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

2008Department of the Treasury
Internal Revenue Service (77)

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

For calendar year 2008, or tax year beginning 11/01, 2008, and ending 10/31, 2009

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name changeUse the
IRS label.
Otherwise,
print
or type.
See Specific
Instructions.
ERNEST GALLO FOUNDATION
P.O. BOX 1130
MODESTO, CA 95353
A Employer identification number

94-6061537

B Telephone number (see the instructions)

209-341-7573

C If exemption application is pending, check here ☐**D 1** Foreign organizations, check here ☐**2** Foreign organizations meeting the 85% test, check here and attach computation ☐**E** If private foundation status was terminated under section 507(b)(1)(A), check here ☐**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐**H** Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation**I** Fair market value of all assets at end of year
(from Part II, column (c), line 16)

► \$ 47,291,997.

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____

(Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions).)

(a) Revenue and expenses per books**(b) Net investment income****(c) Adjusted net income****(d) Disbursements for charitable purposes (cash basis only)****1** Contributions, gifts, grants, etc., received (att sch)

489,200.

2 Ck ☐ if the foundn is not req to att Sch B**3** Interest on savings and temporary cash investments

26,619.

26,619.

N/A

4 Dividends and interest from securities

354,808.

354,808.

5a Gross rents**b** Net rental income or (loss)**6a** Net gain/(loss) from sale of assets not on line 10

-2,833,812.

b Gross sales price for all assets on line 6a 11,246,568.**7** Capital gain net income (from Part IV, line 2)

0.

8 Net short-term capital gain**9** Income modifications**10a** Gross sales less returns and allowances**b** Less Cost of goods sold**c** Gross profit (loss) (attach schedule)**11** Other income (attach schedule)**12** Total Add lines 1 through 11

-1,963,185.

381,427.

13 Compensation of officers, directors, trustees, etc

0.

14 Other employee salaries and wages**15** Pension plans, employee benefits**16a** Legal fees (attach schedule)**b** Accounting fees (attach sch) See St 1

41,909.

c Other prof fees (attach sch)**17** Interest**18** Taxes (attach schedule) See Stmt 2

49.

49.

19 Depreciation (attach sch) and depletion**20** Occupancy**21** Travel, conferences, and meetings**22** Printing and publications**23** Other expenses (attach schedule)

See Statement 3

26,727.

26,492.

24 Total operating and administrative expenses. Add lines 13 through 23

68,685.

26,541.

25 Contributions, gifts, grants paid Part XV

4,170,000.

4,170,000.

26 Total expenses and disbursements. Add lines 24 and 25

4,238,685.

26,541.

4,170,000.

27 Subtract line 26 from line 12:**a** Excess of revenue over expenses and disbursements

-6,201,870.

b Net investment income (if negative, enter -0-)

354,886.

c Adjusted net income (if negative, enter -0-)

SCANNED MAR 29 2010

REVENUE

ADMINISTRATIVE
OPERATING
AND
EXPENSES

G18 3

Part II Balance Sheets		Beginning of year	End of year	
			(a) Book Value	(b) Book Value
ASSETS	1 Cash — non-interest-bearing			
	2 Savings and temporary cash investments	18,103,134.	15,370,184.	15,382,139.
	3 Accounts receivable 54,250.			
	Less: allowance for doubtful accounts		54,250.	54,250.
	4 Pledges receivable			
	Less: allowance for doubtful accounts			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
	7 Other notes and loans receivable (attach sch) 1,000,000.			
	Less: allowance for doubtful accounts	1,000,000.	1,000,000.	1,000,000.
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments — U.S. and state government obligations (attach schedule)	3,915,828.	2,893,178.	2,915,088.
	b Investments — corporate stock (attach schedule)	11,586,946.	10,225,286.	9,952,481.
	c Investments — corporate bonds (attach schedule)	1,572,035.	1,950,468.	1,963,864.
LIABILITIES	11 Investments — land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)			
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule)	18,500,000.	16,982,707.	16,024,175.
	14 Land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)			
	15 Other assets (describe _____)			
	16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	54,677,943.	48,476,073.	47,291,997.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
NET ASSETS OR FUND BALANCES	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe _____)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	44,364,381.	44,853,581.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	10,313,562.	3,622,492.	
	30 Total net assets or fund balances (see the instructions)	54,677,943.	48,476,073.	
	31 Total liabilities and net assets/fund balances (see the instructions)	54,677,943.	48,476,073.	

