
SHORELINE EROSION. PLF ATTORNEYS CAME TO HER DEFENSE AND WON A MAJOR
VICTORY AT THE WASHINGTON COURT OF APPEALS IN SEPTEMBER, 2009. HER
CASE WAS REMANDED BACK TO THE TRIAL COURT WITH AN ORDER THAT LUHRS BE

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

94-2197343

ALLOWED TO DEMONSTRATE HER CONTENTION THAT SHE NEEDS A ROCK REVETMENT TO PROTECT HER HOME. WITH THE RECENT SETTLEMENT, LUHRS HAS COMPLETED CONSTRUCTION OF HER REVETMENT, STOPPING A DECADE OF EROSION THAT CONSUMED SEVERAL FEET OF HER PROPERTY.

(VICTORY 1/31/11) - IN FRIENDS OF THE SAN JUANS V. HUGHES, AN ENVIRONMENTAL GROUP TRIED TO STOP PROPERTY OWNER CHRIS HUGHES FROM BUILDING A SINGLE-FAMILY DOCK AT HIS PROPERTY ON PEARL ISLAND, WASHINGTON. THE GROUP ALLEGED THAT HUGHES' DOCK WOULD DESTROY EELGRASS BEDS, YET FRIENDS WAS UNABLE TO PRESENT CONCLUSIVE EVIDENCE SHOWING THE EXTENT OF EELGRASS DECLINE THAT THE DOCK WOULD CAUSE. NEVERTHELESS, THE SHORELINES HEARINGS BOARD VACATED HUGHES' PERMIT TO CONSTRUCT THE DOCK. PLF SUBMITTED AN AMICUS BRIEF IN THE WASHINGTON COURT OF APPEALS ARGUING THAT IT WAS UNLAWFUL FOR THE BOARD TO VACATE HUGHES' PERMIT BASED ON INSUFFICIENT EVIDENCE OF SPECULATIVE HARM. IN OUR VIEW, THE BOARD HAD INAPPROPRIATELY SHIFTED THE BURDEN OF PROOF, REQUIRING HUGHES TO PROVE AN ABSENCE OF HARM, RATHER THAN REQUIRING FRIENDS TO PROVE THE HARM THEY ALLEGED. THE COURT AGREED WITH PLF'S ARGUMENTS, AND HUGHES NOW IS FREE TO BUILD HIS DOCK.

(VICTORY 12/17/10) - PLF ATTORNEYS, REPRESENTING THE BUILDING INDUSTRY ASSOCIATION OF THE BAY AREA, CLAIMED VICTORY OVER A SANTA ROSA, CALIFORNIA, ORDINANCE THAT FORCED PROPERTY OWNERS INTO JOINING A SPECIAL TAX DISTRICT. SUPERIOR COURT JUDGE MARK TANSIL STRUCK DOWN THE CITY'S ATTEMPT TO IMPOSE A TAX ON LANDOWNERS WITHOUT A VOTE AS REQUIRED BY THE CALIFORNIA CONSTITUTION. SANTA ROSA'S ORDINANCE ATTEMPTED TO IMPOSE A TAX ON PROPERTY OWNERS WHO SEEK TO BUILD NEW HOMES, BY REQUIRING THEM - AS A CONDITION OF A BUILDING PERMIT - TO AGREE TO BE

032212
01-24-11

Schedule O (Form 990 or 990-EZ) (2010)

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

94-2197343

ANNEXED INTO A SPECIAL TAX DISTRICT FOR PUBLIC SERVICES. THE COURT AGREED THAT SANTA ROSA VIOLATED ARTICLE XIII(A) OF THE CALIFORNIA CONSTITUTION.

(VICTORY 12/10/10) - A FLORIDA CIRCUIT COURT JUDGE RULED THAT TOWN OFFICIALS OF JUPITER INLET COLONY IN SOUTH FLORIDA CANNOT USE THE TOWN'S 2008 LAND USE PROVISIONS TO BAR HOMEOWNERS FROM USING THEIR RESIDENTIAL PROPERTY AS SHORT-TERM VACATION RENTALS. CITING CODE PROVISIONS, THE CITY HAD ISSUED CITATIONS AGAINST ALEXANDER AND HOLLY BONDAR FOR RENTING OUT THEIR HOME TO VACATIONERS FOR SHORT TERMS, TYPICALLY A WEEK TO 30 DAYS. PLF ATTORNEYS CHALLENGED THE CITATIONS, AND THE COURT NOW RULED THAT THE LAND USE PROVISIONS IN EFFECT IN 2008 DID NOT INCLUDE A PROHIBITION ON SHORT-TERM RENTALS. ALTHOUGH THE CITY'S LAND USE CODES HAVE SINCE BEEN CHANGED, THE RULING EFFECTIVELY "GRANDFATHERS IN" THE BONDARS, WHO CAN CONTINUE TO RENT THEIR HOME FOR SHORT TERMS TO VACATIONERS. PLF BELIEVES THE RULING MAY BE CITED BY OTHER HOMEOWNERS WHO ALSO WERE RENTING THEIR PROPERTIES ON A SHORT-TERM BASIS, WHILE THE 2008 PROVISIONS WERE IN EFFECT, TO CONTINUE SUCH RENTALS.

(VICTORY 11/24/10) THE OREGON COURT OF APPEALS RULED IN FAVOR OF A PROPERTY OWNER WHO APPEALED AN AIRPORT COMPATIBILITY ZONE ORDINANCE IMPOSED BY THE CITY OF HILLSBORO. AS AMICUS, PLF ARGUED IN SUPPORT OF MICHELLE BARNES WHO OBJECTED TO THE ORDINANCE WHICH REQUIRED THE OWNERS OF PROPERTY NEAR THE HILLSBORO AIRPORT TO GRANT AN AVIGATION EASEMENT AS A CONDITION OF DEVELOPMENT. THE APPELLATE COURT RULING AFFIRMED THE DECISION BY THE OREGON LAND USE BOARD OF APPEALS TO INVALIDATE THE AVIGATION EASEMENT CONDITION ON THE BASIS OF THE PRECEDENT SET BY PLF

Name of the organization

PACIFIC LEGAL FOUNDATION

Employer identification number

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IN NOLLAN V. CALIFORNIA COASTAL COMMISSION AND ANOTHER MAJOR PROPERTY RIGHTS RULING IN DOLAN V. CITY OF TIGARD.

(VICTORY 11/5/10) - RULING IN THE PLF CASE OF SEVERANCE V. PATTERSON, THE TEXAS SUPREME COURT REJECTED THE STATE'S CLAIM THAT BEACH EASEMENTS "ROLL" WITH THE VEGETATION LINE. THIS MAJOR PROPERTY RIGHTS VICTORY FOR PLF CLIENT CAROL SEVERANCE AND OTHER COASTAL LANDOWNERS MEANS THE STATE CANNOT USE THE TEXAS OPEN BEACHES ACT -A 50-YEAR-OLD LAW- TO SEIZE PRIVATE BEACH LAND AND HOMES FOR A "PUBLIC" BEACH WHEN STORMS BLOW AWAY THE VEGETATION OR MOVE THE VEGETATION LINE LANDWARD. A REHEARING OF THE CASE WAS GRANTED BY THE TEXAS SUPREME COURT AND A DECISION IS EXPECTED SOON.

(VICTORY 10/25/10) - THE WASHINGTON COURT OF APPEALS, IN A FAVORABLE DECISION TO UPHOLD THE TAKINGS CLAIM OF PROPERTY OWNERS KIPP AND MARILYN DUNLAP, UPHELD A TRIAL COURT RULING THAT FOUND THE CITY OF NOOKSACK'S ACTION RESULTED IN A TOTAL TAKING UNDER LUCAS V. SOUTH CAROLINA COASTAL COUNCIL. CITY OFFICIALS DEEMED LAND ADJACENT TO THE DUNLAPS' PROPERTY AN ENVIRONMENTAL SENSITIVE AREA AND OFF-LIMITS TO DEVELOPMENT WITHOUT A VARIANCE. RESPONDING TO THE DUNLAPS' REQUEST TO BUILD ON THEIR LOT, CITY REGULATORS SAID THEY WOULD ONLY CONSIDER GRANTING A VARIANCE IF THE OWNERS REDESIGNED THEIR HOME TO BE TRIANGULAR IN SHAPE, RAISED ON STILTS, AND HAVE A FLOOR AREA OF NO MORE THAN 480 SQUARE-FEET. PLF ATTORNEYS, SUPPORTING THE DUNLAPS' CASE AS AMICUS, ARGUED THAT THE TRIAL COURT CORRECTLY CONCLUDED THAT THE CITY'S APPLICATION OF STREAM BUFFERS RESULTED IN A LUCAS TOTAL TAKING.

