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

2009

Department of the Treasury
Internal Revenue Service

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

For calendar year 2009, or tax year beginning

, 2009, and ending

G Check all that apply Initial return Initial Return of a former public charity Final return
 Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

David E. Gallo Foundation
P.O. Box 1130
Modesto, CA 95353

A Employer identification number
77-0476093

B Telephone number (see the instructions)
(209) 529-3004

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) **J Accounting method** Cash Accrual
 Other (specify) **► \$ 4,837,642.** (Part I, column (d) must be on cash basis)

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 ►

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)
REVENUE 2010	1 Contributions, gifts, grants, etc. received (att sch)				
	2 Ck ► <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	102.	102.		RECEIVED
	4 Dividends and interest from securities	150,290.	150,290.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	-360,718.			NOV 22 2010
	b Gross sales price for all assets on line 6a	597,020.			
	7 Capital gain net income (from Part IV, line 2)		0.		OPEN, UT
	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) (att sch)				
	11 Other income (attach schedule)				
	12 Total. Add lines 1 through 11	-210,326.	150,392.	0.	
	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	9,637.			
	c Other prof fees (attach sch) See St 2	9,688.	9,688.		
	17 Interest				
	18 Taxes (attach schedule) (see instr) See Stmt 3	1,119.	1,119.		
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) See Statement 4	119.			
	24 Total operating and administrative expenses. Add lines 13 through 23	20,563.	10,807.		
	25 Contributions, gifts, grants paid Part XV	251,500.			251,500.
	26 Total expenses and disbursements. Add lines 24 and 25	272,063.	10,807.	0.	251,500.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-482,389.			
	b Net investment income (if negative, enter -0-) C Adjusted net income (if negative, enter 0-)		139,585.		0.

4P

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	204,061.	148,211.	148,211.
	3	Accounts receivable			
		Less allowance for doubtful accounts			
	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)			
		Less allowance for doubtful accounts			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U.S. and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule)	4,806,918.	4,382,728.	4,689,431.
	c	Investments – corporate bonds (attach schedule)			
	11	Investments – land, buildings, and equipment basis			
		Less accumulated depreciation (attach schedule)			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule)			
	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)	5,010,979.	4,530,939.	4,837,642.
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	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.	
NET ASSETS	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund	5,010,979.	4,530,939.	
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	Total net assets or fund balances (see the instructions)	5,010,979.	4,530,939.	
	31	Total liabilities and net assets/fund balances (see the instructions)	5,010,979.	4,530,939.	

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	5,010,979.
2	Enter amount from Part I, line 27a	2	-482,389.
3	Other increases not included in line 2 (itemize) . ► See Statement 5	3	2,349.
4	Add lines 1, 2, and 3	4	4,530,939.
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	4,530,939.

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 Publicly Traded Securities			P	Various	Various
b					
c					
d					
e					
(e) Gross sales price		(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a 597,020.			957,738.	-360,718.	
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69					
(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	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))	
a				-360,718.	
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)		If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2	-360,718.
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		3	0.

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))
2008	241,600.	5,088,476.	0.047480
2007	385,250.	6,007,201.	0.064131
2006	212,080.	5,796,692.	0.036586
2005	180,650.	5,484,294.	0.032940
2004	314,468.	5,240,832.	0.060003

2 Total of line 1, column (d)	2	0.241140
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	0.048228
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	4,267,086.
5 Multiply line 4 by line 3	5	205,793.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,396.
7 Add lines 5 and 6	7	207,189.
8 Enter qualifying distributions from Part XII, line 4	8	251,500.

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.	
b	Date of ruling or determination letter: _____ (attach copy of letter if necessary - see instr.)	1 1,396.
c	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	
	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 1,396.
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 1,396.
6	Credits/Payments	
a	2009 estimated tax pmts and 2008 overpayment credited to 2009	6a 6,580.
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 6,580.
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9 0.
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10 5,184.
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax ► 5,184. Refunded ► 11 0.	