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	54,677,943.
2	Enter amount from Part I, line 27a	2	-6,201,870.
3	Other increases not included in line 2 (itemize) _____	3	
4	Add lines 1, 2, and 3	4	48,476,073.
5	Decreases not included in line 2 (itemize) _____	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)— Part II, column (b), line 30	6	48,476,073.

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 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a AMAZON LITIGATION		P	Various	
b VARIOUS Publicly Traded Securities		P	Various	Various
c 9609.6866 shs Crestline Event Arbitrage Offshore Fund		P	7/30/07	6/30/09
d 24875.3414 shs Crestline Offshore Fund		P	8/01/07	10/29/09
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 11.			11.
b 6,624,331.		8,330,380.	-1,706,049.
c 1,282,707.		2,000,000.	-717,293.
d 3,339,519.		3,750,000.	-410,481.
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			11.
b			-1,706,049.
c			-717,293.
d			-410,481.
e			

2 Capital gain net income or (net capital loss)	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>	2	-2,833,812.
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) (see the instructions). If (loss), enter -0- in Part I, line 8	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see the instructions). If (loss), enter -0- in Part I, line 8 </div>	3	11.

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.)

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 the 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 (column (b) divided by column (c))
2007	5,303,638.	47,779,027.	0.111003
2006	1,960,000.	38,170,897.	0.051348
2005	1,140,000.	24,238,624.	0.047032
2004	1,011,000.	23,198,391.	0.043581
2003	851,000.	20,660,734.	0.041189

2 Total of line 1, column (d)	2	0.294153
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	0.058831
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	43,264,394.
5 Multiply line 4 by line 3	5	2,545,288.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,549.
7 Add lines 5 and 6	7	2,548,837.
8 Enter qualifying distributions from Part XII, line 4	8	4,170,000.

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 the instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary— see instructions)		1	3,549.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	3,549.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-		5	3,549.
6 Credits/Payments:			
a 2008 estimated tax pmts and 2007 overpayment credited to 2008	6a	25,638.	
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	25,638.	
8 Enter any penalty for underpayment of estimated tax Check here <input checked="" 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	22,089.	
11 Enter the amount of line 10 to be Credited to 2009 estimated tax 22,089. Refunded	11	0.	

Part VII-A Statements Regarding Activities

	Yes	No
1 a 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 the 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 \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
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
4 a 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, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see the instructions) CA		
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 <i>General Instruction G</i> ? <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 2008 or the taxable year beginning in 2008 (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

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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 acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address <u>N/A</u>	13	X	
14	The books are in care of <u>KEVIN LEPPLA</u> Telephone no. <u>209-341-7573</u> Located at <u>600 YOSEMITE BLVD MODESTO CA</u> ZIP + 4 <u>95354</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>	N/A		N/A

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes <input checked="" 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 the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	N/A
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 2008?	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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? If 'Yes,' list the years <u>20__ , 20__ , 20__ , 20__</u>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
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 the instructions)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <u>20__ , 20__ , 20__ , 20__</u>		
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 2008 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 2008.)	3b	N/A
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 2008?	4b	X

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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)? (see instructions)

☐ 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)?

5b

N/A

Organizations relying on a current notice regarding disaster assistance check here.

☐**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?N/A ☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)

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?

6b

X

If you answered 'Yes' to 6b, also file Form 8870

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?

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 (see instructions).

(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 4		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1 see instructions). 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
None				

Total number of other employees paid over \$50,000

0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services (see instructions). 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 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

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	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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Form 990-PF (2008)

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	28,489,611.
b	Average of monthly cash balances	1b	15,433,632.
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	43,923,243.
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	43,923,243.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	658,849.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	43,264,394.
6	Minimum investment return Enter 5% of line 5	6	2,163,220.

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	2,163,220.
2a	Tax on investment income for 2008 from Part VI, line 5	2a	3,549.
b	Income tax for 2008. (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	3,549.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,159,671.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	2,159,671.
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	2,159,671.

