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

OMB No 1545-0052

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 11/01, 2009, and ending 10/31, 2010

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.	ERNEST GALLO FOUNDATION P.O. BOX 1130 MODESTO, CA 95353		A Employer identification number 94-6061537
			B Telephone number (see the instructions) 209-341-3509
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		C If exemption application is pending, check here <input type="checkbox"/>	
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 51,132,259.		D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>	
J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>	
(Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	

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	1 Contributions, gifts, grants, etc., received (att sch)	6,901.			
	2 <input type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	2,703.	2,703.	2,703.	
	4 Dividends and interest from securities	289,683.	289,683.	289,683.	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	435,547.			
	b Gross sales price for all assets on line 6a	10,543,462.			
	7 Capital gain net income (from Part IV, line 2)		435,547.		
	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	734,834.	727,933.	292,386.		
ADMINISTRATIVE AND OPERATING EXPENSES	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	32,341.			
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instr)				
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
23 Other expenses (attach schedule) See Statement 2	31,666.	31,411.			
24 Total operating and administrative expenses. Add lines 13 through 23	64,007.	31,411.			
25 Contributions, gifts, grants paid Part XV	1,115,000.			1,115,000.	
26 Total expenses and disbursements. Add lines 24 and 25	1,179,007.	31,411.	0.	1,115,000.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-444,173.				
b Net investment income (if negative, enter -0-)		696,522.			
c Adjusted net income (if negative, enter -0-)			292,386.		

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Part II. Balance Sheets		Beginning of year (a) Book Value	End of year	
			(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing			
	2 Savings and temporary cash investments	15,370,184.	11,942,637.	11,950,042.
	3 Accounts receivable			
	Less: allowance for doubtful accounts	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)	2,893,178.	404,931.	415,157.
	b Investments — corporate stock (attach schedule)	10,225,286.	11,310,669.	13,735,059.
	c Investments — corporate bonds (attach schedule)	1,950,468.	1,890,955.	1,943,781.
LIABILITIES	11 Investments — land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)			
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule)	16,982,707.	21,482,707.	22,088,220.
	14 Land, buildings, and equipment: basis			
	Less: accumulated depreciation (attach schedule)			
	15 Other assets (describe See Statement 3)		1.	
	16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	48,476,073.	48,031,900.	51,132,259.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
FUND ASSETS OR	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe)			
FUND ASSETS OR	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.			
	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	44,853,581.	44,860,482.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	3,622,492.	3,171,418.	
	30 Total net assets or fund balances (see the instructions)	48,476,073.	48,031,900.	
FUND ASSETS OR	31 Total liabilities and net assets/fund balances (see the instructions)	48,476,073.	48,031,900.	

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	48,476,073.
2	Enter amount from Part I, line 27a	2	-444,173.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	48,031,900.
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	48,031,900.

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 Various Publicly Traded Securities	P	Various	Various
b Time Warner Litigation	P	Various	1/22/10
c Lucent Litigation	P	Various	3/10/10
d Oxford Health Litigation	P	Various	8/27/10
e Capital Gain Distributions	P	1/01/07	12/31/09

(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 10,542,131.		10,107,915.	434,216.
b 587.			587.
c 151.			151.
d 445.			445.
e 148.			148.

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))
(j) Fair Market Value as of 12/31/69	(i) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			434,216.
b			587.
c			151.
d			445.
e			148.

2 Capital gain net income or (net capital loss).	<div style="border: 1px solid black; padding: 2px; display: inline-block;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>	2	435,547.
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; display: inline-block;"> 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	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	4,166,451.	43,264,394.	0.096302
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

2 Total of line 1, column (d)	2	0.349266
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	0.069853
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	46,366,579.
5 Multiply line 4 by line 3	5	3,238,845.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	6,965.
7 Add lines 5 and 6	7	3,245,810.
8 Enter qualifying distributions from Part XII, line 4	8	1,115,000.

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 or determination letter _____ (attach copy of letter if necessary - see instr.)		1	13,930.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b			
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	13,930.
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	13,930.
6 Credits/Payments.			
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a	22,089.	
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	22,089.	
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	8,159.	
11 Enter the amount of line 10 to be Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	0.	