(VICTORY 9/2/10) - THE WASHINGTON SUPREME COURT, IN FITZPATRICK V.

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OKANOGAN COUNTY, RULED FOR PROPERTY OWNERS - SIBLINGS HEATHER FITZPATRICK STURGILL AND DON L. FITZPATRICK - WHOSE HOME WAS DESTROYED AS A RESULT OF A GOVERNMENT-BUILT FLOOD CONTROL PROJECT ON THE METHOW RIVER. AT THE TIME THE PROJECT WAS BUILT, THE GOVERNMENT WAS ADVISED BY ITS EXPERTS THAT BY DIKING FLOOD OVERFLOW CHANNELS, THE GOVERNMENT WAS PUTTING DOWNSTREAM PROPERTIES AT RISK. SEVERAL YEARS LATER, THE RIVER OVERFLOWED ITS BANKS, AVULSED, AND DESTROYED THE FITZPATRICKS' HOME. THEY SUED FOR INVERSE CONDEMNATION. IN A 7-2 DECISION, THE SUPREME COURT HELD THAT A PLAINTIFF NEED NOT PROVE THAT THE GOVERNMENT CONTEMPLATED CONDEMNING HIS OR HER PROPERTY AS AN ELEMENT OF AN INVERSE CONDEMNATION CLAIM. INSTEAD A PLAINTIFF NEED ONLY SHOW THAT THE DAMAGE WAS NECESSARILY INCIDENT TO THE GOVERNMENT ACTION.

(VICTORY 6/22/10) KLUMPP V. BOROUGH OF AVALON - THE NEW JERSEY SUPREME COURT RULED IN FAVOR OF EDWARD AND NANCY KLUMPP, ENDORSING PLF'S AMICUS BRIEF ARGUMENT THAT THEY ARE ENTITLED TO JUST COMPENSATION FOR THE TAKING OF THEIR PROPERTY. THE KLUMPPS LOST THEIR HOME IN A 1962 STORM WHICH CAUSED SUBSTANTIAL DAMAGE ALL ALONG THE NEW JERSEY SHORELINE, BUT THEY WERE DENIED ACCESS TO THE PROPERTY AFTER LOCAL OFFICIALS ENTERED THE PROPERTY AND DUMPED SAND TO RENOURISH DUNES. A TRIAL COURT HELD THAT THE BOROUGH "TOOK" THE PROPERTY BY INVERSE CONDEMNATION IN 1962 WITH THE CONSTRUCTION OF THE DUNES, AND THE KLUMPPS WERE TIME-BARRED FROM SEEKING JUST COMPENSATION.

(MIXED DECISION 6/17/10) STOP THE BEACH RENOURISHMENT V. FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION - UNITED STATES SUPREME COURT RULED AGAINST THE RIGHTS OF COASTAL PROPERTY OWNERS IN DESTIN, FLORIDA, WHO BECAME ENTANGLED IN A GOVERNMENT PLAN TO RECLAIM PRIVATELY OWNED

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BEACHES FROM ADVANCING TIDES BY DUMPING SAND ON THEM. GOVERNMENT OFFICIALS DECLARED THE "RECREATED" BEACH TO BE, ESSENTIALLY, A PUBLIC ZONE FROM WHICH OWNERS HAD NO RIGHT TO EXCLUDE ANYONE. THE OWNERS, WHO DIDN'T REQUEST THE SAND BE DUMPED ON THEIR PROPERTY, VIEWED THE RENOURISHMENT PLAN AS MERELY A SCHEME FOR THE CITY OF DESTIN AND WALTON COUNTY TO CONVERT PRIVATE PROPERTY INTO A NEW PUBLIC BEACH. THE SILVER LINING IN THE DECISION IS THE FACT THAT FOUR OF THE JUSTICES ACKNOWLEDGED THAT COURTS ARE SUBJECT TO THE FIFTH AMENDMENT, AND CAN BE FOUND TO COMMIT A "TAKING" IF THEY REDEFINE PRIVATE PROPERTY RIGHTS OUT OF EXISTENCE.

FORM 990, PART III, LINE 4A, DESCRIPTION OF PROGRAM SERVICE:

(VICTORY 5/19/10) LEU V. INTERNATIONAL BOUNDARY COMMISSION - NINTH CIRCUIT RULED AGAINST DENNIS SCHORNACK'S CHALLENGE TO HIS DISMISSAL AS COMMISSIONER OF THE INTERNATIONAL BOUNDARY COMMISSION. THE RULING PRESERVES THE RIGHTS OF PLF CLIENTS HERBERT AND SHIRLEY-ANN LEU TO KEEP A WALL THEY ERECTED IN THEIR BACKYARD IN BLAINE, WASHINGTON, THAT SCHORNACK WANTED TORN DOWN BECAUSE IT SUPPOSEDLY ENCROACHED ON AN UNDEFINED "BOUNDARY VISTA." THE EMBATTLED SCHORNACK SOUGHT REVIEW AT THE UNITED STATES SUPREME COURT, BUT HE WAS DENIED.

(VICTORY 5/12/10) DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES V. BORGOFF - FLORIDA COURT OF APPEAL RULED THAT THE STATE'S DELIBERATE DESTRUCTION OF MORE THAN 100,000 HEALTHY CITRUS TREES, BELONGING TO OVER 50,000 FLORIDIANS, WAS AN UNCOMPENSATED TAKING IN VIOLATION OF THE FIFTH AMENDMENT. PLF ATTORNEYS FILED AN AMICUS BRIEF SUPPORTING THE BROWARD COUNTY HOMEOWNERS WHO BROUGHT THE LAWSUIT.

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(NEW CASE) SDS FAMILY TRUST V. CALIFORNIA COASTAL COMMISSION - PLF
 ATTORNEYS REPRESENT THREE SISTERS WHO OWN LAND THROUGH A FAMILY TRUST
 ESTABLISHED BY THEIR LATE FATHER. THEY SEEK PERMISSION FOR SOME BASIC
 REPAIR WORK ON THEIR PROPERTY NEAR CAYUCOS IN AN UNINCORPORATED AREA OF
 SAN LUIS OBISPO COUNTY, BUT THE COMMISSION IS WITHHOLDING PERMIT
 APPROVAL UNTIL THEY AGREE GIVING THE STATE A PUBLIC EASEMENT 25- TO
 50- FEET WIDE RUNNING THE ENTIRE LENGTH OF THE PROPERTY. PLF ATTORNEYS
 CONTEND THE COMMISSION'S ACTIONS AMOUNT TO AN UNCONSTITUTIONAL TAKING
 BECAUSE THE PROPOSED REPAIRS WOULD HAVE NO IMPACT ON THE PUBLIC, OR ON
 EXISTING ACCESS TO NEIGHBORING PUBLIC AREAS, SUCH AS HARMONY HEADLANDS
 STATE PARK.

ENVIRONMENTAL REGULATIONS/ESA LITIGATION

(REVIEW ACCEPTED 6/28/11) THE UNITED STATES SUPREME COURT HAS GRANTED
 REVIEW IN SACKETT V. UNITED STATES EPA, A MAJOR CHALLENGE TO THE
 FEDERAL GOVERNMENT'S AUTHORITY UNDER THE CLEAN WATER ACT. MICHAEL AND
 CHANTELL SACKETT WANT TO BUILD A HOME NEAR PRIEST LAKE, IDAHO, WITHIN
 AN EXISTING RESIDENTIAL SUBDIVISION. AFTER OBTAINING ALL LOCAL
 BUILDING PERMITS AND COMPLETING DUE DILIGENCE CHECKS, THE SACKETTS
 BEGAN CONSTRUCTION OF THEIR HOME IN THE SPRING OF 2007. SHORTLY
 THEREAFTER EPA AGENTS CAME ONTO THEIR PROPERTY AND ORDERED THEM TO
 CEASE AND DESIST, CLAIMING THAT THEIR PROPERTY CONTAINED WETLANDS AND
 THAT THE SACKETTS HAD TO OBTAIN A PERMIT FROM THE EPA BEFORE PROCEEDING
 WITH THEIR CONSTRUCTION.