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	4,170,000.
b	Program-related investments — total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
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	4,170,000.
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 (see instructions)	5	3,549.
6	Adjusted qualifying distributions Subtract line 5 from line 4	6	4,166,451.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				2,159,671.
2 Undistributed income, if any, as of the end of 2007:				
a Enter amount for 2007 only			0.	
b Total for prior years 20__, 20__, 20__		0.		
3 Excess distributions carryover, if any, to 2008				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007	2,086,819.			
f Total of lines 3a through e	2,086,819.			
4 Qualifying distributions for 2008 from Part XII, line 4. ► \$ 4,170,000.				
a Applied to 2007, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2008 distributable amount				2,159,671.
e Remaining amount distributed out of corpus	2,010,329.			
5 Excess distributions carryover applied to 2008 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	4,097,148.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
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		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount — see instructions			0.	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	4,097,148.			
10 Analysis of line 9:				
a Excess from 2004				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007	2,086,819.			
e Excess from 2008	2,010,329.			

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

N/A

- 1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling _____.

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	Prior 3 years			(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a 'Assets' alternative test— enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
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)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV **Supplementary Information (Complete this part only if the organization 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).)

JOSEPH E. GALLO

- 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 Name and address (home or business)	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
<i>a Paid during the year</i> STATEMENT ATTACHED			All contributions made during the year were for general use in carrying out charitable, religious, and educational activities.	4,170,000.
Total				3a 4,170,000.
<i>b Approved for future payment</i> UNIVERSITY OF NOTRE DAME 400 MAIN BUILDING NOTRE DAME, IN 46556			ASSIGNED TO THE GENERAL FUND TO BE ASSIGNED LATER TO A SPECIFIC NEED.	1,500,000.
Total				3b 1,500,000.

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► Attach to Form 990, 990-EZ and 990-PF
► See separate instructions.

OMB No 1545-0047

2008

Name of the organization

ERNEST GALLO FOUNDATION

Employer identification number

94-6061537

Organization type (check one):

Filers of:

Form 990 or 990-EZ

Section:

- ☐ 501(c)() (enter number) organization
☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
☐ 527 political organization

Form 990-PF

- ☒ 501(c)(3) exempt private foundation
☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.)

General Rule –

- ☒ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules –

- ☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of ~~1~~ \$5,000 or ~~2~~ 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for *any* religious, charitable, etc, purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF) but they **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. These instructions will be issued separately.

Schedule B (Form 990, 990-EZ, or 990-PF) (2008)

Name of organization

Employer identification number

ERNEST GALLO FOUNDATION

94-6061537

Part I Contributors (see instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	ERNEST GALLO TRUST P.O. BOX 1130 MODESTO, CA 95353	\$ 489,200.	Person <input checked="checked" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

ERNEST GALLO FOUNDATION

Employer identification number

94-6061537

Part II **Noncash Property** (see instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	N/A		
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	

BAA

Name of organization

ERNEST GALLO FOUNDATION

Employer identification number

94-6061537

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. (Complete cols (a) through (e) and the following line entry.)

For organizations completing Part III, enter total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once— see instructions.)

► \$ N/A

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	N/A		
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

ERNEST GALLO FOUNDATION

94-6061537

Statement 1
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Accounting & Bookkeeping	\$ 41,909.			
Total	<u>\$ 41,909.</u>	<u>\$ 0.</u>	<u></u>	<u>\$ 0.</u>

Statement 2
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Foreign taxes on investment income	\$ 49.	\$ 49.		
Total	<u>\$ 49.</u>	<u>\$ 49.</u>	<u></u>	<u>\$ 0.</u>

Statement 3
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Filing & registration fees	\$ 235.			
Investment fees	26,492.	\$ 26,492.		
Total	<u>\$ 26,727.</u>	<u>\$ 26,492.</u>	<u></u>	<u>\$ 0.</u>

Statement 4
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
JOSEPH E. GALLO P.O. BOX 1130 MODESTO, CA 95353	President 0	\$ 0.	\$ 0.	\$ 0.
RICHARD M. BEAL P.O. BOX 1130 MODESTO, CA 95353	Secretary 0	0.	0.	0.

ERNEST GALLO FOUNDATION

94-6061537

Statement 4 (continued)
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compensation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
MARY I. GALLO P.O. BOX 1130 MODESTO, CA 95353	Treasurer 0	\$ 0.	\$ 0.	\$ 0.
ERNEST J. GALLO P.O. BOX 1130 MODESTO, CA 95353	Vice President 0	0.	0.	0.
CHRISTOPHER D. GALLO P.O. BOX 1130 MODESTO, CA 95353	Vice President 0	0.	0.	0.
Total		\$ 0.	\$ 0.	\$ 0.

