PACIFIC SANDS INC
Form 10-K
October 13, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

S ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Commission file number 000-29483

Pacific Sands, Inc.
(Exact Name of Registrant in its Charter)

Nevada	88-0322882
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1509 Rapids Drive, Racine, WI 53404
(Address of principal executive offices (Zip Code)

(262) 619-3261
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes £ No S

Indicate by a check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", or "smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting Company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.).

Yes ¨ No x

Registrant's revenues for its most recent fiscal year: $1,122,454.

Market value of Common stock held by non-affiliates at December 31, 2009: $1,743,278.

Shares of Common Stock outstanding at October 8, 2010: 44,627,699 shares.

Documents incorporated by reference: None

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Forward-Looking Statements.

This Report contains forward-looking statements. All forward-looking statements are inherently uncertain as they are based on current expectations and assumptions concerning future events or future performance of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. Forward-looking statements usually contain the words "estimate," "anticipate," "believe," "expect," or similar expressions, and are subject to numerous known and unknown risks and uncertainties. In evaluating such statements, prospective investors should carefully review various risks and uncertainties identified in this Report, including the matters set forth under the captions "Risk Factors" and in the Company's other SEC filings. These risks and uncertainties could cause the Company's actual results to differ materially from those indicated in the forward-looking statements. The Company undertakes no obligation to update or publicly announce revisions to any forward-looking statements to reflect future events or developments.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Factors" below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). We make available on our website at www.pacificsands.biz free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with or furnish them to the SEC. Our website address is www.pacificsands.biz. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K. Readers are urged to review and consider carefully the various disclosures made throughout the entirety of this annual report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Item 1. Description of Business

The Company:
Pacific Sands, Inc. (the "Company" or "Pacific Sands") was incorporated in the State of Nevada on July 7, 1994. The Company's fiscal year ends June 30. The Company is a C-Corporation for federal income tax purposes. The Company does not have subsidiaries or affiliated entities. The Company also does business as "Natural Water Technologies," “ecoGeeks.com” and Natural Choices.

Pacific Sands develops, manufactures, markets and sells a broad portfolio of environmentally friendly and highly effective liquid and powder cleaning and water-management products. The Company’s products have applications ranging from water maintenance (spas, swimming pools, fountains, ponds) to fabric and surface cleaning (household and institutional) and pet care.

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In mid February of 2008, The Company acquired Natural Choices Home Safe Products, LLC ("Natural Choices"), a developer and manufacturer of environmentally friendly cleaning and laundry products. The acquisition added dozens of new products to the Pacific Sands portfolio of earth, health, pet and kid-friendly offerings, including Oxy-Boost™ an oxygen-bleach based, chlorine-free bleach alternative.

The Company achieves the bulk of its sales and revenues through three primary sources:

Pacific Sands Branded Products:
Pacific Sands has three primary brands that are sold through retail distribution in numerous outlets in the U.S., Canada and Europe: ecoone®, e-2 elemental earth® and Natural Choices™.

Consulting, Contract Manufacturing and Private Label:
Pacific Sands has one of the largest in-house portfolios of cleaning, laundry and pool and spa water management products available for private label and brand extension of any U.S. manufacturer.

Our private label business encourages existing brands to capitalize on their brand identity and distribution to enhance their revenue stream by adding supplemental cleaning products to their portfolio. For example, a company that makes decking material can profit by adding our Pro-X Deck and Patio Cleaner as a privately-branded deck cleaning product to their portfolio with minimal investment of their resources. The opportunities for brand extension are nearly limitless.

The company also provides water management and cleaning consulting services for hire. The company generally provides these services to enhance its revenue stream through the sale of product, such as a recent consulting project for a pharmaceutical company seeking alternative methods to treat their wastewater stream with alternatives to harsh chemicals. The company has also provided water management consultation and project planning and development for pools, ponds, decretive water displays and industrial wastewater management.

Direct & Internet Retail:
Direct sales represent a significant portion of the revenue stream of the Company. While direct retail is primarily used by the Company as a tool to educate consumers, gather feedback data and provide ready access to information about the products the company offers, the company's www.OxyBoost.com has become a recognized source of information for solving cleaning problems and www.ecoGeeks.com, its primary direct retail outlet has gained popularity as a source of amusing product demonstration videos.

The Company has also begun marketing and distributing information via Facebook and other social media venues: www.facebook.com/ecogeeks and http://www.facebook.com/PacificSands.

At its heart, Pacific Sands, Inc. is an environmental products Company. Our core product philosophy revolves around the development, manufacture and sale of unique, nontoxic and/or 'less-toxic' solutions for consumer and commercial use. Our primary focal points in product development stress the reduction and/or elimination of hazards to the user and overall safety for the environment, pets and people with particular emphasis on child-safety.

It is the mission of Pacific Sands to provide earth-friendly solutions to everyday cleaning and water management problems, while continuously seeking a sustainable balance between the health of the planet and the needs of its people.

Brands, Products and Product Lines:

Natural Choices:

Natural Choices™ is a brand consisting of quality household cleaning and laundry products which are environmentally safe, superior in performance and economical to use.

The Natural Choices™ product line offers the most complete line of quality oxygen bleach-based cleaners available anywhere. The Natural Choices™ line also features an extensive line of soy-based products and products specifically developed for people with allergies and chemical sensitivities.

In fiscal 2010, the Company introduced the Natural Choices™ “Refillables” line of 4 ready to use and concentrate cleaning products including Multi Purpose, Bathroom Cleaner, Degreaser and Glass. Natural Choices™ Refillables™ concentrates reduce packaging by 2/3 and shipping weight by more than 90%.

In 2010, the Company also developed a water based degreasing technology (called “Critter Cleaner”) with a broad array of applications ranging from a highly effective, non petroleum dish soap to cleaning grease and oil stains off of driveways, grill and other surfaces. The technology (which was originally developed as a non-petroleum based degreaser for use on animals affected by the Gulf Oil Spill) was developed by Company chemists and board member, Dr. Jack Hagarty.

Of the dozens of available Natural Choices™ products, the most well known flagship product is Oxy-Boost. Oxy-Boost is a safe and effective alternative to chlorine based products. Oxy-Boost naturally attacks and breaks down organic stains to totally remove them from surfaces and fabric. Oxy-Boost has hundreds of cleaning uses and is the core formulation for all of our oxygen-bleach based technologies.

Ecoone® Pool and Spa Water Management Systems:

Pacific Sands’ ecoone® pool and spa care and water management products completely rethink conventional water care tactics to provide what we believe are the safest, easiest to use and most environmentally friendly products available today.

In 2008, the ecoone® Spa Treatment system was cited by the pool and spa industry’s Aqua Magazine as a ‘greener’ alternative to conventional spa water care. The industry’s leading professional publication, “Pool and Spa News” also picked our ONESHock product as one of the top 50 products for 2008.

ecoone® Spa Treatment System:
The ecoone® Spa Treatment System consists of a full complement of products designed to simplify spa maintenance, enhance user satisfaction and reduce the overall chemical load of consumer hot tubs and spas. The system is compatible with most conventional sanitizers and is particularly effective with the Company's ONEShock™ sanitizing product.

ecoone® SPA monthly is the safe, nontoxic core of the ecoone® system that naturally solves most spa water treatment problems naturally. A little goes a long way. To sustain a spa that is so soft and safe your Grandma can use it is as easy as one bottle of SPA monthly every 30 to 45 days. It’s that easy!

ONEShock completes the ecoone® Spa Treatment System by providing a safer to use, proven sanitizer / shock combo in convenient to use, single dose dissolving packets. ONEShock delivers powerful water sanitation to spas without the risk and dangers of exposure to powdered or liquid sanitizers. Distribution of the ONEShock product began on a state by state basis in fiscal 2008.