IN NOVEMBER OF THAT YEAR, EPA ISSUED A COMPLIANCE ORDER AGAINST THE
 SACKETTS, REQUIRING THE SACKETTS TO RESTORE THE PROPERTY, FENCE IT OFF,

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AND LEAVE IT UNTOUCHED FOR THREE YEARS, JUST TO BE ELIGIBLE TO APPLY FOR A PERMIT. IF THEY DIDN'T COMPLY IMMEDIATELY, THEY WOULD BE SUBJECT TO DAILY FINES OF UP TO \$32,500. THE SACKETTS ASKED THE AGENCY FOR A HEARING TO DISPUTE ITS JURISDICTION OVER THEIR PROPERTY, BUT EPA IGNORED THEM. PLF HAS FILED A LAWSUIT ON THE SACKETTS' BEHALF, ARGUING THAT THE CONSTITUTION REQUIRES EPA TO GIVE THE SACKETTS THEIR DAY IN COURT. NOW, THEIR DAY IN COURT WILL COME AT THE UNITED STATES SUPREME COURT.

(VICTORY 2/3/11) - THE CLEAN WATER ACT REQUIRES STATES TO DESIGNATE RIVERS AND CREEKS AS "IMPAIRED" IF THEIR WATER QUALITY FALLS BELOW SPECIFIED STANDARDS. EVEN THOUGH LANDOWNERS AROUND REDWOOD CREEK IN NORTHERN CALIFORNIA HAVE SPENT YEARS GATHERING EVIDENCE THAT THE CREEK IS NOT POLLUTED WITH SEDIMENT AND FISH REPRODUCTION IS AT NORMAL LEVELS, STATE OFFICIALS HAVE DECLARED IT "IMPAIRED," AND THE ENVIRONMENTAL PROTECTION AGENCY (EPA) SIGNED OFF ON THAT RULING. BARNUM TIMBER, A SMALL FAMILY-RUN TIMBER BUSINESS, BROUGHT SUIT AGAINST THE STATE'S RULING IN STATE COURT, BUT THE ACTION WAS DISMISSED ON THE GROUNDS THAT THE EPA SHOULD HAVE BEEN A PARTY. PLF REPRESENTS BARNUM IN A FEDERAL COURT CHALLENGE TO THE "IMPAIRED" DESIGNATION BY BOTH FEDERAL AND STATE OFFICIALS. THE NINTH CIRCUIT COURT OF APPEALS ISSUED A FAVORABLE DECISION IN BARNUM TIMBER V. EPA, STATING THAT BARNUM DOES HAVE STANDING TO CHALLENGE THE DESIGNATION OF A CREEK AS IMPAIRED. THE CASE IS REMANDED BACK TO THE DISTRICT COURT. THE DECISION IS AN IMPORTANT ONE FOR PROPERTY OWNERS THROUGHOUT THE WEST WHO NOW STAND A BETTER CHANCE OF GETTING A FEDERAL COURT TO HEAR THEIR CHALLENGES TO ONEROUS ENVIRONMENTAL REGULATIONS THAT REDUCE THE VALUE OF THEIR PROPERTY.

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(VICTORY 1/19/11) FAVORABLE SETTLEMENT OF A PLF LAWSUIT SEVERAL YEARS AGO COMPELLED THE UNITED STATES FISH AND WILDLIFE SERVICE TO CONDUCT MANDATORY FIVE-YEAR STATUS REVIEWS FOR MORE THAN 100 THREATENED OR ENDANGERED SPECIES IN THE STATE OF CALIFORNIA. AFTER THE COMPLETION OF STATUS REVIEWS FOR SOME SPECIES IN 2007 AND 2008, THE SERVICE CONCLUDED THAT SIX SPECIES, AMONG OTHERS, SHOULD BE RECLASSIFIED. HOWEVER, AS IS ITS PRACTICE, THE SERVICE TOOK NO ACTION ON ITS OWN RECOMMENDATIONS. IN MAY, 2010, PACIFIC LEGAL FOUNDATION PETITIONED THE SERVICE TO RECLASSIFY THE SIX SPECIES (ONE FISH SPECIES AND FIVE PLANT SPECIES). IN JANUARY, 2011, THE SERVICE ISSUED A FINDING THAT THE PETITION MAY BE WARRANTED AND HAS BEGUN A NEW REVIEW OF THE SPECIES WHICH WILL BE CONCLUDED WITHIN 12 MONTHS.

(VICTORY 12/14/10) STEWART & JASPER V. SALAZAR - FEDERAL JUDGE OLIVER WANGER OF THE EASTERN DISTRICT OF CALIFORNIA ISSUED HIS LONG-AWAITED RULING IN THE CONSOLIDATED DELTA SMELT CASES, A LEGAL CHALLENGE TO THE UNITED STATES FISH AND WILDLIFE SERVICE'S DELTA SMELT BIOLOGICAL OPINION. JUDGE WANGER HELD THE DELTA SMELT "BIOP" TO BE INVALID, VIOLATING THE ENDANGERED SPECIES ACT AND ADMINISTRATIVE PROCEDURE ACT. HE ALSO HELD THAT CERTAIN SPECIFIC WATER PUMPING RESTRICTIONS ARE ARBITRARY AND CAPRICIOUS. IN THIS CHALLENGE TO THE DELTA SMELT BIOP, PLF ATTORNEYS REPRESENT THREE SAN JOAQUIN VALLEY FARMERS WHO HAVE BEEN SIGNIFICANTLY IMPACTED BY THE WATER CUTBACKS THAT RESULTED FROM THE DELTA SMELT BIOLOGICAL OPINION. WANGER NOTED THAT THE GOVERNMENT FAILED TO CONSIDER THE DEVASTATING ECONOMIC IMPACTS CREATED BY DRACONIAN WATER CUTBACKS. CERTIORARI PETITION FILED IN THE UNITED STATES SUPREME COURT ON JUNE 21, 2011.

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(VICTORY 9/29/10) NEW HOPE POWER COMPANY V. UNITED STATES ARMY CORPS OF ENGINEERS - PLF ATTORNEYS WERE JUST DAYS FROM FILING A MOTION TO PARTICIPATE IN A SIMILAR CASE (AMERICAN FARM BUREAU FEDERATION V. CORPS) WHEN THIS CASE WAS FAVORABLY DECIDED BY A FLORIDA JUDGE. THE ISSUE CONCERNS AN ABRUPT CHANGE BY THE CORPS IN 2009 TO REGULATE ANY SO-CALLED "PRIOR-CONVERTED" CROPLANDS - MORE THAN 53 MILLION ACRES OF LAND IN THE NATION. FOR DECADES, THE CORPS HAS EXEMPTED FROM FEDERAL CLEAN WATER ACT SECTION 404 REGULATION WETLANDS THAT HAVE BEEN PUT TO AGRICULTURAL USE PRIOR TO 1986. IN 1993, THE CORPS ISSUED FORMAL RULE MAKING THAT STATED THESE WETLANDS WOULD CONTINUE TO BE EXEMPT FROM FEDERAL REGULATION UNLESS THE WETLANDS WERE ABANDONED AND THE AREA REGAINED ITS WETLAND FEATURES. IN COURT, THE CORPS CLAIMED THE CHANGE WAS JUST AN INTERNAL POLICY SHIFT, BUT THE JUDGE DETERMINED THE POLICY SHIFT WAS A COMPLETE RULE CHANGE THAT SHOULD HAVE BEEN SUBJECTED TO PUBLIC REVIEW. THE JUDGE INVALIDATED THE ILLEGAL RULE AND DIRECTED THE CORPS TO USE THE FORMAL RULEMAKING PROCESS IF IT WANTS TO ADOPT THE NEW POLICY.

(VICTORY 9/22/10) BROWN V. ADAMS - PRESSURE FROM A PLF LAWSUIT FORCED THE CALIFORNIA AIR RESOURCES BOARD (CARB) TO REPLACE MEMBERS OF A SCIENCE REVIEW PANEL WHO HAD OVERSTAYED THEIR THREE-YEAR TERMS. THE MAJORITY OF MEMBERS HAD SERVED FOR MORE THAN A DECADE UNTIL PLF, ACTING ON BEHALF OF SEVERAL BUSINESSES, CHALLENGED THE AGENCY. PLF'S ACTION IS SIGNIFICANT BECAUSE THE PANEL OF SCIENTIFIC EXPERTS IS GIVEN RESPONSIBILITY TO REVIEW ANY CARB PROPOSAL TO LABEL A SUBSTANCE IN THE AIR AS A TOXIC AIR CONTAMINANT. SUCH DESIGNATIONS ARE HIGHLY SIGNIFICANT, BECAUSE CARB CAN FOLLOW UP WITH REGULATIONS ON ECONOMIC

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ACTIVITY THAT GENERATES THE SUBSTANCE.