Part VII 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 <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 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?		
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 2009 or the taxable year beginning in 2009 (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>TAX & FINANCIAL SERVICES</u> Telephone no. <u>209-341-3509</u> Located at <u>PO BOX 1130 MODESTO CA</u> ZIP + 4 <u>95353</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>N/A</u>	15		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
1 a 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"/>	1 b	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 2009?	1 c	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? 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.)	2 b	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>		
3 a 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.)	3 b	N/A
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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?	4 b	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)?

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?

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
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 VII 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	34,119,321.
b Average of monthly cash balances	1b	12,953,348.
c Fair market value of all other assets (see instructions)	1c	
d Total (add lines 1a, b, and c)	1d	47,072,669.
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	47,072,669.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	706,090.
5 Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	46,366,579.
6 Minimum investment return Enter 5% of line 5	6	2,318,329.

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	2,318,329.
2a Tax on investment income for 2009 from Part VI, line 5	2a	13,930.
b Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	13,930.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	2,304,399.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	2,304,399.
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	2,304,399.

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	1,115,000.
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	1,115,000.
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	
6 Adjusted qualifying distributions Subtract line 5 from line 4	6	1,115,000.

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				2,304,399.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2009.				
a From 2004				
b From 2005				
c From 2006				
d From 2007	2,086,819.			
e From 2008	2,010,329.			
f Total of lines 3a through e	4,097,148.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 1,115,000.				
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				1,115,000.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	1,189,399.			1,189,399.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	2,907,749.			
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)	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	2,907,749.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007	897,420.			
d Excess from 2008	2,010,329.			
e Excess from 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 ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
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)(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
a Paid during the year STATEMENT ATTACHED			All contributions made during the year were for general use in carrying out charitable, religious, and educational activities.	1,115,000.
Total			3a	1,115,000.
b Approved for future payment CHURCH FOR TOMORROW 2800 WEST MARCH LANE, SUITE 475 STOCKTON, CA 95219			FOR GENERAL USE IN CARRYING OUT ORGANIZATION ACTIVITIES.	400,000.
Total			3b	400,000.

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

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, or 990-PF

OMB No 1545-0047

2009

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 an organization 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 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 (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ, that received from any one contributor, during the year, aggregate contributions 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 990-EZ, that received from any one contributor, during the year, 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 *arexclusively* 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: An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does 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, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2009)

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	\$ 6,901.	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.)
		\$	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

Employer identification number

Part II 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.)

(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

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	\$ 32,341.			
Total	<u>\$ 32,341.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 2
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	\$ 255.			
Investment fees	31,411.	\$ 31,411.		
Total	<u>\$ 31,666.</u>	<u>\$ 31,411.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Statement 3
Form 990-PF, Part II, Line 15
Other Assets

	Book Value	Fair Market Value
Total	<u>\$ 0.</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.
MARY I. GALLO P.O. BOX 1130 MODESTO, CA 95353	Treasurer 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>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
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.

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2010

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
US GOVERNMENT BONDS - LINE 10a					
P	PURCHASED	Various	400,000	404,931	415,157
	TOTAL US GOVERNMENT BONDS		<u>400,000</u>	<u>404,931</u>	<u>415,157</u>
CORPORATE BONDS - LINE 10c					
P	BERKSHIRE HATHWAY INC	5/15/2013	100,000	105,244	109,074
P	BRISTOL MYERS SQUIBB CO	8/15/2013	100,000	106,858	111,375
P	CONOCOPHILLIPS	10/15/2012	100,000	105,269	108,064
P	DU PONT DE NEMOURS	11/15/2012	250,000	260,645	268,870
P	INTL BUSINESS MACHINE	6/15/2013	100,000	116,784	117,212
P	INTL BUSINESS MACHINE	10/15/2013	100,000	109,954	116,131
P	MCDONALDS CORP	3/1/2013	250,000	258,684	270,657
P	PEPSICO INC	5/15/2012	200,000	210,517	213,276
P	TARGET CORP	3/1/2012	100,000	105,152	106,457
P	WAL MART STORES INC	2/15/2011	150,000	150,423	151,632
P	WALGREEN CO	8/1/2013	100,000	104,641	111,105
P	WALT DISNEY CO	7/15/2011	250,000	256,784	259,928
	TOTAL CORPORATE BONDS		<u>1,800,000</u>	<u>1,890,955</u>	<u>1,943,781</u>