JetONE is a fast-acting whirlpool and hot tub / spa plumbing cleanser that quickly clears internal plumbing and equipment of buildup of chemical and biofilm deposits. FilterONE is an economical, fast-acting, pool and spa cartridge filter cleanser. These products are unique to the industry as they are the only ones of their kind known that do not cause foaming and leave no harmful chemical residue either in waste water or pool and spa water.

ecoone® Pool Conditioner: ecoone® Pool Conditioner is a nontoxic additive that reduces pool maintenance by helping to maintain water clarity, pH and alkalinity using natural ingredients. ecoone® Pool Conditioner is compatible with most conventional sanitizer systems.

Pacific Sands All-Purpose Hose Filter: The Pacific Sands All-Purpose Hose Filter easily attaches to either end of a garden hose to provide fresh, pure, clean water for outdoor water needs. The filter removes or greatly reduces thousands of common water contaminants and hazards including chlorine, lead, arsenic, mercury, DDT (and other pesticides), hydrogen sulfide (rotten egg smell), VOC’s & organic contaminants, dissolved metals and scale causing minerals.

Product and Practice Information:

Many of Pacific Sands' cleaning and water treatment products utilize a proprietary, nontoxic product formula that serves as a base for a broad range of consumer and commercial applications. Citing the versatility of the Company's core formula and referring to it as a hinge pin technology,' Wal-Mart's Innovation Network awarded the product the highest "Success Likelihood Score" ever granted in that program's 22 year history.

All of Pacific Sands products are animal cruelty free. Pacific Sands does not test its products on animals nor does it support animal testing. Pacific Sands does not buy raw materials from manufacturers who engage in animal testing.

All of Pacific Sands products are made in the USA. Pacific Sands supports fair trade practices and, whenever possible, purchases its raw materials from American companies or from nations that also support fair labor and trade practices.

Management believes that the Company's product offerings have a strong competitive edge in the pool and spa marketplace as well as the rapidly expanding environment and health-friendly products market. Our product lines satisfy the environment and health conscious consumer's primary needs in that they combine a high level of efficacy with earth and health safety considerations.

Industries and Markets:

Pool and Spa Products:

According to industry publications, in excess of $10 billion dollars are spent annually in the U.S. alone on pool and spa chemicals and maintenance. There are more than 10 million existing spas in the US and approximately 12% of all American households own a pool. The overall industry has slowed over the last 2 years but is expected to return to growth as the economy improves.

Nontoxic and environmentally-friendly Cleaning Products:
The market demand for cleaning and household products that are safer for the environment and health, particularly the health of children is on the rise. Pacific Sands household cleaning products fill an important niche in the overall household cleaning products marketplace and are designed specifically to be a safer cleaning alternative in households with children and pets.

Marketing and Sales:
The Company markets and sells its product lines directly, over the Internet and through pool, spa, hardware, specialty and other retail outlets in the US, Canada and Europe. The products are also sold via Pacific Sands distributors, manufacturers' representatives and internationally established pool and spa industry distribution networks. Our products are also sold through numerous popular pool and spa websites including www.poolandspa.com, www.waterwarehouse.com and samsclub.com.

The Company's Natural Choices branded product are sold in numerous retail outlets around the country and in Europe as well as dozens of the top environmentally-oriented websites.

Representative Sales Venues:

Direct and Internet Channels: Despite the rapid expansion of the Company's customer and dealer base for the ecoone® pool and spa products, much of the Company's potential customer base in the U.S. still does not have direct access to 'brick and mortar' retail outlets carrying the products. Consequently, the Company sells direct to consumers via phone sales and internet orders through its numerous websites including www.pacificsands.biz , www.oxyboost.com, www.ecoone.biz and www.ecogeeks.com . Direct sales have not only helped to add to the Company's customer base but have led to the establishment of numerous dealers and distributors through a combination of customer recommendations and broad internet presence. Additionally, the ability to sell directly adds to the Company's gross profits, facilitating a pricing structure that is very attractive to dealers and distributors.

Pool and Spa Retail Stores: Pacific Sands pool and spa products are sold through numerous pool and spa retail stores throughout the U.S., Canada and overseas. These stores are generally smaller, privately held businesses run by pool and spa professionals who are educated in water chemistry and chemical sales. Retail stores either buy their ecoone products directly, through www.ecoone.biz or through one of our many distribution outlets.

Distribution: Pacific Sands ecoone pool and spa products are now distributed by major US and overseas distributors including SCP Pool Corp, Hawkeye Manufacturing, California Specialty Distributors, and Baystate Pool Supply among others.

Contract Manufacturing, Custom Formulation and Private Label:
Pacific Sands has OEM and sales / distribution agreements with US Spa Manufacturers. Hawkeye Manufacturing, makers of the Hawkeye and Barefoot lines of portable hot tub spas, also acts as a European distributor for the spa product line providing convenient and inexpensive overseas shipping for the Company. Our ecoone products are also sold under other brand names in the US and Canada under license and private label.

Private Label and Contract Manufacturing:
Pacific Sands' Natural Choices products offer one of the largest portfolios of nontoxic, earth, health pet and kid-friendly consumable products available for private label. The Company also offers custom formulation and product consultation.

Our products are currently privately labeled by dozens of companies ranging from small fundraising entities to nationally recognized brands as product extensions.

The Company is able to offer complete 'cradle to customer' product development including formulation, manufacturing, labeling, marketing and shipping.

Marketing Strategy:
The Company primarily uses a "demand side" product differentiation marketing strategy to create markets and introduce new customers to our products.

The Company also utilizes internet advertising and direct consumer advertising through internet, newspapers and magazines to attract customers. We market to dealers through internet advertising, advertising in industry trade magazines and cross-branded advertising with our manufacturing partners and through our other products.

Intellectual Property

ecoone® is a registered trademark of Pacific Sands Inc.
e-3 elemental earth® is a registered trademark of Pacific Sands, Inc.

The Company develops and manufactures a broad range of consumable surface cleaning, laundry and water management products. The products and formula that the Company develops and manufactures are protected by in-house trade secret practices which include non-compete and non-disclosure contracts with employees and vendors.

Competition:
Pacific Sands is one of many companies that manufacture, market and sell pool, spa, cleaning and water filtration products. The Company's products account for a small percentage of any of those markets. Management believes that through continued aggressive marketing, the Company's products can compete in these markets as evidenced by the rapid growth of our pool and spa product lines.

Research and Development:
The majority of Pacific Sands formulations were and are developed in-house and use proprietary blends of natural and safely synthesized compounds.

The Company has an in-house chemistry lab where new products are developed and manufacturing QA and QC is overseen.

Manufacturing:
Pacific Sands formulates, manufactures and fills the majority of its liquid and powder products in the Company's manufacturing and warehousing facility in Racine, WI. The facility is sufficient to meet current and anticipated demand for products for the foreseeable future.

The Company utilizes a modular liquid filling line that can be expanded at relatively moderate cost if needed to meet demand. Additional temporary labor is sometimes used to meet spikes in demand. The Company also has preemptive arrangements with regional liquid and powder bottling facilities in the event that demand for our products far exceeds the Company's manufacturing capacity.

Since establishing its liquid filling line, the Company has not had any substantial delay in production, resulting in delayed product delivery. The Company uses outside vendors and manufacturers for its filtration products, EPA regulated and promotional materials and has, on occasion experienced delays only as a result of vendor delays.

The Company also has a six head semi-automated overflow liquid filler which can be used for filling longer production runs and is easily adapted to a fully automated production filler.

The Company has a semi-automated powder product mixing and filling facility which is used to manufacture all of its powdered laundry and cleaning products.

As of June 30, 2010, the Company had 6 full time (two of whom are officers of the Company) and 5 part time employees and numerous consultants and sales representatives who are not considered to be employees of the Company.

Item 1A. Risk Factors

In addition to the other information contained on this Form 10-K report, the following risk factors should be considered carefully.