Part VII-A Statements Regarding Activities

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?

	Yes	No
1a		X

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?

1b	X
----	---

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.

c Did the foundation file **Form 1120-POL** for this year?

1c	X
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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.
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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?

2	X
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If 'Yes,' attach a detailed description of the activities

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? If 'Yes,' attach a conformed copy of the changes

3	X
---	---

4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?

4a	X
----	---

b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?

4b	N/A
----	-----

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?

5	X
---	---

If 'Yes,' attach the statement required by General Instruction T

6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either

6	X
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• 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?

7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XIV

7	X
---	---

8 a Enter the states to which the foundation reports or with which it is registered (see the instructions)

8a	
----	--

CA

8b	X
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b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation

9	X
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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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If 'Yes,' complete Part XIV

10	X
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10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses

Part VII-A Statements Regarding Activities Continued

11		X
12		X
13	X	
Website address ► N/A		
14	Telephone no. ► (209) 341-3788	
Located at ► 600 Yosemite Blvd. Modesto CA ZIP + 4 ► 95354		
15	N/A ► <input type="checkbox"/>	N/A
and enter the amount of tax-exempt interest received or accrued during the year ► 15		

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)?	1b	N/A
Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>			
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 2009?	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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If 'Yes,' list the years ► 20__, 20__, 20__, 20__.			
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 ► 20__, 20__, 20__, 20__.		
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 2009 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 2009)	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 2009?	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))?

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

(3) Provide a grant to an individual for travel, study, or other similar purposes?

(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)

(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 Yes No Yes No Yes No Yes Nob 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 'Yes' to 6b, 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
Mary C. Gallo 600 Yosemite Blvd. Modesto, CA 95354	Chair, Direc 4.00	0.	0.	0.
Theresa M. Gallo 600 Yosemite Blvd. Modesto, CA 95354	Secty, Direc 0	0.	0.	0.
Christopher D. Gallo 600 Yosemite Blvd. Modesto, CA 95354	CFO, Directo 0	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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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	4,171,392.
b Average of monthly cash balances	1b	160,675.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	4,332,067.
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	4,332,067.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	64,981.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,267,086.
6 Minimum investment return. Enter 5% of line 5	6	213,354.

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	213,354.
2a Tax on investment income for 2009 from Part VI, line 5	2a	1,396.
b Income tax for 2009 (This does not include the tax from Part VI).	2b	
c Add lines 2a and 2b	2c	1,396.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	211,958.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	211,958.
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	211,958.

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	251,500.
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	251,500.
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	1,396.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	250,104.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				211,958.
2 Undistributed income, if any, as of the end of 2009:			0.	
a Enter amount for 2008 only		0.		
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009:				
a From 2004	58,170.			
b From 2005				
c From 2006				
d From 2007	98,138.			
e From 2008				
f Total of lines 3a through e.	156,308.			
4 Qualifying distributions for 2009 from Part XII, line 4 ► \$ 251,500.			0.	
a Applied to 2008, 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 2009 distributable amount				211,958.
e Remaining amount distributed out of corpus	39,542.			
5 Excess distributions carryover applied to 2009 (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	195,850.			
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 2008. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				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 2004 not applied on line 5 or line 7 (see instructions)	58,170.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	137,680.			
10 Analysis of line 9.				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007	98,138.			
d Excess from 2008				
e Excess from 2009	39,542.			

BAA

Form 990-PF (2009)

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

N/A

1 a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling				►		
b	Check box to indicate whether the foundation is a private operating foundation described in section				<input type="checkbox"/>	4942(j)(3) or	4942(j)(5)
2 a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed						
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)(ii)						
(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))

See Statement 6

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> See Schedule Attached			See Schedule Attached	251,500.
Total			► 3a	251,500.
<i>b Approved for future payment</i>				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	102.	
4 Dividends and interest from securities			14	150,290.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	-360,718.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				-210,326.	
13 Total Add line 12, columns (b), (d), and (e)					13 -210,326.