2008

Federal Supporting Detail

Page 1

ERNEST GALLO FOUNDATION

94-6061537

Balance Sheet
Accounts receivable

Due on sale of security

Total	\$	54,250.
	\$	<u>54,250.</u>

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2009

94-6061537

FORM 990-PF, PART II, LINES 10(a) AND 10(C), INVESTMENTS - BONDS

How Acquired P-Purch D-Donated		MATURITY DATE	FACE VALUE	COST	FMV As of 10/31/09
	US GOVERNMENT BONDS - LINE 10a				
P	PURCHASED	Various	2,880,000	2,893,178	2,915,088
	TOTAL US GOVERNMENT BONDS		<u>2,880,000</u>	<u>2,893,178</u>	<u>2,915,088</u>
	CORPORATE BONDS - LINE 10c				
P	WAL MART STORES INC	2/15/2011	150,000	151,852	155,821
P	WALT DISNEY CO	7/15/2011	250,000	266,311	268,815
P	TARGET CORP	3/1/2012	100,000	108,935	108,937
P	PEPSICO INC	5/15/2012	200,000	217,216	216,536
P	CONOCOPHILLIPS	10/15/2012	100,000	107,885	107,527
P	DU PONT DE NEMOURS	11/15/2012	250,000	265,659	267,812
P	MCDONALDS CORP	3/1/2013	250,000	262,243	265,438
P	BERKSHIRE HATHWAY INC	5/15/2013	100,000	107,224	107,224
P	WALGREEN CO	8/1/2013	100,000	106,233	108,114
P	BRISTOL MYERS SQUIBB CO	8/15/2013	100,000	109,196	108,925
P	INTL BUSINESS MACHINE	10/15/2013	100,000	113,130	114,401
P	PROCTER & GAMBLE CO	1/15/2014	125,000	134,584	134,314
	TOTAL CORPORATE BONDS		<u>1,825,000</u>	<u>1,950,468</u>	<u>1,963,864</u>

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2009

94-6061537

FORM 990-PF, PART II, LINE 10(b), INVESTMENTS - CORPORATE STOCK

How Acquired P-Purch D-Donated	NAME OF STOCK	SHARES	COST	CURRENT FMV -STOCK As of 10/31/09
P	ABB LTD	1,020	13,181	18,901
P	ABBOT LABS	1,060	50,394	53,604
P	ACE LTD	340	15,207	17,462
P	AFFILIATED MANAGERS GROUP	640	41,967	40,634
P	AGRIUM INC	310	12,711	14,554
P	ALBERTO CULVER CO	1,355	37,959	36,341
P	AMERIPRISE FINANCIAL INC	1,500	42,545	52,005
P	AMGEN INC	260	15,402	13,941
P	APACHE CORP	320	27,543	30,118
P	APOLLO GROUP INC CL A	360	22,586	20,556
P	APPLE INC	170	20,795	32,045
P	AT&T INC	570	21,795	14,632
P	AVERY DENNISON CORP	790	30,012	28,163
P	BANK OF AMERICA	1,400	18,006	20,412
P	BANK OF NEW YORK MELLON CORP	540	17,684	14,396
P	BMC SOFTWARE INC	770	24,968	28,613
P	BOSTON SCIENTIFIC CORP	4,220	54,061	34,266
P	BRISTOL MYERS SQUIBB CO	1,240	24,741	27,032
P	CHEVRON	390	33,534	29,851
P	CHINA PETROLEUM & CHEMICAL CO	480	43,489	40,493
P	CHOICE HOTELS INTL INC	1,290	38,087	38,468
P	CHURCH & DWIGHT CO	450	25,242	25,596
P	CISCO SYSTEMS	830	24,053	18,932
P	CISCO SYSTEMS	1,390	26,486	31,706
P	COCA COLA CO	1,015	63,497	54,110
P	COLGATE PALMOLIVE CO	450	30,859	35,384
P	COMCAST CORP NEW SPECIAL CL A	1,310	35,142	18,366
P	CONOCO PHILLIPS	300	24,901	15,054
P	CONOCO PHILLIPS	580	26,701	29,104
P	CON-WAY INC	660	27,214	21,773
P	COVIDIEN PLC	480	19,463	20,218
P	CSX CORPORATION	25,000	1,109,790	1,054,500
P	CSX CORPORATION	350	10,912	14,763
P	CVS CAREMARK CORP	650	23,539	22,945
P	DEVON ENERGY	310	22,833	20,060
P	DRESSER RAND GROUP INC	980	27,249	28,881
P	EL PASO CORP	1,990	31,016	19,522
P	EQUINIX INC	490	41,261	41,807
P	EXELON CORP	260	16,795	12,210
P	EXPRESS SCRIPTS INC	430	23,313	34,366
P	EXXON MOBIL CORP	415	16,357	29,743
P	FRANKLIN RESOURCES INC	290	27,201	30,343
P	FREEMPORT-MCMORAN COPPER & GLD	420	27,704	30,811