An investment in the common stock of the Company involves a high degree of risk. In addition to the other information in this report, the following risk factors should be considered carefully in evaluating the Company and its business. This Report contains forward-looking statements. All forward-looking statements are inherently uncertain as they are based on current expectations and assumptions concerning future events or future performance of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. Forward-looking statements usually contain the words "estimate," "anticipate," "believe," "plan," "expect," or similar expressions, and are subject to numerous known and unknown risks and uncertainties. In evaluating such statements, prospective investors should review carefully various risks and uncertainties identified in this report, including the matters set below and in the Company's other SEC filings. These risks and uncertainties could cause the Company's actual results to differ materially from those indicated in the forward-looking statements. The Company undertakes no obligation to update or publicly announce revisions to any forward-looking statements to reflect future events or developments.

THE COMPANY HAS EXPERIENCED LOSSES FROM OPERATIONS SINCE COMMENCING OPERATIONS:
With the exception of 4th quarter, 2007 and 4th quarter of fiscal year 2006, the Company, since commencing operations, has not been profitable on an annual or quarterly basis. The Company may not, in the future, generate sufficient revenues to achieve sustainable profitability.

POSSIBLE DIFFICULTY FINANCING PLANNED GROWTH:
The Company's present plans require an amount of expenditure and working capital. In the future the Company will likely require financing in addition to the cash generated from operations to fund planned growth. If additional resources are unavailable, the Company may be unable to grow according to its present plan.

GOING CONCERN:
Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with the financial statements for the year ended June 30, 2010, relating to our ability to continue as a going concern. We cannot assure investors that our business plans will be successful in addressing these issues. If we cannot successfully continue as a going concern, our shareholders may lose their entire investment in our common shares.

Our ability to achieve sustained profitability will depend on a number of factors, including, but not limited to the following:
- price, volume and fiscal placement of sales.
- fluctuating margins, which may be affected by the sales mix between distribution, wholesale and retail sales.
- regulatory approvals for sale of products that contain claims or ingredients regulated by the EPA or other federal or state agencies
- ability to acquire or develop additional products, technology or companies

MANAGEMENT'S ASSUMPTIONS REGARDING THE FUTURE MARKET MAY BE FAULTY:
Management assumes there will be a continuing and increased desirability in the retail market for nontoxic, environment and health friendly products for cleaning and water treatment use. Should management's assumptions as to this increased desirability be faulty, the Company may have difficulty achieving its planned growth.

THE LOSS OF KEY PERSONNEL COULD ADVERSELY AFFECT THE COMPANY:
The Company is run by a small number of key personnel. Should the Company experience a loss of these key people due to their inability or unwillingness to continue in their present positions, the Company's business and financial results could be adversely affected.

Management knows of no additional trends or uncertainties beyond those discussed that are reasonably likely to have a material impact on the Company's short or long-term liquidity.

RISKS RELATING TO OWNERSHIP OF COMMON STOCK.
There may not be sufficient liquidity in the market for our securities in order for investors to sell their securities.

There is currently only a limited public market for the Company’s common stock, which is listed on the OTC Bulletin Board, and there can be no assurance that a trading market will develop further or be maintained in the future.

Item 2. Description of Property

The Company is renting 12,000 square feet of office and warehouse facilities on a month to month arrangement.

Item 3. Legal Proceedings

None

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

The Company's common stock trades on the National Association of Securities Dealers Electronic Bulletin Board under the symbol PFSD.

The following range of the high and low reported closing sales prices for the Company's common stock for each quarter in fiscal 2010 and fiscal 2009, all as reported on the NASDAQ OTC Bulletin Board.

	High	Low
Fiscal Year Ended June 30, 2010		
First Quarter	0.07	0.04
Second Quarter	0.05	0.03
Third Quarter	0.05	0.03
Fourth Quarter	0.12	0.03
Fiscal Year Ended June 30, 2009		
First Quarter	0.09	0.06
Second Quarter	0.06	0.01
Third Quarter	0.06	0.01
Fourth Quarter	0.08	0.03

As of June 30, 2010, there were approximately 648 Holders.

The Company has never declared a cash dividend.

Transactions involving the Company's securities during the fiscal year ended June 30, 2010 are summarized below.

On July 7, 2009, the Company issued 50,000 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.04 per share. The Company recorded consulting fee expense of $2,000 related to the issuance of these shares.

On July 7, 2009, the Company issued 150,000 shares of its common stock to an unrelated investor for a cash investment of $6,000.

On July 7, 2009, the Company issued 73,259 shares of its common stock to an employee for a cash investment of $2,930.

On July 7, 2009, the Company issued 721,778 shares of its common stock to a related party shareholder as settlement of a note payable in the amount of $28,871. On July 7, 2009 the Company's common stock had a fair market value of $0.04 per share.

On April 30, 2010 the Company issued 370,425 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.034 per share. The Company recorded consulting fee expense of $12,500 related to the issuance of these shares.

On May 31, 2010 the Company issued 342,000 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.029 per share. The Company recorded consulting fee expense of $9,986 related to the issuance of these shares.

On June 29, 2010 the Company issued 333,334 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.045 per share. The Company recorded consulting fee expense of $15,000 related to the issuance of these shares.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

General

Pacific Sands, Inc. (the "Company" or "Pacific Sands") was incorporated in the State of Nevada on July 7, 1994. The Company's fiscal year ends June 30. The Company is a C-Corporation for federal income tax purposes. The Company does not have subsidiaries or affiliated entities. The Company also does business as "Natural Water Technologies," “ecoone.biz” and Natural Choices.

Pacific Sands develops, manufactures, markets and sells a range of nontoxic, environmentally friendly cleaning and water-treatment products based on proprietary blended botanical, nontoxic and natural chemical technologies. The Company’s products have applications ranging from water maintenance (spas, swimming pools, fountains, decorative ponds) to cleaning (nontoxic household and industrial) and pet care.

In mid February of 2008, the Company acquired Natural Choices Home Safe Products, LLC, a developer and manufacture of environmentally friendly cleaning and laundry products. The acquisition added dozens of new products to the Pacific Sands portfolio of earth, health pet and kid-friendly offerings, including Oxy-Boost™ an oxygen-bleach based, chlorine-free bleach alternative. The Company believes that it now has the largest selection of oxygen bleach based formulations available anywhere both for retail distribution under its ecoone®, e-2 elemental earth® and Natural Choices™ brands as well as for contract manufacturing and re-label.

The majority of the company’s operating revenues are achieved through gross profits from the sale of its products. The Company's goal is to achieve sustained and significant profitability through revenues achieved through the sale of its nontoxic, earth, health and kid-friendly, Pool, Spa, Household Cleaning and other product lines.

ACQUISITION OF NATURAL CHOICES

On February 8, 2008 the Company acquired Natural Choices Home Safe Products, LLC pursuant to the terms of an Asset Purchase Agreement (the “Agreement”) for a purchase price of $890,000 in cash and shares of Company common stock payable over a three-year period.

Natural Choices Home Products markets environmentally and health friendly consumer and commercial cleaning products both in United States and various territories outside the U.S. Management believes that the acquisition of Natural Choices benefits the Company in several ways as discussed below.

Potential Growth Through In-House Marketing and Sales Support:

Pacific Sands has a highly skilled marketing and sales staff as well as internal production ability for new labels, printing, video, internet and imaging. Natural Choices has placed more focus on new product development. Consequently, we now have the ability to apply Pacific Sands marketing and sales staff to a fresh, new line of products that, while achieving a relatively significant customer base, has never been aggressively marketed nationally.

Less Reliance on Narrow Market Channels:
To Date, Pacific Sands has achieved the majority of its revenues through the sale of its ecoone pool and spa water management systems. While management believes that the Company will continue to grow the pool, spa and water maintenance sections of the business at its current rate or better, the addition of new sales channels and markets will serve to insulate the Company from industry-specific slowdowns and enhance the overall stability of the Company's revenue stream.