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See the instructions.)
N/A	

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

	Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a Transfers from the reporting foundation to a noncharitable exempt organization of:		
(1) Cash	1 a (1)	X
(2) Other assets	1 a (2)	X
b Other transactions		
(1) Sales of assets to a noncharitable exempt organization	1 b (1)	X
(2) Purchases of assets from a noncharitable exempt organization	1 b (2)	X
(3) Rental of facilities, equipment, or other assets	1 b (3)	X
(4) Reimbursement arrangements	1 b (4)	X
(5) Loans or loan guarantees	1 b (5)	X
(6) Performance of services or membership or fundraising solicitations	1 b (6)	X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1 c	X

d If the answer to any of the above is 'Yes,' complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If 'Yes,' complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Mary C. Sallo
Signature of preparer (other than taxpayer or fiduciary) is below
of officer or trustee

paper has any knowled

► Chair, Director

Da

Signature of officer or trustee

Signature of officer or trustee <i>Margaret Armstrong</i>		Date 11/15/10	Preparer's Identifying number (See Signature in the instrs) P00022850	
Paid Pre- parer's Use Only	Preparer's signature ►	Check if self employed ► <input type="checkbox"/>		
	Margaret Armstrong, CPA	EIN ► 94-1009696		
	Firm's name (or yours if self- employed), address, and ZIP code ►	Phone no ► (209) 341-3509		
TAX AND FINANCIAL SERVICES PO BOX 1130 MODESTO, CA 95353-1130				

BAA

Form 990-PF (2009)

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
Bookkeeping Fees	\$ 7,557.			
Tax Accounting Fees	2,080.			
Total	<u>\$ 9,637.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 2
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Investment fees	\$ 9,688.	\$ 9,688.		
Total	<u>\$ 9,688.</u>	<u>\$ 9,688.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 3
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 dividends	\$ 1,119.	\$ 1,119.		
Total	<u>\$ 1,119.</u>	<u>\$ 1,119.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 4
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
State filing fees	\$ 60.			
Supplies	59.			
Total	<u>\$ 119.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

2009

Federal Statements

Page 2

David E. Gallo Foundation

77-0476093

Statement 5
Form 990-PF, Part III, Line 3
Other Increases

Cost basis adjustment

Total \$ 2,349.
 \$ 2,349.

Statement 6
Form 990-PF, Part XV, Line 1a
Foundation Managers - 2% or More Contributors