(VICTORY 9/13/10) STRAHAN V. HOLMES - A YOUNG ENVIRONMENTAL ACTIVIST SUED A COMMERCIAL LOBSTER FISHERMAN, DANIEL HOLMES, IN MASSACHUSETTS UNDER THE ENDANGERED SPECIES ACT AFTER THE FISHERMAN'S GEAR ACCIDENTALLY BECAME ENTANGLED WITH AN ENDANGERED WHALE. RICHARD MAX STRAHAN BROUGHT SUIT AGAINST HOLMES UNDER THE ESA, ARGUING THAT HOLMES HAD ILLEGALLY TAKEN AN ENDANGERED SPECIES AND THAT HOLMES' COMMERCIAL FISHING OPERATION SHOULD BE ENJOINED. DESPITE THE ACCIDENTAL NATURE OF THE 2006 INCIDENT AND EVEN THOUGH THE WHALE WAS QUICKLY FREED AND ABLE TO SWIM AWAY, THE DISTRICT COURT CONCLUDED THAT HOLMES VIOLATED THE ESA BY TAKING A WHALE. THE COURT, HOWEVER, REFUSED TO ENJOIN HOLMES DUE TO THE HARM IT WOULD CAUSE TO HIS LIVELIHOOD AND THE UNLIKELIHOOD THAT THIS SORT OF ACCIDENT WOULD HAPPEN AGAIN. STRAHAN APPEALED TO THE FIRST CIRCUIT IN EARLY 2009, AND PLF FILED AN AMICUS BRIEF IN SUPPORT OF HOLMES. BUT STRAHAN FAILED SEVERAL TIMES TO COMPLY WITH COURT-ORDERED DEADLINES, AND THE FIRST CIRCUIT FINALLY HAD ENOUGH AND DISMISSED STRAHAN'S APPEAL.

FORM 990, PART III, LINE 4A, DESCRIPTION OF PROGRAM SERVICE:

(VICTORY 6/21/10) MONSANTO CO. V. GEERTSON SEED FARMS - THE UNITED STATES SUPREME COURT, IN A 7-1 DECISION, REVERSED THE NINTH CIRCUIT AND OVERTURNED A NATIONWIDE INJUNCTION THAT HAD PROHIBITED USE OF ROUNDUP READY ALFALFA, A GENETICALLY ENHANCED PRODUCT, PENDING COMPLETION OF A NEW ENVIRONMENTAL IMPACT STATEMENT UNDER THE NATIONAL ENVIRONMENTAL POLICY ACT (NEPA). PLF'S AMICUS BRIEF ARGUED THAT THE TRADITIONAL REQUIREMENTS FOR INJUNCTIVE RELIEF SHOULD APPLY AS MUCH WITH NEPA AS IN

OTHER LEGAL CONTEXTS.

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(VICTORY 6/10/10) GREAT NORTHWEST, INC. V. UNITED STATES ARMY CORPS OF ENGINEERS - A FEDERAL COURT RULED THAT THE CLEAN WATER ACT DOES NOT EMPOWER FEDERAL REGULATORS TO MICROMANAGE PRIVATE PROPERTY BELONGING TO THE GREAT NORTHWEST, INC., A GRAVEL MINING OPERATION IN FAIRBANKS, ALASKA. REPRESENTED BY PLF ATTORNEYS, GREAT NORTHWEST CHALLENGED THE ARMY CORPS OF ENGINEERS' CLAIM THAT IT HAD JURISDICTION TO OVERSEE AND DICTATE THE COMPANY'S MAINTENANCE OF ITS OWN PRIVATE PROPERTY, WHICH INCLUDES SOME WETLANDS ACREAGE.

(VICTORY 6/1/10) BEC V. USACE - NINTH CIRCUIT RULED IN FAVOR OF FEDERAL AND LOCAL GOVERNMENT AGENCIES AND AGAINST AN ENVIRONMENTAL GROUP THAT WANTED TO STOP A REDDING BUSINESS PARK PROJECT. PLF FILED AN AMICUS BRIEF IN SUPPORT OF THE FEDERAL GOVERNMENT AGENCIES AND THE CITY OF REDDING, ARGUING THAT THE UNITED STATES ARMY CORPS OF ENGINEERS FULFILLED ITS RESPONSIBILITY UNDER FEDERAL LAW.

(VICTORY 5/18/10) SAN LUIS & DELTA-MENDOTA WATER AUTHORITY V. LOCKE - FAVORABLE OPINION FROM DISTRICT COURT FINDING NEPA AND BEST AVAILABLE SCIENCE VIOLATIONS. AS AMICUS, PLF ARGUED TO OVERTURN THE NATIONAL MARINE FISHERIES SERVICE'S JUNE 4, 2009, BIOLOGICAL OPINION THAT SEVERELY RESTRICTS WATER SUPPLIES TO SAN JOAQUIN VALLEY FARMERS FOR THE BENEFIT OF THE SACRAMENTO RIVER WINTER-RUN CHINOOK SALMON, THE CENTRAL VALLEY SPRING-RUN CHINOOK SALMON, THE CENTRAL VALLEY STEELHEAD, THE CENTRAL CALIFORNIA COAST STEELHEAD, THE SOUTHERN DISTINCT POPULATION OF NORTH AMERICAN GREEN STURGEON, AND THE SOUTHERN RESIDENT KILLER WHALES.

ANTIDISCRIMINATION LITIGATION

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(NEW CHALLENGE FILED 7/21/11) PACIFIC LEGAL FOUNDATION HAS SUED THE U.S. DEPARTMENT OF EDUCATION OVER DOE POLICY GUIDELINES THAT ACTIVISTS ARE USING TO PROMOTE SEX-BASED QUOTAS IN PUBLIC HIGH SCHOOL ATHLETIC PROGRAMS. TITLE IX DOES NOT REQUIRE SEX-BASED QUOTAS IN HIGH SCHOOL SPORTS, BUT IN RECENT YEARS, FEDERAL POLICY GUIDELINES ON TITLE IX HAVE MADE VAGUE REFERENCES TO HIGH SCHOOLS IN A WAY THAT ALLOWS PRO-QUOTA ACTIVISTS TO MISINTERPRET AND MISUSE TITLE IX AND WRONGLY DEMAND THAT HIGH SCHOOLS INSTITUTE QUOTA POLICIES.

PLF ATTORNEYS REPRESENT THE AMERICAN SPORTS COUNCIL (ASC, FORMERLY KNOWN AS THE COLLEGE SPORTS COUNCIL), A NATIONAL COALITION OF COACHES, ATHLETES, PARENTS, AND FANS DEVOTED TO PRESERVING AND PROMOTING THE STUDENT ATHLETE EXPERIENCE. IN 2007, PLF ATTORNEYS, ON BEHALF OF ASC, FORMALLY PETITIONED DOE TO REVISE OR REPEAL THE GUIDELINES BECAUSE THEY DO NOT MAKE IT CLEAR THAT TITLE IX IS NOT A QUOTA MANDATE FOR HIGH SCHOOLS. THE AGENCY REFUSED. PLF'S LAWSUIT ARGUES THAT THE AGENCY ACTED ARBITRARILY AND CAPRICIOUSLY WHEN IT DENIED THE 2007 PETITION, AND THAT IT MUST AMEND, CLARIFY, OR REPEAL ITS GUIDELINES THAT ARE BEING USED BY ACTIVISTS TO PROMOTE SEX-BASED QUOTAS IN HIGH SCHOOLS.

(VICTORY 12/8/10) COALITION TO DEFEND AFFIRMATIVE ACTION V. SCHWARZENEGGER - SAN FRANCISCO-BASED FEDERAL JUDGE SAMUEL CONTI DISMISSED A LAWSUIT BY ACTIVIST GROUPS THAT CHALLENGED THE CONSTITUTIONALITY OF PROPOSITION 209 AND SOUGHT TO REINTRODUCE RACE-BASED PREFERENCES TO THE UNIVERSITY OF CALIFORNIA ADMISSIONS PROCESS. JUDGE CONTI SIDED WITH PLF ATTORNEYS, WHO INTERVENED IN THE CASE TO DEFEND PROPOSITION 209 ON BEHALF OF THE AMERICAN CIVIL RIGHTS

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FOUNDATION AND SACRAMENTO BUSINESSMAN AND FORMER UC REGENT WARD
 CONNERLY, WHO LED THE 1996 CAMPAIGN THAT WON APPROVAL FOR PROPOSITION
 209 AT THE POLLS.