The market for environment and health friendly consumer and commercial cleaning products is still in the relatively early stages and is expanding rapidly. Management believes that the acquisition of Natural Choices, which is already well-established in these markets, places Pacific Sands in an ideal position to actively compete in the environmental products marketplace.

Expanded Business Model to include Contract Manufacturing, Re-label and Custom Formulation:
Natural Choices achieves a significant portion of its revenue through private label and custom formulation sales. Pacific Sands will continue to foster and pursue this business model as it offers the fastest track to entry into the 'big box" distribution. We now manufacture for more than 30 re-label and custom formulation customers. A number of these are manufacturers who already have established sales channels of complementary products through national hardware and building supply chains.

Results of Operations for Fiscal Year 2010 compared to Fiscal Year 2009

Results of operations for the fiscal year ending June 30, 2010 compared to the fiscal year ending June 30, 2009.

Revenues and Gross Profit

For the fiscal year ending June 30, 2010, the Company's net sales were $1,122,454 compared to net sales of $1,197,485 for the fiscal year ended June 30, 2009. The 6% decrease is due to lack of marketing resources, significant staff reductions and the repurposing of sales and administration personnel to cover manufacturing, shipping and warehouse operations. Gross profit for the fiscal year ending June 30, 2010 was $572,049 or 51.0%, while gross profit for the year ending June 30, 2009 was $620,617 or 51.8%.

Operating Expenses

For the fiscal years ending June 30, 2010 and 2009, selling and general administrative expenses were $743,553 and $911,536, respectively. The decrease in operating expenses is explained in large part by a significant decrease in salaries and wage expense resulting from layoffs and salary reductions. Salaries and wage expense for the year ended June 30, 2010 approximated $310,000 compared to $490,000 for the year ended June 30, 2009. Additionally, for the year ended June 30, 2009, the Company recorded bad debt expense of $73,000 attributable in large part to the write off of an approximately $60,000 receivable due from the then Company's largest customer. Bad debt expense for the year ended June 30, 2010 was $9,900.

On December 31, 2009, the Company recorded an impairment charge $877,854 representing the entire amount of the intangible asset recorded for the acquisition of Natural Choices Home Safe Products in February 2008. Applying the guidance for Goodwill and Other Intangible Assets, the Company determined that the carrying amount of the intangible asset exceeded the fair value, and further determined that the entire value of the intangible asset should be written off.

Other Income/Expense

Interest expense for the year ended June 30, 2010 was $77,687 compared to $85,578 for the year ended June 30, 2009. During the year ended June 30, 2010, the Company recorded notes payable discount amortization $26,374 compared to $46,170 during the year ended June 30, 2009. During the year ended June 30, 2010 and 2009, the Company also recorded interest expense of $26,000 and $4,334, respectively, pursuant to the amended note payable for the acquisition of Natural Choices. The note was amended in March 2009.

During the year ended June 30, 2009, the Company recorded other income of $59,464 resulting from the settlement of certain accounts payable obligations with three vendors.

Net Loss

The Company recorded a net loss of $1,127,045 or $0.026 per share for the year ended June 30, 2010 as compared to a net loss of $317,033 or $0.008 per share for the year ended June 30, 2009.

Liquidity and Capital Resources

In fiscal 2010, the vast majority of the Company's operations were funded through the profits from the sale of its products, issuance of debt and sale of restricted stock. Management believes that the Company is now positioned for significant sales growth that will ultimately lead to sustained and significant profitability but will require additional funding.

The Company's ability to achieve its objectives is dependent on its ability to sustain and enhance its current revenue stream and to continue to raise funds through loans, vendor credit and the private placement of restricted stock until such time as the Company sustains fiscal profitability.

To date, the Company has funded operations and expansion through a combination of revenues from the sale of its products, established credit with vendors, deferred salaries and the sale of rule 144 stock through private placement. The Company's failure to continue to raise adequate financing to fund planned expansion may jeopardize its plans for growth.

At June 30, 2010, the Company had current assets and total assets of $257,680 and $302,059, respectively , compared to June 30, 2009 when the Company had current assets of $254,616 and total assets of $1,192,133. Cash and cash equivalents totaled $203 and $7,144 on June 30, 2010 and 2009, respectively. At June 30, 2009, non-current assets included intangible assets resulting from the acquisition of Natural Choices in the amount of 877,854. On December 31, 2009, the Company recorded an impairment charge of $877,854 representing the entire amount of the intangible asset.

Current liabilities at June 30, 2010 were $599,139compared to $501,012 at June 30, 2009. Current liabilities include accounts payable and accrued expenses totaling approximately $398,000. Notes payable to banks, finance companies, shareholders and directors approximate $192,000. Current liabilities also include $8,500 due to a former officer pursuant to a settlement agreement executed in December 2007.

During the year the year ended June 30, 2009, the Company and the former member owners of Natural Choices Home Safe Products, LLC (the "Members"), executed an amendment to the Asset Purchase Agreement dated February 8, 2008 (the "Amendment"). Pursuant to the Amendment, the Company shall pay the Members the outstanding principal balance of $650,000 as follows:

- $10,000 due May 1, 2009.
- $640,000 due on or before March 31, 2012

As of June 30, 2010 the Company owed $2,500 of the payment due May 1, 2009. This amount is included in current maturities at June 30, 2010.

In addition to the above amounts, non-current liabilities include convertible promissory notes of $138,500 and notes payable to two executive officers totaling $271,500.

Net cash used in operating activities during the year ended June 30, 2010 was $48,625 compared to $86,958 used in operating activities during the year ended June 30, 2009.

For the year ended June 30, 2010, net cash used in investing activities was $8,572, representing the purchase of property and equipment. Net cash used in investing activities during the year ended June 30, 2009 was $4,645.

Net cash provided by financing activities was $50,256 and $91,260 for the years ended June 30, 2010 and 2009, respectively. During the year ended June 30, 2010, the Company issued restricted common stock for cash totaling $8,930 compared to $69,801 in fiscal 2009, and also received proceeds from borrowings in the amount of $141,814 and $179,316 during the years ended June 30, 2010 and 2009, respectively. Those proceeds included amounts received from issuing convertible notes payable in amounts of $56,500 and $82,000 in fiscal 2010 and 2009, respectively. Proceeds from financing activities were used to fund operations and to meet current obligations of notes payable.

On June 30, 2010 the Company had an accumulated deficit of $5,476,936 and total stockholders' deficit of $1,347,922.

The Company's ability to achieve its objectives is dependent on its ability to sustain and enhance its revenue stream and to continue to raise funds through loans, credit and the private placement of restricted securities until such time as the Company achieves profitability. To date, management has been successful in raising cash on an as-needed basis for the continued operations of the Company. There is no guarantee that management will be able to continue to raise needed cash in this fashion.

The Company has no material commitments for capital expenditures at this time. The Company has no "off balance sheet" source of liquidity arrangements.

Item 7A. Quantative and Qualitative Disclosures About Market Risk

The Company is not exposed to market risk related to interest on foreign currencies.

Item 8. Financial Statements and Supplementary Data

Frank L. Sassetti & Co.

Certified Public Accountants

The Board of Directors
Pacific Sands, Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheets of Pacific Sands, Inc. as of June 30, 2010 and 2009, and the related statements of operations, stockholders' equity and cash flows for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Sands, Inc. as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years ended June 30, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a significant accumulated deficit which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainly.

/s/ Frank L. Sassetti & Co.

