

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

2011

Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2011 or tax year beginning _____, **and ending** _____

Name of foundation GANNA WALSKA LOTUSLAND		A Employer identification number 23-7082550
Number and street (or P.O. box number if mail is not delivered to street address) 695 ASHLEY ROAD	Room/suite	B Telephone number (805) 969-3767
City or town, state, and ZIP code SANTA BARBARA, CA 93108		C If exemption application is pending, check here ... <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> Foreign organizations meeting the 85% test, 2. check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ... <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 18,682,323.	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ... <input checked="" type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received	1,226,515.			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	1,975.	1,975.	1,975.	
	4 Dividends and interest from securities	406,173.	406,173.	406,173.	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain			0.	
	9 Income modifications				
	10a Gross sales less returns and allowances	129,707.			STATEMENT 1
b Less: Cost of goods sold	61,028.				
c Gross profit or (loss)	68,679.		68,679.		
11 Other income	492,425.	0.	492,425.	STATEMENT 2	
12 Total. Add lines 1 through 11	2,195,767.	408,148.	969,252.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	168,240.	0.	0.	168,240.
	14 Other employee salaries and wages	1,293,045.	0.	0.	1,301,855.
	15 Pension plans, employee benefits	183,150.	0.	0.	183,150.
	16a Legal fees STMT 3	2,173.	0.	0.	2,173.
	b Accounting fees STMT 4	61,058.	6,106.	6,106.	54,952.
	c Other professional fees STMT 5	85,512.	44,819.	44,819.	40,693.
	17 Interest				
	18 Taxes STMT 6	145,747.	0.	0.	145,747.
	19 Depreciation and depletion	246,408.	0.	246,408.	
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 7	621,826.	0.	496,587.	115,840.
	24 Total operating and administrative expenses. Add lines 13 through 23	2,807,159.	50,925.	793,920.	2,012,650.
	25 Contributions, gifts, grants paid	0.			0.
26 Total expenses and disbursements. Add lines 24 and 25	2,807,159.	50,925.	793,920.	2,012,650.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-611,392.				
b Net investment income (if negative, enter -0-)		357,223.			
c Adjusted net income (if negative, enter -0-)			175,332.		

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only.		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash - non-interest-bearing	2,010.	2,011.	2,011.	
	2 Savings and temporary cash investments	1,465,859.	1,038,664.	1,038,664.	
	3 Accounts receivable ▶				
	Less: allowance for doubtful accounts ▶	3,123.			
	4 Pledges receivable ▶	33,500.			
	Less: allowance for doubtful accounts ▶	46,667.	33,500.	33,500.	
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons				
	7 Other notes and loans receivable				
	Less: allowance for doubtful accounts ▶				
	8 Inventories for sale or use	79,033.	70,834.	70,834.	
	9 Prepaid expenses and deferred charges	39,953.	66,441.	66,441.	
	10a Investments - U.S. and state government obligations				
	b Investments - corporate stock				
	c Investments - corporate bonds				
	Liabilities	11 Investments - land, buildings, and equipment: basis			
Less: accumulated depreciation					
12 Investments - mortgage loans					
13 Investments - other		STMT 10	11,608,546.	11,260,631.	11,260,631.
14 Land, buildings, and equipment: basis ▶		9,638,523.			
Less: accumulated depreciation STMT 9 ▶		3,428,283.	6,422,494.	6,210,240.	6,210,240.
15 Other assets (describe ▶		STATEMENT 11)	2.	2.	2.
16 Total assets (to be completed by all filers)			19,667,687.	18,682,323.	18,682,323.
17 Accounts payable and accrued expenses		183,800.	211,148.		
18 Grants payable					
19 Deferred revenue	4,331.	3,031.			
20 Loans from officers, directors, trustees, and other disqualified persons					
21 Mortgages and other notes payable					
22 Other liabilities (describe ▶					
23 Total liabilities (add lines 17 through 22)		188,131.	214,179.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted	17,901,131.	16,824,086.		
	25 Temporarily restricted	788,987.	779,305.		
	26 Permanently restricted	789,438.	864,753.		
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds				
	28 Paid-in or capital surplus, or land, bldg., and equipment fund				
29 Retained earnings, accumulated income, endowment, or other funds					
30 Total net assets or fund balances		19,479,556.	18,468,144.		
31 Total liabilities and net assets/fund balances		19,667,687.	18,682,323.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	19,479,556.
2 Enter amount from Part I, line 27a	2	-611,392.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	18,868,164.
5 Decreases not included in line 2 (itemize) ▶ CHANGES IN UNREALIZED GAIN/LOSS	5	400,020.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	18,468,144.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b		NONE		
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	3

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

N/A

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010			
2009			
2008			
2007			
2006			