(VICTORY 8/25/10) AMERICAN CIVIL RIGHTS FOUNDATION V. LOS ANGELES
 UNIFIED SCHOOL DISTRICT - SETTLEMENT WAS REACHED IN RESPONSE TO A
 PROPOSITION 209 LAWSUIT BY PLF ATTORNEYS. THE LOS ANGELES UNIFIED
 SCHOOL DISTRICT (LAUSD) HAS RESCINDED ITS POLICY OF RACE-BASED
 DISCRIMINATION IN TEACHER ASSIGNMENT. PLF'S LAWSUIT TARGETED LAUSD'S
 POLICY OF RACIAL DISCRIMINATION AND PREFERENCES IN TEACHER PLACEMENT
 DECISIONS. SPECIFICALLY, THE DISTRICT'S "TEACHER INTEGRATION TRANSFER
 PROGRAM" REQUIRED THE RACE OF A TEACHER TO BE CONSIDERED FOR ANY
 DECISION ABOUT A TEACHER'S ASSIGNMENT, DISPLACEMENT, OR TRANSFER.

(VICTORY 8/2/10) CORAL CONSTRUCTION, INC. V. CITY AND COUNTY OF SAN
 FRANCISCO - THE CALIFORNIA SUPREME COURT REJECTED SAN FRANCISCO'S
 ATTEMPT TO GET PROPOSITION 209 DECLARED UNCONSTITUTIONAL AND IN SUPPORT
 OF PLF'S LAWSUIT AGAINST SAN FRANCISCO'S RACE- AND SEX-BASED QUOTAS IN
 PUBLIC CONTRACTING. THE SUPREME COURT REJECTED THE CITY'S CONTENTION
 THAT PROPOSITION 209 VIOLATES THE UNITED STATES CONSTITUTION BY
 ALLEGEDLY TARGETING MINORITY GROUPS AND LIMITING THEIR ABILITY TO
 VINDICATE THEIR RIGHTS.

(PARTIAL VICTORY 7/22/10) H. B. ROWE, INC. V. TIPPETT - THE FOURTH
 CIRCUIT HELD THAT NORTH CAROLINA DEPARTMENT OF TRANSPORTATION'S
 PREFERENCE PROGRAM IS UNCONSTITUTIONAL AS APPLIED TO ASIAN, HISPANIC,
 AND WOMEN BUSINESSES; BUT IS CONSTITUTIONAL AS TO AFRICAN AMERICAN AND
 NATIVE AMERICAN BUSINESSES. PLF ATTORNEYS REPRESENTED H. B. ROWE CO.,

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INC., A FAMILY-OWNED ROAD CONSTRUCTION BUSINESS IN NORTH CAROLINA, THAT SUBMITTED THE LOW BID ON A STATE FUNDED ROAD CONSTRUCTION PROJECT. BUT THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION REJECTED ROWE'S LOW BID BECAUSE IT FAILED TO MEET THE QUOTA OR DEMONSTRATE GOOD FAITH EFFORTS TO OBTAIN THE PREDESIGNATED LEVEL OF MINORITY PARTICIPATION.

(VICTORY 7/2/10) WARD CONNERLY AND AMERICAN CIVIL RIGHTS FOUNDATION V. SCHWARZENEGGER, ET. AL. - A SACRAMENTO COUNTY SUPERIOR COURT JUDGE RULED THAT THE CALIFORNIA LEGISLATURE VIOLATED THE STATE CONSTITUTION BY TRYING TO BRING BACK RACE- AND SEX-BASED PARTICIPATION QUOTAS IN STATE CONTRACTING. SUPERIOR COURT JUDGE PATRICK MARLETTE STRUCK DOWN KEY PROVISIONS OF AB 21, A QUOTA LAW PASSED BY THE LEGISLATURE AND SIGNED BY GOVERNOR ARNOLD SCHWARZENEGGER AS PART OF THE 2010 STATE BUDGET PACKAGE ENACTED LAST JULY.

INDIVIDUAL RIGHTS/FREE ENTERPRISE

(VICTORY 6/23/11) IMS HEALTH V. SORRELL - THE SUPREME COURT STRUCK DOWN A VERMONT LAW THAT DISCRIMINATED AGAINST THE FIRST AMENDMENT FREE SPEECH RIGHTS OF PHARMACEUTICAL AND INFORMATION COMPANIES. THE VERMONT LAW HAD PREVENTED THOSE COMPANIES - BUT NOT OTHER RESEARCHERS - FROM USING INFORMATION ABOUT DRUG PRESCRIPTIONS FOR THEIR MARKETING AND PROMOTIONAL PURPOSES. THE COURT WAS PARTICULARLY CONCERNED THAT THE LAW DISCRIMINATED AGAINST THE COMPANIES BASED ON THE CONTENT OF THE SPEECH AND THE PARTICULAR SPEAKERS - THE PHARMACEUTICAL COMPANIES. THE COURT EMPHASIZED THAT TO THE AVERAGE PERSON, THE FREE FLOW OF COMMERCIAL SPEECH CAN BE JUST AS IMPORTANT AS POLITICAL SPEECH - ESPECIALLY IN THE FIELDS OF MEDICINE AND PUBLIC HEALTH WHERE THE FREE

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FLOW OF INFORMATION CAN SAVE LIVES. FOR THAT REASON, RESTRICTIONS ON COMMERCIAL SPEECH, NO LESS THAN POLITICAL SPEECH, ARE ENTITLED TO CLOSE JUDICIAL REVIEW (HEIGHTENED SCRUTINY) TO ASSESS THEIR CONSTITUTIONALITY.

(VICTORY 6/20/11) - IN AEP V. CONNECTICUT, THE SUPREME COURT ISSUED ITS DECISION IN THIS GLOBAL WARMING NUISANCE LAWSUIT THAT PRESENTED IMPORTANT QUESTIONS ON THE ROLE OF THE FEDERAL JUDICIARY IN GREENHOUSE GAS REGULATION. PLF FILED A BRIEF IN THE CASE ARGUING THAT THE FEDERAL JUDICIARY COULD NOT HEAR THE PLAINTIFFS' PUBLIC NUISANCE CLAIMS BROUGHT AGAINST SEVERAL POWER COMPANIES, BECAUSE THOSE PLAINTIFFS LACKED STANDING TO SUE, AND BECAUSE THE LAWSUITS BOILED DOWN TO A POLITICAL QUESTION. THE COURT RULED 8-0 THAT CONGRESS HAD "DISPLACED," THROUGH THE CLEAN AIR ACT, WHATEVER FEDERAL COMMON LAW OF PUBLIC NUISANCE GOVERNING GLOBAL WARMING THAT MIGHT OTHERWISE BE AVAILABLE TO THE PLAINTIFFS. THE COURT REMANDED THE CASE TO THE SECOND CIRCUIT FOR A DETERMINATION WHETHER THE PLAINTIFFS COULD PROCEED WITH THEIR STATE LAW PUBLIC NUISANCE CLAIMS.

(VICTORY 6/20/11) - THE SUPREME COURT'S DECISION IN DUKES V. WAL-MART MARKS A MAJOR VICTORY FOR WAL-MART, FOR CONSUMERS, AND FOR THE MANY WOMEN WHO DEPEND ON WAL-MART FOR JOBS AND A LIVELIHOOD. PLF FILED A FRIEND OF THE COURT BRIEF IN THE CASE AS IT ALSO DID IN THE NINTH CIRCUIT. THE CASE IS ABOUT THE RULES FOR CLASS ACTION LAWSUITS ALLEGING DISCRIMINATION. THE NINTH CIRCUIT ALLOWED THE CASE TO PROCEED AS ONE LAWSUIT EVEN THOUGH THE CLASS OF WOMEN PLAINTIFFS ALL ALLEGE VERY DIFFERENT INJURIES - AND EVEN THOUGH WAL-MART DOESN'T HAVE ANY DISCRIMINATORY EMPLOYMENT POLICY. PLF ARGUED IN THE BRIEF THAT THERE

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ARE PERFECTLY GOOD REASONS FOR WAL-MART TO NOT HAVE A SINGLE POLICY,
BUT INSTEAD TO RELY ON THE DECISIONS OF LOCAL MANAGERS WHO KNOW THEIR
STORES, CUSTOMERS, AND EMPLOYEES BETTER. THE SUPREME COURT AGREED WITH
THAT VIEW.

