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

2011

Department of the Treasury  
Internal Revenue Service

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

For calendar year 2011, or tax year beginning 11/01, 2011, and ending 10/31, 2012

ERNEST GALLO FOUNDATION  
P. O. BOX 1130  
MODESTO, CA 95353

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

**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) \_\_\_\_\_

► \$ 52,721,274.

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

**A** Employer identification number  
94-6061537

**B** Telephone number (see the instructions)  
209-341-3395

**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 instructions))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
R E V E N U E	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	1,422.	1,422.	N/A	
	4 Dividends and interest from securities	371,015.	371,015.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	434,841.			
	b Gross sales price for all assets on line 6a	12,127,586.			
	7 Capital gain net income (from Part IV, line 2)		434,841.		
	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	807,278.	807,278.			
A D M I N I S T R A T I O N A L O P E R A T I O N S A N D C P R E S E N C E S C O S T	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	26,324.	6,000.		
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule) See Stm 2	25,425.	215.		
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) See Statement 3	58,601.	58,337.		
	24 Total operating and administrative expenses. Add lines 13 through 23	110,350.	64,552.		
	25 Contributions, gifts, grants paid Part XV	1,370,000.			1,370,000.
26 Total expenses and disbursements. Add lines 24 and 25	1,480,350.	64,552.		1,370,000.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-673,072.				
b Net investment income (if negative, enter -0-)		742,726.			
c Adjusted net income (if negative, enter -0-)					

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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	12,141,840.	16,938,181.	16,940,222.	
	3 Accounts receivable ►	149,640.			
	Less: allowance for doubtful accounts ►		149,640.	149,640.	
	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 instructions)				
	7 Other notes and loans receivable (attach sch) ►	1,000,000.			
	Less allowance for doubtful accounts ►		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) ..	302,328.	100,593.	101,383.	
	b Investments – corporate stock (attach schedule)	13,119,857.	11,167,974.	13,397,103.	
	c Investments – corporate bonds (attach schedule)	1,445,918.	1,013,190.	1,023,033.	
	11 Investments – land, buildings, and equipment basis ►				
Less. accumulated depreciation (attach schedule) ►					
12 Investments – mortgage loans					
13 Investments – other (attach schedule)	21,732,707.	18,700,000.	20,109,893.		
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 the instructions Also, see page 1, item I)	49,742,650.	49,069,578.	52,721,274.		
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 FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ► <input type="checkbox"/>				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ► <input checked="" type="checkbox"/>				
	27 Capital stock, trust principal, or current funds	46,860,482.	46,860,482.		
	28 Paid-in or capital surplus, or land, building, and equipment fund	2,882,168.	2,209,096.		
	29 Retained earnings, accumulated income, endowment, or other funds	49,742,650.	49,069,578.		
	30 Total net assets or fund balances (see instructions)	49,742,650.	49,069,578.		
	31 Total liabilities and net assets/fund balances (see instructions)	49,742,650.	49,069,578.		

## 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	49,742,650.
2 Enter amount from Part I, line 27a	2	-673,072.
3 Other increases not included in line 2 (itemize) ►	3	
4 Add lines 1, 2, and 3	4	49,069,578.
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	49,069,578.

**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)
<b>1a</b> Various Publicly Traded Securities			P	Various	Various
<b>b</b> AOL Time Warner Litigation			P	Various	Various
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>(e)</b> Gross sales price	<b>(f)</b> Depreciation allowed (or allowable)	<b>(g)</b> Cost or other basis plus expense of sale		<b>(h)</b> Gain or (loss) (e) plus (f) minus (g)	
<b>a</b> 12,127,451.		11,692,745.		434,706.	
<b>b</b> 135.				135.	
<b>c</b>					
<b>d</b>					
<b>e</b>					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				<b>(i)</b> Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))	
<b>(i)</b> Fair Market Value as of 12/31/69	<b>(j)</b> Adjusted basis as of 12/31/69	<b>(k)</b> Excess of column (i) over column (j), if any			
<b>a</b>				434,706.	
<b>b</b>				135.	
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>2</b> Capital gain net income or (net capital loss). <span style="border: 1px solid black; padding: 2px;">If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7</span>				<b>2</b>	434,841.
<b>3</b> 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 instructions) If (loss), enter -0- in Part I, line 8				<b>3</b>	434,841.