Mary C. Gallo
Theresa M. Gallo
Christopher D. Gallo

DAVID E GALLO FOUNDATION

77-0476093

12/31/2009

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

<u>SHARES</u>	<u>ISSUE</u>	<u>COST</u>	<u>MARKET VALUE</u>
149,968 912	DODGE & COX INCOME FUND	1,722,486 00	1,943,597 00
938	AEGON NV	13,318 77	6,012 58
1,300	AMGEN INC	59,691 08	73,541 00
200	AOL INC	5,242 79	4,656 00
300	AUTODESK INC	4,542 30	7,623 00
1,200	BAKER HUGHES INC	37,626 64	48,576 00
1,200	BANK NEW YORK MELLON CORP	31,888 50	33,564 00
800	BB&T CORP	16,934 10	20,296 00
450	BMC SOFTWARE INC	6,284 74	18,045 00
3,000	BOSTON SCIENTIFIC CORP	39,627 26	27,000 00
1,500	CADENCE DESIGN SYSTEM INC	5,261 00	8,985 00
1,800	CAPITAL ONE FINL CORP	65,157 18	69,012 00
700	CAREFUSION CORP	22,734 46	18,757 50
800	CARMAX INC	15,680 56	19,400 00
300	CATERPILLAR INC	10,908 96	17,097 00
1,266	CEMEX	27,380 85	14,964 12
642	CHEVRON CORP	26,475 27	49,427 58
800	CITRIX SYS INC	23,742 47	33,288 00
5,337	COMCAST CORP	89,989 34	89,981 82
600	COMPUTER SCIENCES CORP	20,115 34	34,518 00
1,500	COMPUWARE CORP	6,704 10	10,845 00
650	COVIDIEN LTD	25,054 85	31,128 50
200	CREDIT SUISSE GROUP	10,913 54	9,832 00
100	DIAGEO	6,769 98	6,941 00
320	DIRECTV	3,622 55	10,672 00
500	DISH NETWORK CORP	12,515 68	10,385 00
700	DOMTAR CORP	5,839 47	3,213 78
2,100	DOW CHEM CO	63,687 03	58,023 00
300	EATON CORP	13,659 52	19,086 00
1,600	EBAY INC	44,599 62	37,648 00
800	ELECTRONIC ARTS INC	14,733 77	14,200 00
2,200	ERICSSON	22,807 28	20,218 00
850	FEDEX CORP	49,249 39	70,932 50
4,900	GENERAL ELEC CO	116,999 38	74,137 00
500	GENWORKTH FINL INC	9,750 00	5,675 00
1,500	GLAXOSMITHKLINE PLC	71,439 01	63,375 00
3,000	HEWLETT PACKARD CO	54,095 37	154,530 00
1,900	HOME DEPOT	59,543 41	54,967 00
437	HSBC HLDGS PLC	33,099 26	24,948 33
1,300	INTERPUBLIC GROUP COS INC	14,221 44	9,594 00
400	KONINKLIJKE PHILLIPS ELECTRS NV	13,567 00	11,776 00
400	LEGG MASON INC	17,866 38	12,064 00
200	LIBERTY GLOBAL INC SER A	7,478 68	4,378 00
100	LIBERTY GLOBAL INC SER C	3,566 81	2,186 00
32	LIBERTY MEDIA CORP	566 82	1,476 80
3,375	LIBERTY MEDIA HLDG CORP - LINT A	11,540 83	36,585 00
1,096	MACY'S INC	33,805 03	18,368 96
1,900	MAXIM INTERGRATED PRODS INC	24,677 94	38,608 00
500	MEDTRONIC INC	18,743 76	21,990 00
2,000	MERCK & CO INC	49,966 06	73,080 00

DAVID E GALLO FOUNDATION

77-0476093

12/31/2009

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

<u>SHARES</u>	<u>ISSUE</u>	<u>COST</u>	<u>MARKET VALUE</u>
1,100	MOLEX INC	18,303 58	21,043 00
8,500	MOTOROLA INC	116,542 80	65,960 00
5,500	NEWS CORP	98,976 89	75,295 00
800	NOKIA CORP	10,812 00	10,280 00
1,700	NOVARTIS AG	90,962 90	92,531 00
900	OCCIDENTAL PETROLEUM CORP	17,728 61	73,215 00
2,400	PANASONIC CORP	30,037 52	34,440 00
3,450	PFIZER INC	59,544 74	62,755 50
900	PITNEY BOWES INC	27,074 08	20,484 00
400	ROYAL DUTCH SHELL PCL	18,878 23	24,044 00
1,350	SANOFI-AVENTIS	57,648 18	53,014 50
1,100	SCHLUMBERGER LTD	44,972 03	71,599 00
1,700	SLM CORP	37,616 95	19,159 00
1,400	SONY CORP	42,883 14	40,600 00
8,600	SPRINT CORP	45,562 53	31,476 00
200	STATE STR CORP	6,790 74	8,708 00
900	SUNTRUST BKS INC	19,210 07	18,261 00
1,100	SYMANTEC CORP	16,924 12	19,679 00
600	SYNOPSYS INC	12,922 80	13,368 00
300	THERMO FISHER SCIENTIFIC CORP	10,747 62	14,307 00
552	TIMEWARNER CABLE INC	25,332 89	22,847 28
2,200	TIMEWARNER INC	71,681 24	64,108 00
500	TRAVELERS COS INC	17,582 20	24,930 00
650	TYCO ELECTRIC LTD	22,268 64	15,957 50
650	TYCO INT'L LTD	26,559 46	23,192 00
1,600	UNITEDHEALTH GROUP INC	47,720 73	48,768 00
500	US BANKCORP DEL	11,067 82	11,255 00
900	VODAFONE GROUP	18,983 50	20,781 00
200	VULCAN MATLS CO	15,119 00	10,534 00
500	WALGREENS CO	17,088 05	18,360 00
550	WAL-MART STORES INC	24,851 94	29,397 50
950	WELLPOINT INC	30,114 21	55,375 50
3,265	WELLS FARGO & CO	177,522 24	88,122 35
4,300	XEROX CORP	26,524 30	36,378 00
TOTALS		4,382,727 32	4,689,430 60