FORM 990, PART III, LINE 4A, DESCRIPTION OF PROGRAM SERVICE:

(VICTORY 6/9/11) THE WASHINGTON SUPREME COURT IN AN 8-1 DECISION IN ROE
V. TELETECH HELD THAT A MEDICAL MARIJUANA PATIENT COULD NOT STATE A
PRIVATE CAUSE OF ACTION FOR WRONGFUL TERMINATION IF SHE WAS FIRED FOR
FAILING A DRUG TEST AT WORK. THE COURT HELD THAT THE MEDICAL MARIJUANA
STATUTE, WHICH PROVIDES IMMUNITY FROM CRIMINAL PROSECUTION FOR
POSSESSION AND USE OF MARIJUANA WITH A PRESCRIPTION, DOES NOT REQUIRE
EMPLOYERS TO HIRE OR EMPLOY WORKERS WHO TEST POSITIVE FOR MARIJUANA,
REGARDLESS OF THEIR LEGAL ACQUISITION OF THE DRUG UNDER THE STATUTE.
PLF ATTORNEYS FILED AN AMICUS BRIEF, WHICH WAS QUOTED AT LENGTH BY THE
COURT, ON THE QUESTION OF WHETHER THE STATUTORY LANGUAGE, WHICH
EXPLICITLY SAYS THAT EMPLOYERS NEED NOT TOLERATE "ON-SITE" MARIJUANA
USE, IMPLIES THAT EMPLOYERS MUST TOLERATE OFF-SITE USE.

(CORRECTIVE LEGISLATION VETOED 7/8/11) PLF ATTORNEYS PLAN TO REVIVE
THEIR CHALLENGE TO MISSOURI'S LICENSING LAW IN MUNIE V. SKOUBY AFTER
MISSOURI GOVERNOR JAY NIXON VETOED A BILL THAT WOULD HAVE ABOLISHED THE
GOVERNMENT-PROTECTED CARTEL FOR MAJOR MOVING COMPANIES. PLF ATTORNEYS
REPRESENT MICHAEL MUNIE, OWNER OF ABC MOVING, AN ESTABLISHED BUSINESS
THAT HAD A LICENSE TO MOVE GOODS FROM HIS HOME BASE IN ST. LOUIS TO
OTHER STATES, BUT A STATE LICENSING LAW REQUIRED MUNIE TO APPLY FOR A
PERMIT TO MOVE GOODS WITHIN THE STATE. HIS APPLICATION WAS SUBJECT TO
APPROVAL BY LARGE, EXISTING MOVING COMPANIES, SO PLF SUED THE STATE ON

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HIS BEHALF. THIS CASE PROMPTED STATE LAWMAKERS TO DRAFT CORRECTIVE LEGISLATION, BUT UNFORTUNATELY THE GOVERNOR VETOED THE BILL DUE TO PROVISIONS THAT WERE UNRELATED TO THE LICENSING RESTRICTIONS ISSUE.

(VICTORY 5/10/11) THE THIRD APPELLATE DISTRICT COURT IN SACRAMENTO SIDED WITH THE SACRAMENTO BEE'S REQUEST TO HAVE PUBLIC ACCESS TO PENSION INFORMATION ABOUT MEMBERS OF THE SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM. THE PENSION FUND MUST TURN OVER PENSION DATA. THE FUND FOUGHT THE DECISION AND EVENTUALLY LOST A COURT DECISION IN SACRAMENTO SUPERIOR COURT. THE PENSION THEN APPEALED THE TRAIL COURT TO THE APPELLATE COURT TO OVERTURN THE DECISION. THE SACRAMENTO BEE AND THE FIRST AMENDMENT COALITION SOUGHT THE INFORMATION TO RESEARCH INSTANCES OF PENSION SPIKING, DOUBLE- AND TRIPLE-DIPPING AND OTHER ACTION THAT CAN ESCALATE RETIREE BENEFITS. PLF ATTORNEYS SUPPORTED THE PLAINTIFFS' ARGUMENTS THAT CITIZENS HAVE THE RIGHT TO KNOW HOW THEIR TAX DOLLARS ARE BEING SPENT.

(VICTORY 4/27/11) AT&T MOBILITY V. CONCEPCION - THE UNITED STATES SUPREME COURT REVERSED A NINTH CIRCUIT RULING THAT APPLIED CALIFORNIA LAW TO VOID CONTRACTS REQUIRING CONSUMERS TO ARBITRATE THEIR DISPUTES ON AN INDIVIDUAL BASIS, RATHER THAN AS A "CLASS ARBITRATION" OR CLASS ACTION IN COURT, WHEN PURSUING CONSUMER COMPLAINTS. THE COURT HELD THAT THE FEDERAL ARBITRATION ACT CONTROLS IN SUCH CASES, SETTING FORTH A "NATIONAL POLICY FAVORING ARBITRATION." PLF ATTORNEYS CALLED THE RULING ".... A GREAT DECISION FOR INDIVIDUAL CONSUMERS, BUSINESSES, AND THE ECONOMY AS A WHOLE. A FREE MARKET ECONOMY DEPENDS ON THE PRINCIPLE THAT BUSINESS AND CONSUMER AGREEMENTS, FREELY ENTERED INTO, WILL BE UPHELD ABSENT THE SITUATIONS THAT WOULD INVALIDATE ANY CONTRACT, SUCH

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AS FRAUD." PLF SUBMITTED AN AMICUS BRIEF SUPPORTING AT&T MOBILITY.

(VICTORY 4/4/11) ARIZONA CHRISTIAN SCHOOL TUITION ORGANIZATION V. WINN - IN A MAJOR VICTORY FOR SCHOOL CHOICE, THE UNITED STATES SUPREME COURT OVERRULED THE NINTH CIRCUIT COURT OF APPEALS AND UPHELD THE RIGHT OF ARIZONA TAXPAYERS - UNDER A 13-YEAR-OLD SCHOOL CHOICE PROGRAM - TO CLAIM A TAX CREDIT FOR DONATIONS MADE TO SCHOOL TUITION ORGANIZATIONS. THE NINTH CIRCUIT RULED THAT THIS STATUTORY SCHEME VIOLATED THE ESTABLISHMENT CLAUSE BECAUSE IT ADVANCES RELIGION, BUT THE SUPREME COURT RULED THAT SO LONG AS STATES DO NOT FAVOR A PARTICULAR RELIGION, OR RELIGION OVER NON-RELIGION, WHEN CREATING INDIVIDUAL TAX CREDITS, AS THE ONE IN ARIZONA SHOWED, SCHOOL CHOICE PROGRAMS SHOULD BE FREE FROM ESTABLISHMENT CLAUSE SUITS. AS AMICUS IN SUPPORT OF THE PROGRAM, PLF ARGUED THAT IT DID NOT VIOLATE THE ESTABLISHMENT CLAUSE BECAUSE DONORS CHOOSE, ENTIRELY VOLUNTARILY, WHICH TUITION ORGANIZATIONS THEY WILL SUPPORT.

(VICTORY 12/13/10) VIRGINIA V. SEBELIUS - RULING IN VIRGINIA'S CHALLENGE TO THE NEW FEDERAL HEALTH CARE LAW, UNITED STATES DISTRICT COURT JUDGE HENRY E. HUDSON STRUCK DOWN THE LAW'S "INDIVIDUAL MANDATE" TO BUY FEDERALLY PRESCRIBED HEALTH INSURANCE. PACIFIC LEGAL FOUNDATION SUBMITTED AN AMICUS BRIEF IN SUPPORT OF VIRGINIA'S CHALLENGE. IN A STATEMENT ON THE RULING, PLF PRINCIPAL ATTORNEY TIMOTHY SANDEFUR SAID JUDGE HUDSON'S RULING IS "A POWERFUL REAFFIRMATION OF TRADITIONAL PRINCIPLES OF LIMITED GOVERNMENT. NEVER BEFORE HAS THE FEDERAL GOVERNMENT TRIED TO COMPEL PEOPLE TO BUY SPECIFIED GOODS OR SERVICES IN THE PRIVATE MARKETPLACE, AND TODAY'S COURT RULING SAYS THE FEDS CAN'T START NOW."