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2009

94-6061537

FORM 990-PF, PART II, LINE 10(b), INVESTMENTS - CORPORATE STOCK

How Acquired P-Purch D-Donated	NAME OF STOCK	SHARES	COST	CURRENT FMV -STOCK As of 10/31/09
P	GOLDMAN SACHS GROUP INC	180	19,543	30,631
P	HEWLETT PACKARD CO	580	26,446	27,527
P	HEWLETT PACKARD CO	1,065	52,637	50,545
P	HEWLETT PACKARD CO	670	31,969	31,798
P	HOME DEPOT INC	1,090	26,629	27,348
P	ILLINOIS TOOL WORKS INC	670	28,330	30,766
P	INTEL CORP	1,660	25,939	31,723
P	INTL BUSINESS MACH	170	19,653	20,504
P	INTL BUSINESS MACH	380	43,167	45,832
P	INTL BUSINESS MACH	290	26,463	34,977
P	ITT CORP	270	10,451	13,689
P	JP MORGAN CHASE & CO	640	25,517	26,733
P	JP MORGAN CHASE & CO	670	28,983	27,986
P	KRAFT FOODS CL A	650	22,305	17,888
P	L M ERICSSON TELEFON CO	4,270	40,985	44,408
P	LENDER PROCESSING SERVICES INC	870	30,410	34,626
P	LOWES COMPANIES INC	1,000	29,294	19,570
P	LOWES COMPANIES INC	1,810	37,930	35,422
P	MCAFEЕ INC	680	21,067	28,478
P	MCDONALD'S CORP	440	27,176	25,788
P	MCKESSON	530	28,145	31,127
P	MEDCO HEALTH SOLUTIONS	1,150	57,536	64,538
P	METLIFE INC	560	23,066	19,057
P	MORGAN STANLEY	1,390	42,558	44,647
P	MOSAIC CO	800	42,909	37,384
P	NATIONWIDE HEALTH PPTY INC	1,075	38,509	34,669
P	NEWMONT MINING CORP	50,000	2,273,811	2,173,000
P	NIKE INC CL B	880	59,606	54,718
P	NVIDIA CORP	4,010	40,390	47,960
P	NYSE EURONEXT	1,505	41,563	38,904
P	O'REILLY AUTOMOTIVE INC	1,010	39,443	37,653
P	ORACLE CORP	1,120	23,816	23,632
P	ORACLE CORP	2,640	56,484	55,704
P	PACIFIC GROWTH FUND	32,348	1,000,000	1,189,932
P	PACTIV CORP	1,200	30,633	27,708
P	PFIZER INC	740	10,926	12,602
P	PRAXAIR INC	160	8,942	12,710
P	PROGRESSIVE CORP OHIO	2,225	38,395	35,600
P	QUALCOMM INC	780	27,287	32,237
P	RAYTHEON CO NEW	600	26,821	27,168
P	RED HAT INC	1,250	18,693	32,263
P	RIVERBED TECHNOLOGY INC	2,155	45,002	44,156
P	ROCKWELL COLLINS INC	410	15,517	20,656