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2010

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	Account
P	ABBOT LABS	440	22,575	22,581	UBS C0341
P	ACE LTD	340	15,207	20,203	UBS C0341
P	AEROSPACE INC	1,734	40,501	63,742	UBS C0342
P	AMER EXPRESS CO	840	30,144	34,826	UBS C0343
P	AMERIPRISE FINANCIAL INC	1,095	31,058	56,601	UBS C0342
P	AMGEN INC	260	15,402	14,869	UBS C0341
P	APACHE CORP	160	16,299	16,163	UBS C0341
P	APPLE INC	130	15,902	39,127	UBS C0343
P	ARROW ELECTRONICS INC	1,100	31,844	32,571	UBS C0343
P	AUTOLIV INC	630	33,798	44,919	UBS C0343
P	BANK OF AMERICA	1,780	24,099	20,379	UBS C0341
P	BARRICK GOLD CORP	10000	389,989	480,900	UBS C0339
P	BED BATH & BEYOND INC	750	30,930	32,925	UBS C0343
P	BMC SOFTWARE INC	770	24,968	35,004	UBS C0343
P	BOEING COMPANY	705	48,919	49,801	UBS C0342
P	BROOKFIELD PROPERTIES CORP	3,425	39,780	59,568	UBS C0342
P	CAPITAL ONE FINCL CORP	1,089	49,106	40,587	UBS C0342
P	CAPITAL ONE FINCL CORP	790	29,955	29,443	UBS C0343
P	CB RICHARD ELLIS GROUP INC	3,217	44,890	59,032	UBS C0342
P	CBS CORP NEW CL B	3,253	48,067	55,073	UBS C0342
P	CELGENE CORP	530	29,675	32,876	UBS C0343
P	CHEVRON	390	33,533	32,214	UBS C0341
P	CHOICE HOTELS INTL INC	1,290	38,087	49,059	UBS C0342
P	CHURCH & DWIGHT CO INC	230	13,874	15,146	UBS C0341
P	CIMAREX ENERGY CO	390	31,241	29,933	UBS C0343
P	CISCO SYSTEMS	830	24,053	18,974	UBS C0341
P	CITRIX SYSTEMS INC	1,055	44,625	67,657	UBS C0342
P	CNH GLOBAL N V NEW	2,202	44,271	87,397	UBS C0342
P	COACH INC	1,200	44,202	60,000	UBS C0342
P	COMCAST CORP NEW SPECIAL CL A	1,310	35,142	25,362	UBS C0341
P	COVIDIEN PLC	550	22,080	21,929	UBS C0341
P	CSX CORPORATION	25,000	1,109,790	1,536,250	UBS C0339
P	CSX CORPORATION	410	13,547	25,195	UBS C0341
P	CVS CAREMARK CORP	780	27,651	23,501	UBS C0341
P	DEVON ENERGY	310	22,833	20,156	UBS C0341
P	DEVON ENERGY CORP NEW	20,000	1,328,577	1,300,400	UBS C0339
P	DIGITAL REALTY TRUST INC REIT	820	49,894	48,979	UBS C0342
P	DTE ENERGY CO	975	46,325	45,591	UBS C0342
P	EATON CORP	430	31,087	38,197	UBS C0343
P	EL PASO CORP	1,990	31,016	26,387	UBS C0341
P	ENDO PHARMACEUTICALS HLDGS INC	1,140	30,010	41,884	UBS C0343
P	ENERGIZER HOLDINGS INC	460	33,673	34,399	UBS C0343
P	EXPRESS SCRIPTS INC	660	17,891	32,023	UBS C0343
P	EXXON MOBIL CORP	27,682	1,602,495	1,840,576	UBS C0339
P	EXXON MOBIL CORP	415	16,357	27,593	UBS C0343
P	FLOWERVE CORP	415	44,107	41,500	UBS C0342
P	FORD MOTOR CO COM NEW	5,747	42,763	81,205	UBS C0342
P	FRANKLIN RESOURCES INC	290	27,201	33,263	UBS C0343
P	FREEPORT-MCMORAN COPPER & GLD	420	27,704	39,814	UBS C0343