DAVID E GALLO FOUNDATION

77-0476093

12/31/2009

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 INDIVIDUALS RELATED IN ANY WAY TO A FOUNDATION MANAGER OR SUBSTANTIAL CONTRIBUTOR
- NONE OF THE RECIPIENTS ARE PRIVATE FOUNDATIONS

RECIPIENT	AMOUNT
Charitable Contributions	
CATHOLIC RELIEF SERVICE 1101 N RIVER ROAD, DES PLAINES, IL 60016	2,000 00
CENTER FOR HUMAN SERVICES 1700 McHenry VILLAGE WAY, MODESTO, CA 95350	2,500 00
CENTRAL WEST BALLET 3125 McHenry #D, MODESTO, CA 95350	1,500 00
CHILDRENS CRISIS CENTER P O Box 1062, Modesto, CA 95363	2,500 00
COMMUNITY HOSPICE INC 601 McHenry Ave, Modesto, CA 95350-5443	5,000 00
CONSERVATION INTERNATIONAL 1919 M Street NW Suite 600, Washington DC 20036	5,000 00
COVENANT HOUSE CALIFORNIA Dept 2719, Los Angeles, CA 90084-2719	3,500 00
DAUGHTERS OF CHARITY FOUNDATION 3131 WEST 3RD STREET, LOS ANGELES, CA 90057	10,000 00
DOCTORS MEDICAL CENTER FOUNDATION 3101 McHENRY AVENUE, MODESTO, CA 95350	1,500 00
DOCTORS WITHOUT BORDERS USA P O BOX 110, NEW YORK, NY 10277-1218	1,500 00
EPILEPSY FOUNDATION OF AMER 8301 Professional Place East 2nd Floor, Landover, MD 20785	2,500 00
ETERNAL WORD TELEVISION NETWORK 5817 OLD LEEDS ROAD, BIRMINGHAM, AL 35210-2198	3,500 00
FOOD FOR THE POOR BLDG 4 550 SW 12TH AVE, DEERFIELD BEACH, FL 33442	3,000 00
GOOD COUNSEL INC P O BOX 6068, HOBOKEN, NJ 07030	5,000 00
HANOT FOUNDATION INC P O BOX 950, LOCKEFORD, CA 95237-0950	500 00
INTER-FAITH MINISTRIES 120 Kerr Avenue, Modesto, CA 95354	2,500 00
KVIE INC P O BOX 669, SACRAMENTO, CA 95812-0006	10,000 00
MAKE A WISH FOUNDATION OF AMERICA 3841 N Freeway Blvd , Suite 185, Sacramento, CA 95834	1,000 00
MEMORIAL HOSPITAL FOUNDATION 1329 SPANOS COURT, SUITE C2, MODESTO, CA 95355	1,500 00
MODESTO SYMPHONY ORCHESTRA 3509 COFFEE RD, SUITE D1, MODESTO, CA 95355	10,000 00