**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))
2010	1,490,000.	49,812,894.	0.029912
2009	1,115,000.	46,366,579.	0.024047
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

<b>2</b> Total of line 1, column (d)	<b>2</b>	0.312612
<b>3</b> 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	<b>3</b>	0.062522
<b>4</b> Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	<b>4</b>	49,280,807.
<b>5</b> Multiply line 4 by line 3	<b>5</b>	3,081,135.
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	<b>6</b>	7,427.
<b>7</b> Add lines 5 and 6	<b>7</b>	3,088,562.
<b>8</b> Enter qualifying distributions from Part XII, line 4	<b>8</b>	1,370,000.

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 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 instrs)	
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b	1 14,855.
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 14,855.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4 0.
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	5 14,855.
6 Credits/Payments	
a 2011 estimated tax prnts and 2010 overpayment credited to 2011	6a 15,000.
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 15,000.
8 Enter any <b>penalty</b> 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	10 145.
11 Enter the amount of line 10 to be Credited to 2012 estimated tax ► 145. Refunded ► 11 0.	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

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?  Yes  No

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?

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:

(1) On the foundation ► \$ 0. (2) On foundation managers ► \$ 0.

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.

2 Has the foundation engaged in any activities that have not previously been reported to the IRS?

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

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

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

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

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:

• 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 XV.

8 a Enter the states to which the foundation reports or with which it is registered (see 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 General Instruction G? If 'No,' attach explanation

9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If 'Yes,' complete Part XIV

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

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	Yes	No
1a	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1b	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1c	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4a	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4b	<input type="checkbox"/>	N/A
5	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8b	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Part VII-A Statements Regarding Activities (continued)**

11		X
12		X
13	X	
14	TAX & FINANCIAL SERVICES PO BOX 1130 MODESTO CA	Telephone no ► 209-341-7573 ZIP + 4 ► 95353
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 — Check here ► 15 N/A ► <input type="checkbox"/> N/A and enter the amount of tax-exempt interest received or accrued during the year	
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If 'Yes,' enter the name of the foreign country ► <input type="checkbox"/>	

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

	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 instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b N/A	
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c X	
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	<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 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 2011 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011)	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 2011?	4b X	

**Part VII-B | Statements Regarding Activities for Which Form 4720 May Be Required (continued)****5a** During the year did the foundation pay or incur any amount to:

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

**b** If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?**5b** N/AOrganizations 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?

N/A

**7b****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.
-----				
-----				
-----				
-----				
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**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		
<b>Total number of others receiving over \$50,000 for professional services</b>		<b>0</b>

**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	

<b>Total. Add lines 1 through 3</b>	<b>0.</b>
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Form 990-PF (2011)

**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

b Average of monthly cash balances

c Fair market value of all other assets (see instructions)

d **Total** (add lines 1a, b, and c)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

3 Subtract line 2 from line 1d

4 Cash deemed held for charitable activities Enter 1-1/2% of line 3  
(for greater amount, see instructions)5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 46 **Minimum investment return.** Enter 5% of line 5

1a	35,535,109.
1b	14,496,167.
1c	
1d	50,031,276.
2	0.
3	50,031,276.
4	750,469.
5	49,280,807.
6	2,464,040.

**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 2,464,040.

2a Tax on investment income for 2011 from Part VI, line 5

2a 14,855.

b Income tax for 2011 (This does not include the tax from Part VI)

2b

c Add lines 2a and 2b

2c 14,855.

3 Distributable amount before adjustments Subtract line 2c from line 1

3 2,449,185.