Oak Park, Illinois
October 13, 2010

6611 W. North Avenue * Oak Park, Illinois 60302 * Phone (708) 386-1433 * Fax (708) 386-0139

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PACIFIC SANDS, INC.
BALANCE SHEETS
JUNE 30, 2010 AND 2009

ASSETS

	June 30, 2010	June 30, 2009
Current assets:		
Cash and cash equivalents	$ 203	$ 7,144
Trade receivables, net of allowances for doubtful accounts of $9,373 and $70,000	145,121	137,412
Inventories	102,099	108,803
Other current assets	10,257	1,257
Total Current Assets	257,680	254,616
Property and equipment, net	44,379	59,663
Other assets:		
Goodwill	-	877,854
	-	877,854
Total Assets	$ 302,059	$ 1,192,133

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Accounts payable	$ 171,558	$ 152,022
Accrued expenses	226,979	125,660
Current portion of notes payable and capital leases	200,602	223,330
Total Current Liabilities	599,139	501,012
Notes payable and capital leases - net of discount of $7,572 and $33,946, less current portion	1,050,842	989,285
Total Liabilities	1,649,981	1,490,297
Stockholders' deficit		
Common stock (50,000,000 shares authorized, 51,236,886 and 49,196,090 shares issued, and 44,627,699 and 42,586,903 shares outstanding)	51,237	49,196
Additional paid in capital	4,209,807	4,134,561
Treasury stock, at cost	(132,030)	(132,030)
Accumulated deficit	(5,476,936)	(4,349,891)
Total Stockholders' Deficit	(1,347,922)	(298,164)
Total Liabilities and Stockholders' Deficit	$ 302,059	$ 1,192,133

See accompanying notes to the financial statements.

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PACIFIC SANDS, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010	2009
Net sales	$ 1,122,454	$ 1,197,485
Cost of sales	550,405	576,868
Gross profit	572,049	620,617
Selling and administrative expenses	743,553	911,536
Impairment of intangible asset	877,854	-
	1,621,407	911,536
Loss from operations	(1,049,358)	(290,919)
Other expense		
Interest expense	(77,687)	(85,578)
Other income	-	59,464
Loss before income taxes	(1,127,045)	(317,033)
Income taxes	-	-
Net loss	$ (1,127,045)	$ (317,033)
Basic and diluted loss per share:	$ (0.026)	$ (0.008)
Basic and diluted weighted average shares outstanding:	43,653,787	40,388,790

See accompanying notes to the financial statements.

PACIFIC SANDS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2010 AND 2009

	Common Stock			Treasury Stock			
	Number of Shares	Amount	Additional Paid In Capital	Number of Shares	Amount	Accumulated Deficit	Total
Balance at June 30, 2008	45,308,958	$ 45,309	$ 3,898,363	(6,609,187)	$ (132,030)	$ (4,032,858)	$ (221,216)
Issuance of common stock:							
For cash	1,359,154	1,359	68,442	-	-	-	69,801
For settlement of debt and other liabilities	1,337,978	1,338	112,422	-	-	-	113,760
For compensation	890,000	890	26,210	-	-	-	27,100
For professional services	300,000	300	10,950	-	-	-	11,250
Debt discount for beneficial conversion feature	-	-	18,174	-	-	-	18,174
Net loss	-	-	-	-	-	(317,033)	(317,033)
Balance at June 30, 2009	49,196,090	$ 49,196	$ 4,134,561	(6,609,187)	$ (132,030)	$ (4,349,891)	$ (298,164)
Issuance of common stock:							
For cash	223,259	223	8,707	-	-	-	8,930
For settlement of debt	721,778	722	28,149	-	-	-	28,871
For professional services	1,095,759	1,096	38,390	-	-	-	39,486
Net loss	-	-	-	-	-	(1,127,045)	(1,127,045)
Balance at June 30, 2010	51,236,886	$ 51,237	$ 4,209,807	(6,609,187)	$ (132,030)	$ (5,476,936)	$ (1,347,922)

See accompanying notes to the financial statements.

PACIFIC SANDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$	(1,127,045)	$	(317,033)
Adjustments to reconcile net loss to net cash used in operating activities -				
Depreciation and amortization		23,855		23,295
Amortization of debt discount		26,374		46,170
Common shares and rights issued for services and compensation		39,486		38,350
Impairment of intangible asset		877,854		-
Changes in assets and liabilities -				
Trade accounts receivable		(7,709)		107,024
Inventories		6,704		26,479
Other assets		(9,000)		2,775
Accounts payable and other current liabilities		120,856		(14,018)
Net Cash Used in Operating Activities		(48,625)		(86,958)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of equipment		(8,572)		(4,645)
Net Cash Used in Investing Activities		(8,572)		(4,645)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common stock		8,930		69,801
Issuance of notes payable		141,814		179,316
Repayment of note payable and long term obligation		(100,488)		(157,857)
Net Cash Provided by Financing Activities		50,256		91,260
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,941)		(343)
CASH AND CASH EQUIVALENTS				
Beginning of year		7,144		7,487
End of year	$	203	$	7,144

PACIFIC SANDS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009

Supplemental disclosures of cash flow information:				
		2010		2009
Cash paid during the period for:				
Interest	$	35,641	$	20,576
Income taxes	$	-	$	-
Supplemental disclosure of non cash financing and investing activities				
Conversion of debt to equity	$	28,871	$	64,084
Conversion of accrued salaries to equity	$	-	$	49,676
Conversion of deferred compensation to notes payable	$	-	$	274,443
Convertible notes discount with corresponding increase to paid in capital for value of the beneficial conversion feature	$	-	$	18,174

See accompanying notes to the financial statements.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Pacific Sands, Inc. with the right to do business as Natural Water Technologies (the "Company") was incorporated in Nevada on July 7, 1994.

Pacific Sands develops, manufactures, markets and sells a range of nontoxic, environmentally friendly cleaning and water-treatment products based on proprietary blended botanical, nontoxic and natural chemical technologies. The Company's products have applications ranging from water maintenance (spas, swimming pools, fountains, decorative ponds) to cleaning (nontoxic household and industrial) and pet care.

In mid February of 2008, The Company acquired Natural Choices Home Safe Products, LLC, a developer and manufacture of environmentally friendly cleaning and laundry products. The acquisition added dozens of new products to the Pacific Sands portfolio of earth, health pet and kid-friendly offerings, including Oxy-Boost™ an oxygen-bleach based, chlorine-free bleach alternative. The Company now has a large selection of oxygen bleach based formulations available both for retail distribution under its ecoone®, e-2 elemental earth® and Natural Choices™ brands as well as for contract manufacturing and re-label.

The Company markets and sells its product lines directly, over the Internet and through pool, spa, hardware, specialty and other retail outlets in the US, Canada and Europe. The products are also sold via Pacific Sands' distributors, manufacturers' representatives and internationally established pool and spa industry distribution networks. The Company's products are also sold through numerous popular pool and spa websites. The Company's Natural Choices branded product are sold in numerous retail outlets around the country and in Europe as well as dozens of the top environmentally-oriented websites.

Inventories - Inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) basis.

Depreciation and Amortization - For financial reporting purposes, depreciation and amortization of property and equipment has been computed over estimated useful lives of two to seven years primarily using the straight-line method. Depreciation and amortization charges totaled $23,855 and $23,295 during the years ended June 30, 2010 and 2009, respectively.

Revenue Recognition - Revenue is recognized when the related products are shipped.

Advertising and Promotional Costs - Advertising and promotion costs are expensed as incurred. During the fiscal years ended June 30, 2010 and 2009, advertising and promotion costs totaled $12,418 and $5,258, respectively.

Income Taxes - The Company accounts for income taxes under Section 740-10-30 of the FASB Accounting Standards Codification, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statements of Income and Comprehensive Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty (50) percent likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Accounts Receivable - The Company makes judgments as to the collectability of trade and other accounts receivable based on historic trends and future expectations. Management estimates an allowance for doubtful receivables, which reflects its current assessment of the collectability of the receivables. Management believes that the current specific and general receivable reserves aggregating $9,373 and $70,000 is adequate as of June 30, 2010 and 2009, respectively.

Impairment of long lived assets - Periodically, the Company evaluates the carrying value of its plant and equipment, and long-lived assets, which includes patents and other intangible assets, by comparing the anticipated future net cash flows associated with those assets to the related net book value. If impairment is indicated as a result of such reviews, the Company would remove the impairment based on the fair market value of the assets, using techniques such as projected future discounted cash flows or third party valuations.