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2009

94-6061537

FORM 990-PF, PART II, LINE 10(b), INVESTMENTS - CORPORATE STOCK

How Acquired P-Purch D-Donated	NAME OF STOCK	SHARES	COST	CURRENT FMV -STOCK As of 10/31/09
P	ROSS STORES INC	1,345	40,563	59,193
P	ROSS STORES INC	720	24,620	31,687
P	SAIC INC	1,320	24,015	23,377
P	SALESFORCE.COM INC	955	43,240	54,196
P	SCHEIN HENRY INC	1,075	60,776	56,792
P	SCOTTS MIRACLE-GRO CO	1,155	39,972	46,916
P	SIGMA ALDRICH CORP	1,020	59,521	52,969
P	ST JUDE MEDICAL INC	885	38,546	30,161
P	STAPLES INC	1,685	26,197	36,565
P	STRAYER EDUCATION INC	110	25,115	22,327
P	SUN LIFE FINANCIAL INC OF CANADA	1,470	43,453	40,219
P	TD AMERITRADE HOLDING CORP	1,460	26,350	28,178
P	THERMO FISHER SCIENTIFIC INC	470	16,148	21,150
P	TJX COS	1,615	42,675	60,320
P	TRANSOCEAN LTD	210	16,793	17,621
P	UBS AG (USD)	2,495	43,760	41,392
P	UNITED PARCEL SERVICE CL B	290	22,017	15,567
P	UNTD TECHNOLOGIES CORP	340	25,693	20,893
P	VALEANT PHARMACEUTICALS INTL	1,030	25,785	30,282
P	VARIAN SEMICONDUCTOR EQUIP	1,415	43,408	40,172
P	WAL MART STORES INC	580	32,484	28,814
P	WELLS FARGO & CO	420	6,670	11,558
P	WHOLE FOODS MARKET INC	1,000	28,389	32,060
P	WMS INDUSTRIES INC	680	29,417	27,186
P	WSTN DIGITAL CORP	870	28,393	29,302
P	WYNDHAM WORLDWIDE	600	22,165	10,230
P	XTO ENERGY INC	50,000	2,453,005	2,078,000
P	YAHOO INC	2,480	41,279	39,432
P	YUM! BRANDS INC	1,365	41,695	44,977
TOTAL CORPORATE STOCKS			10,225,286	9,952,481

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2009

94-6061537

FORM 990-PF, PART II, LINE 13, OTHER INVESTMENTS

INVESTMENT:	PURCHASE PRICE	FMV
BLACK DIAMOND	4,750,000	4,912,667
CRESTLINE OFFSHORE FUND - Class D	1,282,707	1,352,002
GLOBAL UNDERVALUED SECURITIES FUND	4,250,000	3,657,129
MAPLE LEAF OFFSHORE	1,750,000	1,394,199
RCP OFFSHORE FUND	2,000,000	2,036,841
ROBERTSON OFFSHORE FUND	1,000,000	695,850
ALKEON GROWTH OFFSHORE FUND	1,950,000	1,975,487
TOTAL HEDGE FUNDS	16,982,707	16,024,175

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/09

94-6061537

FORM 990-PF, PART XV, LINE 3(a), GRANTS AND CONTRIBUTIONS PAID
DURING THE YEAR

-ALL CONTRIBUTIONS MADE DURING THE YEAR WERE FOR GENERAL USE IN CARRYING OUT
CHARITABLE, RELIGIOUS AND EDUCATIONAL ACTIVITIES
-NONE OF THE RECIPIENTS ARE RELATED IN ANY WAY TO A FOUNDATION MANAGER OR
SUBSTANTIAL CONTRIBUTOR.
-NONE OF THE RECIPIENTS ARE PRIVATE FOUNDATIONS

RECIPIENT	ADDRESS	AMOUNT
<u>CHARITABLE CONTRIBUTIONS</u>		
CENTRAL VALLEY CENTER FOR THE ARTS	MODESTO, CA	50,000
COMMUNITY INITIATIVES (BURTON FOUNDATION)	SAN FRANCISCO, CA	50,000
LUCILE PACKARD FOUNDATION FOR CHILDREN'S HEALTH	PALO ALTO, CA	3,335,000
UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	SAN FRANCISCO, CA	5,000
TOTAL CHARITABLE CONTRIBUTIONS		<u>3,440,000</u>
<u>RELIGIOUS CONTRIBUTIONS</u>		
DIOCESE OF STOCKTON	STOCKTON, CA	25,000
TOTAL RELIGIOUS CONTRIBUTIONS		<u>25,000</u>
<u>EDUCATIONAL CONTRIBUTIONS</u>		
UNIVERSITY OF NOTRE DAME	NOTRE DAME, IN	700,000
UNIVERSITY OF CALIFORNIA, BERKELEY	BERKELEY, CA	5,000
TOTAL EDUCATIONAL CONTRIBUTION		<u>705,000</u>
TOTAL GRANTS AND CONTRIBUTIONS		<u>4,170,000</u>