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(ACTIVE CASE 7/26/10) SISSEL V. UNITED STATES DEPARTMENT OF HEALTH & HUMAN SERVICES - THIS PLF LAWSUIT WAS FILED IN UNITED STATES DISTRICT COURT IN WASHINGTON D.C., TO CHALLENGE THE FEDERAL GOVERNMENT'S MANDATE TO BUY HEALTH INSURANCE AS A VIOLATION OF THE COMMERCE CLAUSE. PLF ATTORNEYS REPRESENT MATT SISSEL, AN ARTIST (AND FORMER IRAQ WAR COMBAT MEDIC) FROM IOWA CITY, WHO CHOOSES TO PAY FOR MEDICAL EXPENSES ON HIS OWN, RATHER THAN BUY HEALTH INSURANCE. HE OBJECTS ON FINANCIAL, PHILOSOPHICAL, AND CONSTITUTIONAL GROUNDS TO BEING ORDERED BY THE FEDERAL GOVERNMENT TO PURCHASE A HEALTH CARE PLAN HE DOES NOT NEED OR WANT. IN HIS SUIT, FILED IN THE D.C. DISTRICT COURT, HE CHALLENGES THIS FEDERALLY IMPOSED FINANCIAL BURDEN. THE GOVERNMENT HAS FILED A MOTION TO DISMISS SISSEL'S SUIT, WHICH IS PENDING IN THE DISTRICT COURT.

(MIXED VICTORY 6/28/10) MCDONALD V. CHICAGO - THE UNITED STATES SUPREME COURT'S 5-4 DECISION AFFIRMED THE CONSTITUTIONAL RIGHT OF CHICAGO RESIDENTS TO POSSESS FIREARMS FOR PERSONAL PROTECTION. PLF'S BRIEF URGED THE COURT TO USE A DIFFERENT PROVISION OF THE FOURTEENTH AMENDMENT CALLED THE "PRIVILEGES OR IMMUNITIES" CLAUSE, A PROVISION OF THE CONSTITUTION THAT HAS BEEN VIRTUALLY IGNORED SINCE AN 1873 CASE CALLED THE SLAUGHTERHOUSE CASES.

(VICTORY 6/25/10) BENNETT V. REYNOLDS - THE TEXAS SUPREME COURT ISSUED A FAVORABLE RULING IN A CASE BETWEEN TWO FEUDING RANCHING NEIGHBORS. THIRTEEN HEAD OF RANDY REYNOLDS' CATTLE WANDERED ONTO TOM BENNETT'S LAND. DUE TO A LONG-STANDING FEUD BETWEEN THE RANCHERS, BENNETT TOOK THE OPPORTUNITY TO TAKE REYNOLDS' CATTLE TO AUCTION, WHERE HE SOLD THEM

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FOR \$5,327.11. ONE OF BENNETT'S WORKERS, HOWEVER, TOOK PHOTOGRAPHS OF THE CATTLE BEING LOADED ONTO THE TRUCK AND TURNED THEM OVER TO REYNOLDS. REYNOLDS SUED BENNETT FOR CONVERSION AND SICKED THE SHERIFF ON HIM FOR FELONY CATTLE RUSTLING. BENNETT WAS ACQUITTED OF THE FELONY BUT THE JURY HELD HIM LIABLE IN A CIVIL TRIAL FOR CONVERSION WITH MALICE, AWARDING HIM \$5,327.11 IN COMPENSATORY DAMAGES AND \$1.5 MILLION IN PUNITIVE DAMAGES. THE SUPREME COURT AGREED WITH PLF'S POSITION, HOLDING THAT IN A CASE INVOLVING ECONOMIC HARM, SUCH AS THIS ONE, THE LOWER COURTS ARE CONSTITUTIONALLY REQUIRED TO LIMIT PUNITIVE DAMAGES TO NO MORE THAN FOUR TIMES THE AMOUNT OF COMPENSATORY DAMAGES.

(VICTORY 6/21/10) RENT-A-CENTER V. JACKSON - THE UNITED STATES SUPREME COURT HELD THAT WHEN PARTIES AGREE TO A CONTRACT, AND THAT CONTRACT CONTAINS AN ARBITRATION CLAUSE THAT EXPLICITLY GIVES AN ARBITRATOR THE POWER TO DECIDE WHETHER THE AGREEMENT ITSELF IS ENFORCEABLE, THEN IT IS INDEED UP TO THE ARBITRATOR TO DECIDE WHETHER THE AGREEMENT IS ENFORCEABLE. IN CALIFORNIA, ARBITRATION CONTRACTS ARE INVALIDATED WITH DISTRESSING REGULARITY AS COURTS HAVE ABUSED THEIR POWER TO UNRAVEL THESE AGREEMENTS BY DECLARING THEM "UNCONSCIONABLE" OR "CONTRARY TO PUBLIC POLICY." THIS RULING MAKES IT EASIER FOR PARTIES TO AGREE TO RESOLVE THEIR DISPUTES MORE QUICKLY AND INFORMALLY THROUGH ARBITRATION, AND THEN ENFORCE THAT AGREEMENT. PLF PARTICIPATED AS AMICUS IN THE CASE.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:

A SEARCH OF WESTLAW'S SEARCH ENGINE, COMBINED WITH "GOOD NEWS" LINKS, TURNS UP MORE THAN 485 DISPATCHES REPORTING ON PLF ACTIVITIES IN

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NEWSPAPERS, MAGAZINES, AND NEWSWIRE SERVICES, IN THE PERIOD FROM
JANUARY 1, 2010 THROUGH JANUARY 1, 2011.

FOX & FRIENDS, THE NATIONALLY BROADCAST MORNING PROGRAM OF THE FOX NEWS
CHANNEL, RAN FIVE INTERVIEW SEGMENTS WITH PLF CLIENTS IN 2010.

MORE THAN 30 PLF OPEDS WERE SUCCESSFULLY PUBLISHED IN 2010 IN
NEWSPAPERS ACROSS THE COUNTRY.

MORE THAN 45 TV OR RADIO REPORTS IN 2010 DEALT WITH PLF'S WORK, A
LINEUP THAT INCLUDED THE FOX NEWS CHANNEL, NBC NIGHTLY NEWS AND CSPAN.

TOP REPORTERS CONTINUED TO REACH OUT TO PLF AS A RESOURCE ON OUR AREAS
OF SPECIALTY TO GET BACKGROUND ON THEIR STORIES. WE RECEIVED
UNSOLICITED BACKGROUND INQUIRIES THIS YEAR FROM REPORTERS AT MAJOR
NATIONAL NEWSPAPERS - LOS ANGELES TIMES, THE NEW YORK TIMES, WASHINGTON
POST, WALL STREET JOURNAL AND USA TODAY, AS WELL AS TOP RADIO AND TV
MEDIA SUCH AS FOX NEWS AND NBC NEWS.

PLF ORGANIZED SUCCESSFUL MEDIA EVENTS THAT INCLUDED A NEWS CONFERENCE
IN DAVIS TO ANNOUNCE OUR APPEAL TO THE NINTH CIRCUIT IN THE DELTA SMELT
CASE, PLF'S TOWNHALL AT THE 2010 WORLD AG EXPO IN TULARE THAT ATTRACTED
PRINT AND BROADCAST MEDIA COVERAGE OF THE SAN JOAQUIN VALLEY'S WATER
CRISIS AND PLF'S SMELT LAWSUIT, AND A NEWS CONFERENCE ON THE STEPS OF
THE STATE CAPITOL TO HIGHLIGHT OUR HAHN V. CALIFORNIA DEPT. OF
PESTICIDE REGULATION CASE GENERATED COVERAGE ON SEVERAL SACRAMENTO
TELEVISION STATIONS.

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THERE WERE MORE THAN 3,000 BLOG REFERENCES TO PLF DURING 2010. IN TOTAL, THERE WERE MORE THAN 20,000 WEB CITINGS OF OUR WORK DURING 2010. IN ADDITION TO THE THOUSANDS OF BLOG AND WEB-SITE "HITS", OVER THE COURSE OF THE YEAR, WE AGAIN HAVE A HIGH MONTHLY RATE OF APPEARANCES - MORE THAN 50 PER MONTH - ON NEWS ORGANIZATION WEBSITES, INCLUDING SUCH MAJOR OUTLETS LIKE THE WASHINGTON POST, NEW YORK TIMES, DOW JONES MARKETWATCH.COM, CNN, AND CNBC.

COMMUNITY OUTREACH: PLF PROFESSIONAL STAFF MEMBERS DELIVERED OR PARTICIPATED IN 57 SPEECHES, FORUMS, OR DEBATES, SPEAKING ON DIVERSE SUBJECTS RELATED TO THE PLF'S MISSION AND LITIGATION. THESE PRESENTATIONS REACHED A TOTAL AUDIENCE OF MORE THAN 4,000 PEOPLE.