In accordance with guidance for Goodwill and Other Intangible Assets, goodwill and certain intangible assets are deemed to have indefinite lives and are no longer amortized, but are reviewed at least annually for impairment. Other identifiable intangible assets are amortized over their estimated useful lives. The guidance requires that goodwill be tested for impairment annually, utilizing the “fair value” methodology. The Company has adopted December 31st as the date of the annual impairment test for goodwill.

Goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with the net book value (or carrying amount), including goodwill. If the fair value of the reporting unit exceeds the carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of the reporting unit exceeds the fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. Accordingly, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

In performing the first step of the fiscal 2010 intangible asset or goodwill impairment test, management determined there was an indicator of impairment in the intangible asset recorded for the acquisition of Natural Choices because the carrying value of the reporting unit exceeded its estimated fair value.

In performing the second step of the impairment test, the Company performed a discounted cash flow model using management's current business plan projected for expected cash flows and determined that the intangible was fully impaired. Based on the Company’s annual review of goodwill on December 31, 2009, the Company recorded an impairment charge of $877,854, for the intangible asset recorded for the acquisition of Natural Choices which represented the entire intangible asset balance.

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PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

Basic and Diluted Net Loss Per Share - Net loss per share is calculated in accordance with section 260-10-45 of the FASB Accounting Standards Codification. Basic net loss per share is based upon the weighted average number of common shares outstanding. Dilutive convertible shares and stock options are not included in the computation of diluted loss per share, as the effect would be antidilutive.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications - Certain reclassifications have been made in prior year's financial statements to conform to classification used in the current year. The reclassifications from selling and administrative expenses to cost of sales does not change total operating loss or net loss for any period presented.

Statement of Cash Flows - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Recent Accounting Pronouncements - The following is a summary of recent authoritative pronouncements that affect accounting, reporting and disclosure of financial information by the Company.

In April 2010, the FASB issued new accounting guidance to provide clarification on the classification of a share-based payment award as either equity or a liability. Under ASC 718, Compensation-Stock Compensation , a share-based payment award that contains a condition that is not a market, performance, or service condition is required to be classified as a liability. The amendments clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Earlier application is permitted. The Company is evaluating the impact of this standard on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

2. GOING CONCERN

The accompanying financial statements have been presented assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. Through June 30, 2010, the Company has incurred cumulative losses of $5,476,936 and Stockholders' deficit of $1,347,922. The Company's successful transition to attaining profitable operations is dependent upon obtaining financing adequate to fulfill its development, marketing and sales activities and achieving a level of revenues adequate to support the Company's cost structure. Management's plan of operations anticipates that the cash requirements of the Company for the next twelve months will be met by obtaining capital contributions through the sale of common stock and from current operations. However, there is no assurance that the Company will be able to fully implement its plan in order to generate the funds needed on a going concern basis.

3. INVENTORIES

Inventories at June 30, 2010 and 2009 consisted of the following:

	June 30, 2010	June 30, 2009
Raw materials	$ 23,101	$ 94,484
Finished goods	78,998	14,319
Total	$ 102,099	$ 108,803

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

4. ACCRUED EXPENSES

Accrued expenses at June 30, 2010 and 2009 consisted of the following:

	June 30, 2010	June 30, 2009
Accrued compensation	$ 122,185	$ 55,894
Accrued taxes	43,045	39,525
Accrued professional fees	37,506	18,766
Accrued interest	20,767	9.897
Accrued other	3,476	1,578
Total	$ 226,979	$ 125,660

5. NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS

Notes payable at June 30, 2010 and 2009 consisted of the following:

	June 30, 2010	June 30, 2009
Dell Financial Services – line of credit	$ 9,374	$ 13,652
J.P. Morgan Chase – business line of credit	74,994	94,992
Notes payable stockholders and directors	95,417	59,652
Notes payable – settlement obligation	8,500	44,500
Notes payable – acquisition	642,500	629,684
Convertible notes payable – net of discount	130,928	68,370
Notes payable – executive officers	271,443	274,443
Capital leases	18,288	27,322
	1,251,544	1,212,615
Less current maturities	200,602	223,330
	$ 1,050,842	$ 989,285

The Company received a line of credit from Dell Financial Services for $15,000 with an interest rate of 22.99% on any outstanding balance. To date the Company has used the line of credit to purchase computer hardware to serve its accounting and e-commerce functions.

On July 27, 2007, the Company executed a promissory note pursuant to a business line of credit ("BLOC") with JP Morgan Chase Bank, NA. Under the terms of the promissory note, the Company may borrow up to $100,000 against the BLOC at the prime interest rate plus 1.5%. The Company must pay all accrued interest on a monthly basis. The promissory note is secured by the assets of the Company. .

Notes payable stockholders and directors consist of six unsecured notes at interest rates fluctuating up to 10%.

Note payable – settlement obligation is due to a former officer of the Company pursuant to a settlement of a legal dispute between the Company and the former officer. Under the terms of the settlement agreement, the Company will pay $100,000 over a two and a half year period beginning in February 2008.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

On October 1, 2008, the Company executed convertible notes payable (the "Notes") to eight investors for a total of $82,000. Interest accrues at a rate of 12% per annum and is payable quarterly. The Notes mature on October 1, 2011 at which time all outstanding principal is payable in full in the form of freely tradable common stock of the Company at an agreed upon conversion price of $0.10 (ten cents) per share. The Company shall have the right, but not the obligation, to pay up to one half of the principal balance in cash. On November 1, 2009, the Company executed new convertible notes payable (the "New Notes") in the amount of $56,500 to the same investors under the same terms as the Notes. The New Notes mature on November 1, 2012. Pursuant to a Stock Pledge Agreement dated October 1, 2009, each Note and each New Note is secured by the number of shares of common stock of the Company necessary to satisfy the entire principal amount at the agreed upon price of $0.10 (ten cents) per share.

The Company allocated the proceeds received to the principal amount of the Notes and the beneficial conversion feature based upon the relative fair value . The fair value of the beneficial conversion feature has been recorded as debt discount and additional paid in capital. The debt discount recorded of $18,174 is being amortized over the three-year term of the note and the carrying amount is presented net of the unamortized discount. For the year ended June 30, 2010 the Company recorded $4,544 of interest expense for the amortization of the discount.

On March 31, 2009, the Company and the former member owners of Natural Choices Home Safe Products, LLC (the "Members"), executed an amendment to the Asset Purchase Agreement dated February 8, 2008 (the "Amendment"). Pursuant to the Amendment, the Company shall pay the Members the outstanding principal balance of $650,000 as follows:

- $10,000 due May 1, 2009.
- $640,000 due on or before March 31, 2012

In addition, the Company shall make monthly cash interest payments to the Members on the outstanding balance at a rate of 4% per annum.

As of June 30, 2010 the Company still owed $2,500 of the amount due May 1, 2009 and approximately $12,000 in accrued interest.

On March 31, 2009, the Company converted $274,443 of deferred compensation due two executive officers into two notes payable. The notes are due on March 31, 2012 and accrue interest at 4% per annum.

At June 30, 2010, the Company had one capital lease obligations for machinery under a four year agreement with an imputed interest rate of 12.00%, placed into service in April 2008. Monthly installment payments under the lease are $957. The lease contains a bargain purchase option of $1 at the end of the lease term.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

The scheduled annual maturities for notes payable and capital lease obligations were as follows at June 30,

2011	$ 200,602
2012	90,471
2013	967,943

6. STOCKHOLDERS' EQUITY

Transactions for the years ended June 30, 2010 and 2009 are as follows:

On August 5, 2008, the Company issued 100,000 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.0725 per share. The Company recorded consulting fee expense of $7,250 related to the issuance of these shares.