4 Recoveries of amounts treated as qualifying distributions

4

5 Add lines 3 and 4

5 2,449,185.

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 2,449,185.

**Part XII Qualifying Distributions** (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes

1a 1,370,000.

a Expenses, contributions, gifts, etc – total from Part I, column (d), line 26

1b

b Program-related investments – total from Part IX-B

2

2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes

3

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 1,370,000.

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 1,370,000.

**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.

**Part XIII Undistributed Income (see instructions)**

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				2,449,185.
2 Undistributed income, if any, as of the end of 2011:				0.
a Enter amount for 2010 only				
b Total for prior years. 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008	1,931,473.			
d From 2009				
e From 2010				
f Total of lines 3a through e.	1,931,473.			
4 Qualifying distributions for 2011 from Part XII, line 4 ► \$ 1,370,000.				0.
a Applied to 2010, but not more than line 2a				
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 2011 distributable amount				1,370,000.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a))	1,079,185.			1,079,185.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	852,288.			
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 2010. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				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 2006 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	852,288.			
10 Analysis of line 9				
a Excess from 2007				
b Excess from 2008	852,288.			
c Excess from 2009				
d Excess from 2010				
e Excess from 2011				

BAA

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

N/P

**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 XVI Supplementary Information (continued)

## 3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i> STATEMENT ATTACHED			All contributions made during the year were for general use in carrying out charitable, religious, and educational activities.	1,370,000.
<b>Total</b>	..	..	► 3a	1,370,000.
<i>b Approved for future payment</i>				
<b>Total</b>			► 3b	

## Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See 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	1,422.	
4 Dividends and interest from securities			14	371,015.	
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	434,841.	
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)				807,278.	
13 Total. Add line 12, columns (b), (d), and (e)			13	807,278.	
(See worksheet in line 13 instructions to verify calculations )					

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

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

**a Transfers from the reporting foundation to a noncharitable exempt organization of.**

- (1) Cash
- (2) Other assets

### **b Other transactions**

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

	Yes	No
1a (1)		X
1a (2)		X
1b (1)		X
1b (2)		X
1b (3)		X
1b (4)		X
1b (5)		X
1b (6)		X
1c		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.

<b>(a) Line no.</b>	<b>(b) Amount involved</b>	<b>(c) Name of noncharitable exempt organization</b>	<b>(d) Description of transfers, transactions, and sharing arrangements</b>
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) is based on all information of which preparer has any knowledge.

**Sign  
Here**

Frederick G. K. W.

5/21/13

1

President  
Title

May the IRS discuss this return with the preparer shown below (see instructions)?

Signature or officer or trustee		Date	Title	Yes	No	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kevin Leppla, CPA		Kevin Leppla, CPA	5/1/2013		P01468814
	Firm's name ► TAX AND FINANCIAL SERVICES		Firm's EIN ► 94-1009696			
Firm's address ► PO BOX 1130 MODESTO, CA 95353		Phone no (209) 341-3395				

BAA

## Form 990-PF (2011)

**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	\$ 26,324.	\$ 6,000.		
Total	<u>\$ 26,324.</u>	<u>\$ 6,000.</u>		\$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Federal Taxes	\$ 25,210.			
Foreign Taxes	215.	\$ 215.		
Total	<u>\$ 25,425.</u>	<u>\$ 215.</u>		\$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Filing & registration fees	\$ 264.			
Investment fees	58,337.	\$ 58,337.		
Total	<u>\$ 58,601.</u>	<u>\$ 58,337.</u>		\$ 0.

**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	Compensa- tion	Contri- bution to EBP & DC	Expense Account/ Other
JOSEPH E. GALLO P.O. BOX 1130 MODESTO, CA 95353	President 0	\$ 0.	\$ 0.	\$ 0.
RICHARD M. BEAL P.O. BOX 1130 MODESTO, CA 95353	Secretary 0	0.	0.	0.