PLF COMMUNICATIONS

PLF PRODUCES A VARIETY OF PRINTED AND ELECTRONIC NEWSLETTERS, ALERTS AND UPDATES TO KEEP DONORS, NON-DONORS AND THE MEDIA INFORMED. IN 2010, WE DISTRIBUTED 10 AT ISSUES, FOUR RESCUING LIBERTIES, 24 PLF SENTRIES AND 24 WATER EMAILS. WE ALSO LAUNCHED MONTHLY SENTRIES FOR THE ATLANTIC CENTER AND THE PACIFIC NORTHWEST CENTER.

FORM 990, PART VI, SECTION A, LINE 2: KEY EMPLOYEES R.S. RADFORD AND SHARON BROWNE ARE MARRIED.

FORM 990, PART VI, SECTION B, LINE 11: THE TAX PREPARER AND PLF FINANCIAL MANAGEMENT PROVIDE THE FORM 990 TO THE AUDIT COMMITTEE. ALONG WITH PROVIDING EACH TRUSTEE A COPY OF THE FORM 990, GIVING THEM THE OPPORTUNITY TO RAISE ANY CONCERNS AND/OR ASK QUESTIONS PRIOR TO THE FILING DATE. A

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DEADLINE IS GIVEN TO THE TRUSTEES TO INSURE TIMELY FILING OF THE TAX RETURN.

FORM 990, PART VI, SECTION B, LINE 12C: EACH TIME A NEW CASE COMES UP, PLF CHECKS FOR CONFLICTS. EACH DECISION MADE BY THE BOARD, IF SOMEONE HAS A CONFLICT, THE BOARD MEMBER WILL ABSTAIN FROM THE VOTE AND/OR DISCUSSION.

FORM 990, PART VI, SECTION B, LINE 15: COMPENSATION COMMITTEE OF THE BOARD MEETS ANNUALLY AND USES COMPARABILITY DATA PROVIDED BY DIRECTOR OF HUMAN RESOURCES TO DETERMINE THAT THE COMPENSATION DOES NOT EXCEED THE LEVEL OF THE BENEFITS PROVIDED.

FORM 990, PART VI, LINE 17, LIST OF STATES RECEIVING COPY OF FORM 990: CA, AK, AZ, FL, HI, IL, KS, MD, MA, MI, MN, NJ, NY, OH, OR, PA, SC, UT, VA, WA, AR, MO, NC, NH, AL CO, CT, GA, KY, LA, ME, MS, ND, NM, OK, TN, WV, WI, RI, DC

FORM 990, PART VI, SECTION C, LINE 19: COPIES ARE AVAILABLE ON THE ORGANIZATIONS WEBSITE

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

NET UNREALIZED GAINS ON INVESTMENTS:	1,395,421.
SFAS NO.247 ADJUSTMENT FOR SPLIT INTEREST AGREEMENTS	312,054.
TOTAL TO FORM 990, PART XI, LINE 5	1,707,475.

FORM 990, PART XII, LINE 2C

THERE WAS NO CHANGE IN THE OVERSIGHT PROCESS OR SELECTION PROCESS DURING THE REPORTING PERIOD.

2010 DEPRECIATION AND AMORTIZATION REPORT

FORM 990 PAGE 10

990

Asset No.	Description	Date Acquired	Method	Life	C o v	Line No.	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
1	FURNITURE AND EQUIPMENT	VARIOUS		.000	HXL6	HXL6	1,235,056.				1,235,056.	1,024,285.		71,515.	1,095,800.
2	LIBRARY	VARIOUS		.000	HXL6	HXL6	124,259.				124,259.	124,777.		46.	124,823.
3	LEASEHOLD IMPROVEMENTS	VARIOUS		.000	HXL6	HXL6	119,886.				119,886.	93,040.		22,552.	115,592.
	* TOTAL 990 PAGE 10 DEPR						1,479,201.				1,479,201.	1,242,102.		94,113.	1,336,215.

028111
05-01-10

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

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

2010

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

Department of the Treasury
Internal Revenue Service

For calendar year 2010 or other tax year beginning _____, and ending _____

<p>A <input type="checkbox"/> Check box if address changed</p> <p>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)</p> <p>C Book value of all assets at end of year 27203311.</p>	<p>Print or Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) PACIFIC LEGAL FOUNDATION</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 3900 LENNANE DRIVE, NO. 200</p> <p>City or town, state, and ZIP code SACRAMENTO, CA 95834</p>	<p>D Employer identification number (Employees' trust, see instructions.) 94-2197343</p> <p>E Unrelated business activity codes (See instructions.) 900099</p>
<p>F Group exemption number (See instructions.) ▶</p> <p>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</p>			

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

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 ▶ **PACIFIC LEGAL FOUNDATION** Telephone number ▶ **916-419-7111**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales 2,798.			
b Less returns and allowances c Balance ▶	1c 2,798.		
2 Cost of goods sold (Schedule A, line 7)	2 1,186.		
3 Gross profit. Subtract line 2 from line 1c	3 1,612.		1,612.
4a Capital gain net income (attach Schedule D)	4a		
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		
6 Rent income (Schedule C)	6		
7 Unrelated debt-financed income (Schedule E)	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. 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 instructions; attach schedule.)	12		
13 Total. Combine lines 3 through 12	13 1,612.		1,612.

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
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	0.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13	30	1,612.
31 Net operating loss deduction (limited to the amount on line 30)	31	1,612.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30	32	0.
33 Specific deduction (Generally \$1,000, but see 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	0.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here... 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: 37 Proxy tax. See instructions 38 Alternative minimum tax 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40b Other credits (see instructions) 40c General business credit. Attach Form 3800 40d Credit for prior year minimum tax (attach Form 8801 or 8827) 40e Total credits. Add lines 40a through 40d 41 Subtract line 40e from line 39 42 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule) 43 Total tax. Add lines 41 and 42 44a Payments: A 2009 overpayment credited to 2010 44b 2010 estimated tax payments 44c Tax deposited with Form 8868 44d Foreign organizations: Tax paid or withheld at source (see instructions) 44e Backup withholding (see instructions) 44f Credit for small employer health insurance premiums (Attach Form 8941) 44g Other credits and payments: Form 2439 Form 4136 Other Total 45 Total payments. Add lines 44a through 44g 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 49 Enter the amount of line 48 you want: Credited to 2011 estimated tax Refunded

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

1 At any time during the 2010 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 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 \$

Schedule A - Cost of Goods Sold. Enter method of inventory valuation N/A

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

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 Linda L. House Date 8/5/11 Title PRESIDENT & CEO 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 LINDA L. HOUSE, CPA Preparer's signature Linda L. House Date 8/5/11 Check [] if self-employed PTIN P00003225 Firm's name CAMPBELL TAYLOR & COMPANY Firm's EIN 68-0251243 Firm's address 3741 DOUGLAS BLVD, SUITE 350 ROSEVILLE, CA 95661 Phone no. (916) 929-3680

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

1. Description of property

Table with 4 rows for property description (1-4).

2. Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, and 3(a) Deductions directly connected with the income.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0. (b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (see instructions)

Table with 5 columns: 1. Description of debt-financed property, 2. Gross income from or allocable to debt-financed property, 3(a) Straight line depreciation, 3(b) Other deductions.

Table with 5 columns: 4. Amount of average acquisition debt, 5. Average adjusted basis, 6. Column 4 divided by column 5, 7. Gross income reportable, 8. Allocable deductions.

Totals ... Total dividends-received deductions included in column 8 ...

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

Table for Exempt Controlled Organizations with 6 columns: 1. Name of controlled organization, 2. Employer identification number, 3. Net unrelated income, 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.

Nonexempt Controlled Organizations

Table with 5 columns: 7. Taxable income, 8. Net unrelated income (loss), 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.

Totals ... Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A) 0. Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B) 0.

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). 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)

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). 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)

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.

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)						
(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)

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.

FOOTNOTES

STATEMENT 1

NOL CARRYOVER FROM 2009 FORM 990T	52,855.
NOL CARRYOVER USED IN 2010	-1,612.
NOL CARRYOVER TO 2011	51,243.

FORM 990-T	COST OF GOODS SOLD - OTHER COSTS	STATEMENT	2
DESCRIPTION		AMOUNT	
BOOK COSTS		1,186.	
TOTAL TO FORM 990-T, SCHEDULE A, LINE 4B		1,186.	