On August 5, 2008 the Company issued 80,000 shares of its common stock to its four directors and 40,000 shares of its common stock to a director for consulting services provided to the Company. The fair market value of the shares on the date issued was $0.075 per share. The Company recorded compensation expense of $8,700 related to the issuance of these shares.

On August 5, 2008, the Company issued 625,000 shares of its common stock as partial payment of the note payable for the purchase price for the acquisition of Natural Choices Home Safe Products, LLC. The shares had a value of $50,000 on the date they were issued.

On September 30, 2008, the Company issued 372,724 shares of its common stock to an unrelated investor for a cash investment of $26,863.

On September 30, 2008, the Company issued 198,687 shares of its common stock to an employee for a cash investment of $14,305.

On December 31, 2008, the Company issued 80,000 shares of its common stock to its four directors and 40,000 shares of its common stock to a director for consulting services provided to the Company. The fair market value of the shares on the date issued was $0.02 per share. The Company recorded compensation expense of $2,400 related to the issuance of these shares.

On March 12, 2009, the Company issued 80,000 shares of its common stock to its four directors and 40,000 shares of its common stock to a director for consulting services provided to the Company. The fair market value of the shares on the date issued was $0.02 per share. The Company recorded compensation expense of $2,400 related to the issuance of these shares.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

On March 12, 2009, the Company issued 200,000 shares of its common stock to two consultants for services performed. The fair market value of the shares on the date issued was $0.02 per share. The Company recorded consulting fee expense of $4,000 related to the issuance of these shares.

On March 12, 2009, the Company issued 287,743 shares of its common stock to an unrelated investor for a cash investment of $8,632.

On March 12, 2009, the Company issued 410,000 shares of its common stock to employees. The fair market value of the shares on the date issued was $0.02 per share. The Company recorded compensation expense of $8,200 related to the issuance of these shares.

On March 12, 2009, the company converted $54,073 of accrued salaries and wages due two employees into 400,000 shares of its common stock.

On June 29, 2009, the Company issued 80,000 shares of its common stock to its four directors and 40,000 shares of its common stock to a director for consulting services provided to the Company. The fair market value of the shares on the date issued was $0.045 per share. The Company recorded compensation expense of $5,400 related to the issuance of these shares.

On June 29, 2009, the Company issued 312,978 shares of its common stock to two executives and two directors as partial settlement of notes payable and accrued interest totaling $14,084.

On June 29, 2009, the Company issued 500,000 shares of its common stock to an unrelated investor for a cash investment of $20,000.

On July 7, 2009, the Company issued 50,000 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.04 per share. The Company recorded consulting fee expense of $2,000 related to the issuance of these shares.

On July 7, 2009, the Company issued 150,000 shares of its common stock to an unrelated investor for a cash investment of $6,000.

On July 7, 2009, the Company issued 73,259 shares of its common stock to an employee for a cash investment of $2,930.

On July 7, 2009, the Company issued 721,778 shares of its common stock to a related party shareholder as settlement of a note payable in the amount of $28,871. On July 7, 2009 the Company's common stock had a fair market value of $0.04 per share.

On April 30, 2010 the Company issued 370,425 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.034 per share. The Company recorded consulting fee expense of $12,500 related to the issuance of these shares.

On May 31, 2010 the Company issued 342,000 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.029 per share. The Company recorded consulting fee expense of $9,986 related to the issuance of these shares.

On June 29, 2010 the Company issued 333,334 shares of its common stock to a consultant for services performed. The fair market value of the shares on the date issued was $0.045 per share. The Company recorded consulting fee expense of $15,000 related to the issuance of these shares.

7. STOCK BASED COMPENSATION

The Company accounts for stock based compensation under paragraph 718-10-30 of the FASB Accounting Standards Codification", that focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. Stock based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period.

The Company did not have any stock options granted, exercised, cancelled or expired during the years ended June 30, 2010 and 2009. All stock options listed on the table below expired on September 27, 2010.

		Price per share	
	Shares	Range	Weighted Average
Balance, June 30, 2009	3,000,000	$.16 - $1.00	$0.440
Balance, June 30, 2010	3,000,000	$.16 - $1.00	$0.440

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

8. LEASE COMMITTMENTS

The Company is renting 12,000 square feet of office and warehouse facilities on a month to month arrangement.

9. LOSS PER SHARE

Basic loss per common share is based on the weighted average number of common shares outstanding in each period and net earnings. Diluted earnings per common assumes that outstanding common shares were increased by shares issuable upon exercise of those stock options for which market price exceeds exercise price, less shares which could have been purchased by the Company with related proceeds.

The following table sets forth the computation of basic and diluted earnings per share.

	Years Ended June 30, 2010	Years Ended June 30, 2009
Numerator		
Basic and diluted loss	$ (1,127,045)	$ (317,033)
Denominator		
Basic and diluted earnings per share-weighted average shares outstanding	43,653,787	40,388,970
Basic and diluted loss per common share	$ (0.026)	$ (0.008)

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

Outstanding stock options and convertible debt were not included in the computation of diluted earnings per common share for the years ended June 30, 2010 and 2009 since it would have resulted in an anti-dilutive effect.

Anti-dilutive securities not included in the net loss per share calculation:

	June 30, 2010	June 30, 2009
Stock options	3,000,000	3,000,000
Convertible debt	1,385,000	820,000

10. INCOME TAXES

The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting and tax bases of its assets and liabilities. Deferred assets are reduced by a valuation allowance when deemed appropriate.

The tax effects of existing temporary differences that give rise to significant portions of deferred tax assets at June 30, 2010 and 2009 were as follows:

	June 30 ,2010	June 30 ,2009
Net Operating Loss Carryforwards	$ 1,373,000	$ 1,342,000
Deferred Compensation	118,000	134,000
Accounts receivable allowance	4,000	30,000
Valuation Allowance	(1,495,000)	(1,506,000)
Net Deferred Tax Asset	$ --	$ --

At June 30, 2010, the Company has net operating loss carryforwards for Federal tax purposes of approximately $3,268,000 which, if unused to offset future taxable income, will expire in years beginning in 2018.

11. RELATED PARTY TRANSACTION

On March 31, 2009, the Company converted deferred compensation due its two executive officers into notes payable. The notes are due on March 31, 2012 and accrue interest at 4% per annum. The total due the officers including accrued interest was approximately $282,000 at June 30, 2010.

PACIFIC SANDS, INC
NOTES TO FINANCIAL STATEMENTS

12. CONCENTRATIONS

For the years ended June 30, 2010 and 2009, no single customer accounted for 10% or greater of the Company's sales.

13. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	Quarter ended			
	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010
Net sales	$ 253,545	$ 265,878	$ 262,742	$ 340,289
Gross profit	137,446	134,571	170,491	129,541
Net loss	(65,317)	(918,323)	(3,202)	(140,203)
Net loss per share – basic and diluted	(.002)	(.021)	*	(.003)
Weighted average basic and diluted shares	43,506,231	43,581,940	43,581,940	43,946,657

	Quarter ended			
	September 30, 2008	December 31, 2008	March 31, 2009	June 30, 2009
Net sales	$ 352,806	$ 176,999	$ 328,070	$ 339,610
Gross profit	176,886	53,746	200,404	189,581
Net earnings (loss)	(64,912)	(181,039)	24,264	(95,346)
Net earnings (loss) per share – basic and diluted	(.002)	(.005)	.001	(.002)
Weighted average basic and diluted shares	39,229,515	40,117,486	40,551,236	41,674,207

* Less than (.001) per share.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 as amended (the "Exchange Act"), as of the end of the period covered by this Annual Report on Form 10-K, the Company's management evaluated, with the participation of the Company's principal executive and financial officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act). Disclosure controls and procedures are defined as those controls and other procedures of an issuer that are designed to ensure that the information required to be disclosed by the issuer in the reports it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation of these disclosure controls and procedures, the Company's chairman of the board and chief executive and financial officer has concluded that the disclosure controls and procedures were effective as of the date of such evaluation to ensure that material information relating to the Company was made known to them by others within those entities, particularly during the period in which this Annual Report on Form 10-K was being prepared.