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2010

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	Account
P	GOLDMAN SACHS GROUP INC	110	16,357	17,724	UBS C0341
P	HALLIBURTON CO	580	18,190	18,479	UBS C0341
P	HALLIBURTON CO	950	32,048	30,267	UBS C0343
P	HANSEN NAT CORP	640	29,441	32,774	UBS C0343
P	HELMERICH & PAYNE INC	690	28,847	29,518	UBS C0343
P	HEWLETT PACKARD CO	650	29,379	27,326	UBS C0341
P	HEWLETT PACKARD CO	670	31,969	28,167	UBS C0343
P	HOLLY CORP NEW	1,560	40,948	51,059	UBS C0342
P	ILLINOIS TOOL WORKS INC	670	28,330	30,606	UBS C0343
P	INFORMATICA CORP	1,755	44,638	71,411	UBS C0342
P	INGERSOLL-RAND PLC	540	20,879	21,227	UBS C0341
P	INTL BUSINESS MACH	160	18,668	22,976	UBS C0341
P	INTL BUSINESS MACH	230	20,988	33,028	UBS C0343
P	ITT CORP	210	9,382	9,910	UBS C0341
P	JABIL CIRCUIT INC	1,950	32,794	29,913	UBS C0343
P	JP MORGAN CHASE & CO	730	28,966	27,470	UBS C0341
P	KANSAS CITY STHN NEW	1,355	49,638	59,376	UBS C0342
P	LIMITED BRANDS INC CL A	1,250	33,202	36,738	UBS C0343
P	LOWES COMPANIES INC	1,000	29,294	21,340	UBS C0341
P	LUBRIZOL CORP NEW	310	29,592	31,772	UBS C0343
P	MACY'S INC	2,458	40,107	58,181	UBS C0342
P	MANPOWER INC WIS	570	30,399	31,196	UBS C0343
P	MASTERCARD INC CL A	60	12,503	14,404	UBS C0341
P	MATTEL INC	1,400	30,461	32,662	UBS C0343
P	MCKESSON	530	28,145	34,969	UBS C0343
P	METLIFE INC	640	26,214	25,811	UBS C0341
P	METROPCS COMMUNICATIONS INC	2,940	32,007	30,576	UBS C0343
P	NATIONWIDE HEALTH PPTY INC	1,075	38,509	43,892	UBS C0342
P	NETAPP INC	760	31,435	40,470	UBS C0343
P	NEWMONT MINING CORP	41,000	1,864,525	2,495,260	UBS C0339
P	NII HOLDINGS INC CL B	1,205	47,498	50,381	UBS C0342
P	NIKE INC CL B	660	44,704	53,750	UBS C0342
P	OGE ENERGY CORP	1,145	43,288	50,563	UBS C0342
P	ORACLE CORP	860	18,398	25,267	UBS C0341
P	PACIFIC GROWTH FUND	32,770	1,020,058	1,342,569	UBS C0339
P	PARKER HANNIFIN CORP	470	31,265	35,979	UBS C0343
P	PNC FINANCIAL SERVICES GROUP	530	29,914	28,567	UBS C0343
P	PRAXAIR INC	160	8,942	14,614	UBS C0341
P	PRECISION CAST PARTS CORP	390	41,392	53,266	UBS C0342
P	PRICELINE COM INC NEW	90	31,196	33,913	UBS C0343
P	PROGRESSIVE CORP OHIO	2,225	38,395	47,081	UBS C0342
P	PROTECTIVE LIFE CORP	1,945	42,243	46,622	UBS C0342
P	PULTE GROUP INC	680	7,507	5,338	UBS C0341
P	RIVERBED TECHNOLOGY INC	1,665	34,770	95,887	UBS C0342
P	ROCKWELL COLLINS INC	310	11,937	18,758	UBS C0341
P	ROSS STORES INC	580	19,833	34,214	UBS C0343
P	ROYAL CARIBBEAN CRUISES LTD	1,535	43,840	60,694	UBS C0342
P	SALESFORCE COM INC	495	22,413	57,455	UBS C0342
P	SBA COMMUNICATIONS CORP CL A	1,230	43,650	48,290	UBS C0342