2 Total of line 1, column (d)	2
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4
5 Multiply line 4 by line 3	5
6 Enter 1% of net investment income (1% of Part I, line 27b)	6
7 Add lines 5 and 6	7
8 Enter qualifying distributions from Part XII, line 4	8

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input checked="" type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: <u>03/16/09</u> (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	N/A
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	
3 Add lines 1 and 2		3	
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	0.
6 Credits/Payments:			
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a		
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	0.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. <input type="checkbox"/> \$ <u>0.</u> (2) On foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> <u>CA</u>		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	X	
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>WWW.LOTUSLAND.ORG</u>	13	X	
14	The books are in care of ► <u>GWEN STAUFFER</u> Telephone no. ► <u>(805) 969-3767</u> Located at ► <u>695 ASHLEY ROAD, SANTA BARBARA, CA</u> ZIP+4 ► <u>93108</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____, _____, _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____, _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2011 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011.) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here **N/A**

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). **N/A**

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870. **6b** X

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No **7b** N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 12		159,445.	8,795.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
ANNE DEWEY - 695 ASHLEY ROAD, SANTA BARBARA, CA 93108	DEVELOPMENT 40.00	92,522.	14,301.	0.
KAREN TWIBELL - 695 ASHLEY ROAD, SANTA BARBARA, CA 93108	ADMINISTRATION 40.00	93,084.	4,995.	0.
MICHAEL IVEN - 695 ASHLEY ROAD, SANTA BARBARA, CA 93108	GROUNDS 40.00	82,409.	5,531.	0.
ESAU RAMIREZ-GUEVARA - 695 ASHLEY ROAD, SANTA BARBARA, CA 93108	GROUNDS 40.00	73,445.	2,357.	0.
DEANNA HATCH - 695 ASHLEY ROAD, SANTA BARBARA, CA 93108	ADMINISTRATION 40.00	64,723.	2,832.	0.
Total number of other employees paid over \$50,000				4

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 SEE STATEMENT 8	2,012,650.
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 N/A	
2	
3 All other program-related investments. See instructions.	
Total. Add lines 1 through 3	0.

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	11,742,657.
b	Average of monthly cash balances	1b	1,140,631.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	12,883,288.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	12,883,288.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	193,249.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	12,690,039.
6	Minimum investment return. Enter 5% of line 5	6	634,502.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2011 from Part VI, line 5	2a	
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	2,012,650.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	34,154.
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	2,046,804.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,046,804.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

N/A

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only				
b Total for prior years:				
_____ , _____ , _____				
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008				
d From 2009				
e From 2010				
f Total of lines 3a through e				
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ _____				
a Applied to 2010, but not more than line 2a ...				
b Applied to undistributed income of prior years (Election required - see instructions) ...				
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2011 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount - see instructions				
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount - see instr. ...				
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7				
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2007 ...				
b Excess from 2008 ...				
c Excess from 2009 ...				
d Excess from 2010 ...				
e Excess from 2011 ...				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, enter the date of the ruling 01/07/93

b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2011	(b) 2010	Prior 3 years		
			(c) 2009	(d) 2008	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	175,332.	202,348.	373,367.	531,583.	1,282,630.
b 85% of line 2a	149,032.	171,996.	317,362.	451,846.	1,090,236.
c Qualifying distributions from Part XII, line 4 for each year listed	2,046,804.	2,301,606.	2,212,309.	2,516,160.	9,076,879.
d Amounts included in line 2c not used directly for active conduct of exempt activities	0.	0.	0.	0.	0.
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	2,046,804.	2,301,606.	2,212,309.	2,516,160.	9,076,879.
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					0.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0.
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	423,001.	417,315.	386,565.	473,213.	1,700,094.
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0.
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0.
(3) Largest amount of support from an exempt organization					0.
(4) Gross investment income					0.

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
NONE				
Total				3a 0.
b Approved for future payment				
NONE				
Total				3b 0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a ADMISSION FEES					312,720.
b EDUCATIONAL PROGRAM FEES					50,684.
c _____					
d _____					
e _____					
f _____					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	1,975.	
4 Dividends and interest from securities			14	406,173.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events			01	-41,036.	
10 Gross profit or (loss) from sales of inventory					68,679.
11 Other revenue:					
a RENTAL COTTAGE			16	10,584.	
b SPECIAL USE FEES			16	19,187.	
c _____					
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e)		0.		396,883.	432,083.
13 Total. Add line 12, columns (b), (d), and (e)				13	828,966.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No.	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
1A	ADMISSION FEES ALLOW VISITORS TO HELP SUPPORT THE ONGOING GENERAL OPERATING EXPENSES OF THE GARDENS.
1B	EDUCATIONAL PROGRAM FEES SUPPORT THE ONGOING CLASSES, LECTURES AND WORKSHOPS OFFERED BY LOTUSLAND TO ELEMENTARY AND HIGH SCHOOL STUDENTS.
10	PURCHASE OF ITEMS FROM THE GARDEN SHOP ENABLE THE VISITOR TO OBTAIN ADDITIONAL BOTANICAL AND HORTICULTURAL INFORMATION.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
a Transfers from the reporting foundation to a noncharitable exempt organization of:
(1) Cash
(2) Other assets
b Other transactions:
(1) Sales of assets to a noncharitable exempt organization
(2) Purchases of assets from a noncharitable exempt organization
(3) Rental of facilities, equipment, or other assets
(4) Reimbursement arrangements
(5) Loans or loan guarantees
(6) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Content includes 'N/A' in column (c).