MODESTO UNION GOSPEL MISSION P O BOX 1203, MODESTO, CA 95353	2,500 00
MUSCULAR DYSTROPHY ASSOCIATION P O BOX 78342, PHOENIX, AZ 85062-8342	1,500 00
NATL ARBOR DAY FOUNDATION 211 N 12th Street, Lincoln, NE 68508	500 00
NATL FEDERATION OF THE BLIND 1800 Johnson Street, Baltimore, MD 21230	1,500 00
NATURE CONSERVANCY INC 4245 N Fairfax Dr, Suite 100, Arlington, VA 22203-1606	500 00
OVARIAN CANCER ALLIANCE OF CALIF 3900 PELANDALE SUITE 420, MODESTO, CA 95356	250 00
PACIFIC HORTICULTURAL FOUNDATION P O Box 485, Berkeley, CA 94701	500 00
PARENT RESOURCE CENTER 811 5TH STREET, MODESTO, CA 95351	2,000 00
SMILE TRAIN 245 FIFTH AVE SUITE 2201, NEW YORK, NY 10016	500 00
SPECIAL OLYMPICS P O BOX 5130, SAN JOSE, CA 95150-5130	300 00
ST JUDE CHLDRN'S RSRCH HOSP 501 St Jude Place, Memphis, TN 38105-1942	2,500 00
STANISLAUS WILDLIFE CARE CENTER P O BOX 298, HUGHSON, CA 95326	450 00
STATE THEATRE OF MODESTO 1324 "J" STREET, MODESTO, CA 95354	20,000 00
SUSAN G KOMEN BREAST CANCER P O Box 224523, Dallas, TX 75222	1,000 00
TOWNSEND OPERA PLAYERS P O BOX 4519, MODESTO, CA 95352-4519	8,000 00
UNICEF P O BOX 97294, WASHINGTON, DC 20077-7660	500 00

TOTAL CHARITABLE **117,000 00**

Religious

CARMELITE MONASTERY 1101 N RIVER ROAD, DES PLAINES, IL 60016	1,000 00
DAUGHTERS OF ST PAUL INC 50 ST PAULS AVENUE, JAMAICA PLAIN, MA 02130-3491	1,000 00
FRANCISCAN FRIARS OF THE ATONEMENT P O BOX 301, GARRISON, NY 10524-0301	5,000 00
FRANCISCAN SISTERS OF THE ATONEMENT GRAYMOOR 41 OLD HIGHLAND TURNPIKE, GARRISON, NY 10524	2,500 00
OBLATES OF ST FRANCIS De SALES 2043 Parkside Blvd, Toledo, Ohio 43607-1597	3,600 00
SISTERS OF THE HOLY CROSS 207 ROSARY CONVENT, NOTRE DAME, IN 46556-5013	10,000 00
ST JOSEPHS CHURCH 1813 OAKDALE RD, MODESTO, CA 95355	57,000 00
ST VINCENT DE PAUL SOCIETY ST JOSEPH'S 1813 OAKDALE ROAD, MODESTO, CA 95355	1,000 00
ST VINCENT DE PAUL SOCIETY	2,000 00

ST FRANCES OF ROME 2827 TOPEKA ST, RIVERBANK, CA 95367

TOTAL RELIGIOUS 83,100.00

Educational

CLARETIAN TEACHING MINISTRY 16,000.00
20610 MANHATTAN PLACE SUITE 120, TORRANCE, CA 90501

HOWARD TRAINING CENTER 1,000.00
ARC OF STAN CO - 1424 STONUM ROAD, MODESTO, CA 95351

MSGR W P KENNEDY EDUC FOUNDATION 5,000.00
OUR LADY OF FATIMA SCHOOL, 501 W GRANGER AVE, MODESTO, CA 95350

LASALLIAN EDUCATION FOUNDATION 1,000.00
465 CALIFORNIA ST SUITE 1020, SAN FRANCISCO, CA 94104

MODESTO JUNIOR COLLEGE FNDTN 5,000.00
435 COLLEGE AVE, MODESTO, CA 95350

UNIV OF CA - DAVIS 11,000.00
ONE SHEILDS AVE, DAVIS, CA 95616-8558

UNIV OF SAN FRANCISCO 10,000.00
2130 FULTON STREET, SAN FRANCISCO, CA 94117-1080

TOTAL EDUCATIONAL 49,000.00

TOTAL CONTRIBUTIONS 249,100.00