Item 9A(T). Controls and Procedures

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2010. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Based on its evaluation, our management concluded that there is a significant deficiency in our internal control over financial reporting.

The significant deficiency relates to a lack of segregation of duties due to the small number of employees involvement with general administrative and financial matters. However, management believes that compensating controls are in place to mitigate the risks associated with the lack of segregation of duties. Compensating controls include outsourcing certain financial functions to an independent contractor. Management concluded that internal controls over financial reporting were effective as of June 30, 2010.

Other than as described above, there were no material changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred as of June 30, 2010 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting as it is not required.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The following table sets forth: (1) names and ages of all persons who presently are and who have been selected as directors of the Registrant; (2) all positions and offices with the Registrant held by each such person.

Name	Age	Position with the Company
Michael D. Michie	49	CEO/CFO and Director
Michael L. Wynhoff	45	President and Director
Thomas Paulsen	47	Director
John D. Hagarty	71	Director

Michael D. Michie - Michael D. Michie was appointed CEO on June 9st 2010 by the Board of Directors. Mr. Michie retains his position as CFO/Treasurer per his appointment on June 14, 2004. From 2003 to 2004, Mr. Michie privately consulted challenged businesses while concurrently serving as Business Manager for a large real estate investor/broker group. He established cost containment measures as well as performance metrics for eight real estate holding companies. He produced and refined accurate revenue projections providing investors the knowledge to make better investment decisions. Prior to 2003, he was a Territory Sales Manager for Creo Products, Inc, a high technology company located in Vancouver, BC. During his tenure with Creo he achieved over 70% market share in his territory of responsibility, Previous to 1999, Mr. Michie worked for the DuPont Corporation beginning in 1994. He was a shared recipient of a regional Pinnacle Award for regional performance in electronic imaging as well as a Recipient of DuPont's "commitment to excellence" award.

Michael L. Wynhoff - Michael L. Wynhoff currently serves as President and Director. Previously, Wynhoff was appointed President and CEO by the Board of directors on June 14, 2004. From 2000 to 2004, Mr. Wynhoff worked as a marketing and public relations consultant, focusing his efforts on environmental products companies, including Pacific Sands. From 1999 through 2000 he was the Director of Marketing and Operations at Domain Host International. Prior to 1999, Mr. Wynhoff was involved in the film and television industries as a writer, producer and coordinator of feature films and television commercials. Michael Wynhoff graduated from Carthage College in 1987 with a BA in Speech, Communications and Theatre.

Thomas Paulsen – Thomas Paulsen is the chief financial officer of Wismarq Corporation, a national coil coater of steel and aluminum building products, based in Oconomowoc, Wis, employing over 100 workers. Mr. Paulsen is a certified public accountant with an MBA from Marquette University. He began his career in public accounting with Ernst & Whinney and has over 21 years of experience with an extensive background in accounting, corporate budgeting and operations. He was the chief financial officer and corporate controller for Kelley Company, based in Milwaukee, WI, from 2000 to 2002.

Dr. John Hagarty – Since his retirement in 1999 from SC Johnson Wax, where he served as Senior Research Chemist, Dr. Hagarty has worked as an independent consultant. During the past two years Dr. Hagarty has, as a consulting scientist, managed new product development at Pacific Sands, and has supervised the final development of nontoxic, earth and health-friendly pet care, household cleaning and other product lines. Currently, Dr. Hagarty spearheads new product development at Pacific Sands. Dr. Hagarty earned his PhD in Organic Chemistry from Duquesne University.

Item 11. Executive Compensation

Summary Compensation Table

The following Summary Compensation Table shows certain compensation information for each of the Named Executive Officers. Compensation data is shown for the fiscal years ended June 30, 2010 and 2009. This information includes the dollar value of base salaries, bonus awards, the number of stock options granted, and certain other compensation, if any, whether paid or deferred.

Name and Principal Position	Year	Salary (b)	Bonus	Restricted Stock Awards	Option Awards (a)	Nonequity incentive plan compensation	Non-qualified deferred compensation	Total
Michael L. Wynhoff	2010	$ 30,530	--	$ 0	--	--	--	$ 30,530
President (c)	2009	$ 97,751	--	$ 3,150	--	--	--	$ 100,901
Michael D. Michie	2010	$ 67,273	--	$ 0	--	--	--	$ 67,273
Chief Executive Officer and Chief Financial Offier (c)	2009	$ 90,143	--	$ 9,150	--	--	--	$ 99,293
Thomas Paulson	2010	--	--	$ 0	--	--	--	$ 0
Secretary	2009	--	--	$ 3,150	--	--	--	$ 3,150
John Hagarty	2010	--	--	$ 0	--	--	--	$ 0
Director	2009	--	--	$ 9,450	--	--	--	$ 9,450

(a) In fiscal 2005, the Company granted to its executives, 2,000,000 stock options to purchase common shares at an exercise price of $0.03 per share, and 1,000,000 stock options at an exercise price of $0.10 per share. During fiscal 2007, those options were surrendered and reissued for four years no vesting period and exercise prices as follows; 2,000,000 stock options at $0.16 and 1,000,000 stock options at $1.00.

(b) During fiscal 2009, cash payments received as compensation by Mr. Wynhoff and Mr. Michie was $70,015 and $72,179, respectively. The balance of their salaries was accrued and subsequently converted to promissory notes.

(c) On June 1, 2010, Michael Wynhoff resigned as the Company's Chief Executive Officer in order to remove himself from operational management and more fully pursue his duties as President of the Company. At that time, Michael Michie was appointed Chief Executive Officer while also maintaining his position as Chief Financial Officer.

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Item 12. Security Ownership of Certain Beneficial Owners, Management and Related Stockholder Matters

The following table sets forth the information relating to the beneficial ownership of the Company's common stock by those persons holding more than 5% of the Company's common stock, by the Company's directors and executive officers, and by all of the Company's directors and executive officers as a group as of June 30, 2010.

Title of Class	Name of Beneficial Owner	Beneficial Ownership*	Percent of Class
Common	Michael L. Wynhoff 1509 Rapids Drive Racine, WI 53404	6,776,018	15.1%
Common	Michael D. Michie 1509 Rapids Drive Racine, WI 53404	2,000,080	4.5%
Common	John D. Hagarty 1509 Rapids Drive Racine, WI 53404	782,771	1.7%
Common	Thomas Paulsen 1509 Rapids Drive Racine, WI 53404	676,923	1.5%

*In fiscal 2005, the Company granted to its executives, 2,000,000 stock options to purchase common shares at an exercise price of $0.03 per share, and 1,000,000 stock options at an exercise price of $0.10 per share. During fiscal 2007, those options were surrendered and reissued for four years no vesting period and exercise prices as follows; 2,000,000 stock options at $0.16 and 1,000,000 stock options at $1.00. On September 27th 2010 those options expired.

Item 13. Certain Relationships and Related Transactions, and Director Independence

None.

Item 14. Principal Accountant Fees and Services

Audit Fees:

The following table sets forth accounting and audit fees charged by Frank L. Sassetti & Co., the Company's independent registered public accounting firm for each of the last two fiscal years.

	Fiscal 2010	Fiscal 2009
Audit fees (1)	$ 29,607	$ 32,557
Audit related fees	$ -	$ -
Tax fees	$ 3,235	$ 3,135

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

Item 15. Exhibits

(a) Attached Exhibits

31.1	Chief Executive Officer Certification of Periodic Financial Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification of Periodic Financial Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Chief Executive Officer and Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pacific Sands, Inc
(Registrant)

By: /s/ Michael D. Michie

Michael D. Michie
Chief Executive Officer
Chief Financial Officer,
Director

October 13, 2010