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No [X] No

b If "Yes," complete the following schedule. Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Content includes 'N/A' in column (a).

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 or trustee Date Title

May the IRS discuss this return with the preparer shown below (see instr.)? [X] Yes [] No

Paid Preparer Use Only Print/Type preparer's name Preparer's signature Date Check [] if self-employed PTIN Firm's name Firm's EIN Firm's address Phone no.

FORM 990-PF

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 10

STATEMENT 1

INCOME

1. GROSS RECEIPTS	129,707	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		129,707
4. COST OF GOODS SOLD (LINE 15)	61,028	
5. GROSS PROFIT (LINE 3 LESS LINE 4).		68,679
6. OTHER INCOME		
7. GROSS INCOME (ADD LINES 5 AND 6)		68,679

COST OF GOODS SOLD

8. INVENTORY AT BEGINNING OF YEAR	79,033	
9. MERCHANDISE PURCHASED.	52,829	
10. COST OF LABOR.		
11. MATERIALS AND SUPPLIES		
12. OTHER COSTS.		
13. ADD LINES 8 THROUGH 12		131,862
14. INVENTORY AT END OF YEAR	70,834	
15. COST OF GOODS SOLD (LINE 13 LESS LINE 14).		61,028

FORM 990-PF	OTHER INCOME	STATEMENT	2
-------------	--------------	-----------	---

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
ADMISSION FEES	312,720.	0.	312,720.
EDUCATIONAL PROGRAM FEES	50,684.	0.	50,684.
RENTAL COTTAGE	10,584.	0.	10,584.
SPECIAL USE FEES	19,187.	0.	19,187.
GROSS INCOME FROM SPECIAL FUNDRAISING EVENTS	99,250.	0.	99,250.
TOTAL TO FORM 990-PF, PART I, LINE 11	492,425.	0.	492,425.

FORM 990-PF	LEGAL FEES	STATEMENT	3
-------------	------------	-----------	---

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PRICE, POSTEL & PARMA	2,006.	0.	0.	2,006.
ROHDE & VICTOROFF	167.	0.	0.	167.
TO FM 990-PF, PG 1, LN 16A	2,173.	0.	0.	2,173.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	4
-------------	-----------------	-----------	---

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BOOKKEEPING EXPERTS CATHERINE WALKER, CFO	13,464.	1,346.	1,346.	12,118.
SERVICES	16,107.	1,611.	1,611.	14,496.
DAMITZ, BROOKS, NIGHTINGALE,	31,487.	3,149.	3,149.	28,338.
TO FORM 990-PF, PG 1, LN 16B	61,058.	6,106.	6,106.	54,952.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
CONSULTANTS	40,693.	0.	0.	40,693.	
HAMMOND ASSOCIATES - INVESTMENT CONSULTING	44,819.	44,819.	44,819.	0.	
TO FORM 990-PF, PG 1, LN 16C	85,512.	44,819.	44,819.	40,693.	

FORM 990-PF	TAXES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
PAYROLL TAXES	145,747.	0.	0.	145,747.	
TO FORM 990-PF, PG 1, LN 18	145,747.	0.	0.	145,747.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
LANDSCAPING & GROUNDS	88,365.	0.	0.	88,365.	
EQUIPMENT MAINTENANCE	18,008.	0.	0.	18,008.	
FACILITIES EXPENSE	115,668.	0.	0.	115,668.	
PUBLIC PROGRAMS	78,718.	0.	78,718.	0.	
GARDEN SHOP OVERHEAD	4,162.	0.	4,162.	0.	
MEMBERSHIP & DEVELOPMENT	38,774.	0.	0.	38,774.	
ADMINISTRATIVE EXPENSES	137,845.	0.	0.	128,446.	
ALLOCATION OF INDIRECT EXPENSES	0.	0.	314,457.	-314,457.	
SPECIAL EVENT EXPENSES	140,286.	0.	99,250.	41,036.	
TO FORM 990-PF, PG 1, LN 23	621,826.	0.	496,587.	115,840.	