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2010

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	Account
P	SCHEIN HENRY INC	1,075	60,776	60,361	UBS C0342
P	SOLERA HOLDINGS INC	1,223	44,526	58,765	UBS C0342
P	STARBUCKS CORP	1,975	48,647	56,406	UBS C0342
P	STARWOOD HOTELS & RESORTS	1,202	40,032	65,076	UBS C0342
P	TARGET CORP	10,000	516,096	519,400	UBS C0339
P	TEREX CORP DELA NEW	1,960	46,631	44,002	UBS C0342
P	THERMO FISHER SCIENTIFIC INC	330	10,900	16,969	UBS C0341
P	THOMAS & BETTS CORP TENN	820	30,140	35,711	UBS C0343
P	TIPCO SOFTWARE INC	2,350	28,419	45,167	UBS C0343
P	TJX COS	1,335	35,276	61,263	UBS C0342
P	TYSON FOODS INC CL A	1,660	32,741	25,813	UBS C0343
P	UNITED HEALTH GROUP INC	460	13,562	16,583	UBS C0341
P	UNITED PARCEL SERVICE CL B	290	22,017	19,529	UBS C0341
P	UNITED PARCEL SERVICE INC CL B	490	30,273	32,997	UBS C0343
P	UNTD TECHNOLOGIES CORP	340	25,693	25,422	UBS C0341
P	WATSON PHARMACEUTICAL INC	700	30,477	32,655	UBS C0343
P	WELLS FARGO & CO	580	12,106	15,115	UBS C0341
P	WHOLE FOODS MARKET INC	1,285	47,575	51,079	UBS C0342
P	WHOLE FOODS MARKET INC	1,000	28,389	39,750	UBS C0343
P	WILLIAMS SONOMA INC	2,020	45,639	65,387	UBS C0342
P	WYNDHAM WORLDWIDE	700	24,518	20,125	UBS C0341
TOTAL CORPORATE STOCKS			11,310,669	13,735,059	

ERNEST GALLO FOUNDATION
F.Y.E. 10/31/2010

94-6061537

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

INVESTMENT	PURCHASE PRICE	FMV
ALKEON GROWTH OFFSHORE FUND	1,950,000	2,296,528
BLACK DIAMOND	4,750,000	5,217,628
CRESTLINE OFFSHORE FUND - Class D	1,282,707	1,428,403
GLOBAL UNDERVALUED SECURITIES FUND	4,250,000	4,722,022
MAPLE LEAF OFFSHORE	2,500,000	2,026,975
O'CONNOR GLOBAL MULTI STRATEGY FUNDS	2,000,000	2,002,144
RCP OFFSHORE FUND	3,000,000	2,686,684
ROBERTSON OFFSHORE FUND	1,750,000	1,707,836
TOTAL HEDGE FUNDS	21,482,707	22,088,220

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

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>		
AMERICAN HIMALAYAN FOUNDATION	SAN FRANCISCO, CA	40,000
CENTRAL VALLEY CENTER FOR THE ARTS	MODESTO, CA	50,000
HOLY CROSS MISSION CENTER	NOTRE DAME, IN	30,000
MODESTO SYMPHONY ORCHESTRA	MODESTO, CA	20,000
TOTAL CHARITABLE CONTRIBUTIONS		<u>140,000</u>
<u>RELIGIOUS CONTRIBUTIONS</u>		
DIOCESE OF STOCKTON	STOCKTON, CA	25,000
ST ANTHONYS CATHOLIC CHURCH	HUGHSON, CA	50,000
TOTAL RELIGIOUS CONTRIBUTIONS		<u>75,000</u>
<u>EDUCATIONAL CONTRIBUTIONS</u>		
UNIVERSITY OF IOWA	IOWA CITY, IA	200,000
UNIVERSITY OF NOTRE DAME	NOTRE DAME, IN	700,000
TOTAL EDUCATIONAL CONTRIBUTION		<u>900,000</u>
TOTAL GRANTS AND CONTRIBUTIONS		<u>1,115,000</u>