THE GANNA WALSKA LOTUSLAND ORGANIZATION, FORMERLY A FOUNDATION AND NOW CURRENTLY IN THE 60-MONTH TRIAL PHASE AS A PUBLIC CHARITY, HAS A PRINCIPAL PURPOSE TO "OWN, MANAGE, REPAIR, IMPROVE, AND OPERATE THE BOTANICAL GARDENS KNOWN AS LOTUSLAND." DURING 2011 THERE WERE 14,397 VISITORS TO LOTUSLAND. IN ADDITION, THERE WERE 2,470 SANTA BARBARA COUNTY KINDERGARTEN THROUGH 12TH GRADE STUDENTS, MOST OF WHOM WERE PARTICIPATING IN A SPECIAL EDUCATIONAL OUTREACH PROGRAM TARGETING 4TH GRADE CLASSES. SPECIAL EDUCATIONAL TOURS WERE ALSO OFFERED TO LOCAL COLLEGE STUDENTS STUDYING RELATED FIELDS. IN ADDITION, CLASSES, LECTURES, WORKSHOPS AND EXHIBITS RELATED TO LOTUSLAND'S PLANT COLLECTIONS AND HORTICULTURAL PRACTICES WERE OFFERED FOR THE LAY PUBLIC AND LANDSCAPE INDUSTRY PROFESSIONALS. DURING 2011, LOTUSLAND'S VOLUNTEERS CONTRIBUTED OVER 14,600 HOURS OF ASSISTANCE WITH LOTUSLAND PROJECTS AND PROGRAMS. VOLUNTEERS HELP IN VIRTUALLY EVERY AREA, INCLUDING BOARD SERVICE, DOCENT GUIDED TOURS FOR VISITORS AND STUDENTS, GARDEN SHOP SALES, PROGRAM SUPPORT, GROUNDS MAINTENANCE, CLERICAL SUPPORT AND LIBRARY SERVICE. LOTUSLAND'S WEBSITE, WWW.LOTUSLAND.ORG, PROVIDES USEFUL INFORMATION ABOUT LOTUSLAND, ITS HISTORY, ITS PLANT COLLECTIONS AND ITS AWARD WINNING SUSTAINABLE HORTICULTURAL PRACTICES.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 9

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	9,638,523.	3,428,283.	6,210,240.	6,210,240.
TO 990-PF, PART II, LN 14	9,638,523.	3,428,283.	6,210,240.	6,210,240.

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SCHWAB ONE	FMV	9,974,936.	9,974,936.
SCHWAB LOTUS SOCIETY	FMV	1,224,749.	1,224,749.
SCHWAB THEATER GARDEN	FMV	60,946.	60,946.
TOTAL TO FORM 990-PF, PART II, LINE 13		11,260,631.	11,260,631.

FORM 990-PF OTHER ASSETS STATEMENT 11

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
MINERAL INTERESTS, SB COUNTY	1.	1.	1.
MINERAL RIGHTS, TEXAS	1.	1.	1.
TO FORM 990-PF, PART II, LINE 15	2.	2.	2.

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
WILLIAM M. DAUGHERTY 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
GEOFFREY CRANE 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
LARRY DURHAM 695 ASHLEY ROAD SANTA BARBARA, CA 93108	PRESIDENT 2.00	0.	0.	0.
IAN M. FISHER 695 ASHLEY ROAD SANTA BARBARA, CA 93108	SECRETARY 2.00	0.	0.	0.
JILL LEVINSON 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
MICHAEL MAYFIELD 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TREASURER 2.00	0.	0.	0.
CHAPIN NOLEN 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
JOHN TILSON 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
GWEN STAUFFER 695 ASHLEY ROAD SANTA BARBARA, CA 93108	EXECUTIVE DIREC 40.00	159,445.	8,795.	0.
SHERRY GILSON 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
MARC APPLETON 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.

ANDREW CHOU 695 ASHLEY ROAD SANTA BARBARA, CA 93108	VICE PRESIDENT 2.00	0.	0.	0.
DAWN LAFITTE 695 ASHLEY ROAD SANTA BARBAA, CA 93108	TRUSTEE 2.00	0.	0.	0.
TIM SCHIFFER 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
SUSANNE TOBEY 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
PEGGY WILEY 695 ASHLEY ROAD SANTA BARBARA, CA 93108	TRUSTEE 2.00	0.	0.	0.
CONNIE PEARCY 695 ASHLEY ROAD SANTA BARBAA, CA 93108	TRUSTEE 2.00	0.	0.	0.
EILEEN RASMUSSEN 695 ASHLEY ROAD SANTA BARBAA, CA 93108	TRUSTEE 2.00	0.	0.	0.
LYNDA WEINMAN 695 ASHLEY ROAD SANTA BARBAA, CA 93108	TRUSTEE 2.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		<u>159,445.</u>	<u>8,795.</u>	<u>0.</u>