ERNEST GALLO FOUNDATION

94-6061537

## Statement 4 (continued)

Form 990-PF, Part VIII, Line 1

## List of Officers, Directors, Trustees, and Key Employees

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

ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/2012

94-6061537

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

How Acquired P-Purch D-Donated	NAME OF STOCK	SHARES	CURRENT	
			COST	FMV - STOCK
P	ABBOT LABS	510	26,103	33,405
P	ABBOT LABS	1,000	56,483	65,500
P	ACCENTURE PLC IRELAND CL	620	42,812	41,794
P	ACE LTD	340	15,207	26,741
P	ADT CORP	296	9,224	12,287
P	AGCO CORP	790	38,415	35,953
P	ALASKA AIR GROUP INC	1,110	40,246	42,446
P	ALLIANCE RESOURCE PARTNERS LP	740	57,466	48,204
P	AMER EXPRESS CO	1,120	55,623	62,686
P	AMER EXPRESS CO	840	30,144	47,015
P	AMERICAN CAMPUS COMMUNITIES	1,340	60,925	60,715
P	AMERICAN WATER WORKS CO INC	1,765	54,998	64,846
P	AMERICAN TOWER CORP REIT	950	59,596	71,526
P	AMETEK INC	1,350	35,906	47,993
P	AMGEN INC	203	11,914	17,557
P	AMGEN INC	805	43,813	69,624
P	APACHE CORP	230	25,272	19,025
P	APPLE INC	65	7,951	38,696
P	AT&T	1,435	53,765	49,637
P	AT&T	500	14,788	17,295
P	BANK OF AMERICA CORP	57,000	499,513	531,240
P	BAYTEX ENERGY CORP	420	24,133	19,135
P	BB&T CORP	1,440	41,366	41,688
P	BEAM INC	1,025	50,820	56,949
P	BED BATH & BEYOND INC	600	24,744	34,608
P	BRISTOL MYERS SQUIBB CO	1,650	55,421	54,863
P	BROCADE COMMUNICATIONS SYS INC	7,110	43,843	37,683
P	CADENCE DESIGN SYSTEM	3,610	41,552	45,667
P	CALPINE CORP	1,526	24,600	26,858
P	CAMERON INTL CORP	457	21,215	23,142
P	CANADIAN OIL SANDS LTD	2,440	62,172	51,899
P	CBS CORP NEW CL B	2,308	34,104	74,779
P	CENTERPOINT ENERGY INC	2,000	42,160	43,340
P	CF INDUSTRIES HOLDINGS INC	230	28,791	47,194
P	CHEVRON	170	13,540	18,741
P	CHEVRON	380	39,142	41,891
P	CHURCH & DWIGHT CO INC	253	7,631	12,842
P	CHURCH & DWIGHT CO INC	1,240	55,326	62,942
P	CINEMARK HOLDINGS INC	2,685	52,341	66,293
P	CINN FINANCIAL CORP	1,705	61,925	67,927
P	CINTAS CORP	1,592	63,375	66,562
P	COLGATE PALMOLIVE CO	630	56,977	66,125
P	COMCAST CORP NEW SPECIAL CL A	1,052	27,776	38,335
P	CONAGRA FOOD INC	1,935	46,095	53,870
P	CONOCOPHILLIPS	930	53,675	53,801
P	COOPER COMPANIES INC	570	39,274	54,709
P	COVIDIEN PLC	550	22,080	30,222
P	CSX CORPORATION	413	5,056	8,454
P	CVS CAREMARK CORP	640	22,581	29,696
P	CVS CAREMARK CORP	1,235	44,242	57,304
P	DEVON ENERGY	140	9,404	8,149
P	DRESSER RAND GROUP INC	333	16,694	17,159
P	DU PONT DE NEMOURS	910	49,412	40,513
P	EAST WEST BANCORP INC	1,700	38,395	36,193
P	EATON CORP	915	34,542	43,206
P	EMC CORP MASS	548	13,448	13,382
P	ENBRIDGE ENERGY PARTNES LP	2,020	62,361	60,600
P	ENDURO RTY TR	1,365	29,160	25,607
P	EXELIS INC	1,775	18,758	19,632

**ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/2012**

94-6061537

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

How  
Acquired  
P-Purch  
D-Donated

P-Purch  
D-Donated NAME OF STOCK

SHARES      COST      CURRENT  
FMV - STOCK

P	EXPRESS SCRIPTS INC	369	19,979	22,710
P	EXXON MOBIL CORP	27,682	1,602,495	2,523,768
P	EXXON MOBIL CORP	770	62,840	70,201
P	EXXON MOBIL CORP	415	16,357	37,836
P	FNB CORP	4,855	49,178	52,094
P	FORD MOTOR CO COMMON NEW	2,178	24,316	24,306
P	FREEPOR-T-MCMORAN COPPER & GOLD	1,045	39,589	40,630
P	GALLAGHER ARTHUR J & CO	960	27,324	34,022
P	GARMIN LTD	1,385	59,826	52,630
P	GILEAD SCIENCES INC	1,545	58,979	103,785
P	GLAXO SMITHKLINE PLC ADR	1,130	51,194	50,737
P	GOLDMAN SACHS GROUP INC	171	24,496	20,929
P	H & R BLOCK INC	2,710	46,927	47,967
P	HAEMONETICS CORP MASS	985	57,113	80,475
P	HALLIBURTON CO	640	22,209	20,666
P	HASBRO INC	1,475	52,815	53,085
P	HEINZ H J CO	970	48,976	55,785
P	HELMERICH & PAYNE INC	690	28,847	32,982
P	HOME DEPOT INC	690	23,881	42,352
P	HONEYWELL INTL INC	180	10,712	11,023
P	HOSPITALITY PROPERTIES TRUST	2,040	46,602	47,165
P	HUGOTON ROYALTY TRUST	25,500	195,769	169,575
P	IDEXX CORP	545	53,640	52,429
P	INGREDION INC	810	38,966	49,783
P	INTEL CORP	2,815	62,518	60,888
P	INTL BUSINESS MACH	97	11,375	18,869
P	INTL BUSINESS MACH	210	19,163	40,851
P	JP MORGAN CHASE & CO	504	19,992	21,007
P	JP MORGAN CHASE & CO	990	42,146	41,263
P	JOHNSON & JOHNSON	590	40,043	41,784
P	KANSAS CITY STHN NEW	1,040	38,099	83,678
P	KIMBERLY CLARK CORP	460	40,178	38,387
P	KINDER MORGAN INC	780	23,207	27,074
P	KOHLS CORP	365	19,895	19,447
P	KROGER COMPANY	1,710	41,269	43,126
P	LEGGETT & PLATT INC	2,020	48,017	53,591
P	LOCKHEED MARTIN CORP	700	58,516	65,569
P	LOCKHEED MARTIN CORP	585	45,113	54,797
P	LORILLARD INC	474	64,159	54,989
P	LOWES COMPANIES INC	870	25,486	28,171
P	LYONDELLBASELL INDUSTRIES	375	17,882	20,021
P	MASTERCARD INC CL A	140	61,298	64,530
P	MASTERCARD INC CL A	39	9,027	17,976
P	MATTEL INC	1,400	30,461	51,492
P	MCKESSON	530	28,145	49,454
P	MERCK & CO INC	1,170	38,039	53,387
P	MEREDITH CORP	1,535	41,111	51,376
P	METLIFE INC	796	31,217	28,250
P	MICROSOFT CORP	1,910	61,003	54,511
P	MONSANTO CO	765	55,872	65,844
P	MOODY'S CORP	1,540	47,580	74,166
P	MOSAIC CO	331	19,786	17,325
P	MOTOROLA SOLUTIONS INC	850	33,780	43,928
P	MYRIAD GENETICS INC	2,260	64,164	59,144
P	NATIONAL CINEMEDIA INC	1,930	31,863	29,838
P	NATL-OILWELLVARCO INC	520	41,956	38,324
P	NORTHEAST UTILITIES	1,305	43,542	51,287
P	NORTHERN TRUST CORP	1,366	63,451	65,295
P	NUANCE COMMUNICATIONS INC	1,640	34,348	36,523

ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/2012

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
P	NUCOR CORP		1,370	45,714	54,978
P	OCCIDENTAL PETROLEUM CRP		400	40,691	31,584
P	OMNICARE INC		1,210	41,796	41,781
P	ONEOK INC		1,460	55,678	69,058
P	ORACLE CORP		630	14,253	19,580
P	ORACLE CORP		1,310	39,962	40,715
P	PACIFIC GROWTH FUND		73,462	2,681,364	2,916,451
P	PENTAIR LTD		142	5,402	5,998
P	PEOPLE'S UNITED FINANCIAL INC		2,820	34,217	33,925
P	PLUM CREEK TIMBER CO INC REIT		1,310	52,413	57,509
P	PRAXAIR INC		173	11,620	18,374
P	PVR PARTNERS LP		1,995	50,112	50,434
P	RAYONIER INC REIT		370	13,919	18,134
P	RAYTHEON CO		1,160	59,944	65,610
P	RESMED INC		1,240	39,275	49,526
P	ROBERT HALF INTERNATIONAL INC		1,430	41,457	38,453
P	ROSS STORES INC		860	14,704	52,417
P	ROYAL DUTCH SHELL PLC		173	12,558	11,847
P	RPM INTL INC		1,270	25,310	33,858
P	SEAGATE TECHNOLOGY PLC SHS		1,660	43,243	45,368
P	SONOCO PRODUCTS CO		1,905	64,703	59,303
P	TARGET CORP		10,000	516,096	637,500
P	TARGET CORP		911	56,327	58,076
P	TELUS CORP NON VTG SHS		1,035	48,016	66,561
P	THERMO FISHER SCIENTIFIC INC		467	18,635	28,515
P	TOTAL SYSTEM SERVICES INC		2,720	59,282	61,173
P	TRAVELERS COS INC/THE		640	41,407	45,402
P	TYCO INTL LTD		593	14,008	15,934
P	UNILEVER PLC AMER SHS		995	30,180	37,104
P	UNITED HEALTH GROUP INC		424	12,546	23,744
P	UNITED PARCEL SERVICE CL B		289	21,823	21,169
P	UNTD TECHNOLOGIES CORP		267	20,192	20,869
P	US BANCORP DEL		1,390	40,061	46,162
P	VERISK ANALYTICS INC		1,095	53,181	55,976
P	VULCAN MATERIALS CO		1,450	60,572	66,657
P	WABCO HOLDINGS INC		169	6,900	9,898
P	WABTEC INC		530	42,034	43,407
P	WATSON PHARMACEUTICAL INC		550	23,946	47,273
P	WELLS FARGO & CO		740	16,855	24,931
P	WHOLE FOODS MARKET INC		820	30,359	77,728
P	WHOLE FOODS MARKET INC		480	13,627	45,499
P	WYNDHAM WORLDWIDE		583	18,566	29,380
TOTAL CORPORATE STOCKS				11,167,974	13,397,103

ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/2012

94-6061537

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

How Acquired P-Acquired P-Purch D-Donated	MATURITY	DATE	FACE VALUE	COST	FMV
<b>US GOVERNMENT BONDS - LINE 10a</b>					
P PURCHASED	Various		100,000	100,593	101,383
			<u>100,000</u>	<u>100,593</u>	<u>101,383</u>
<b>CORPORATE BONDS - LINE 10c</b>					
P BERKSHIRE HATHWAY INC	5/15/2013		100,000	101,132	102,290
P BRISTOL MYERS SQUIBB CO	8/15/2013		100,000	101,986	103,868
P DU PONT DE NEMOURS	11/15/2012		250,000	250,205	250,307
P INTL BUSINESS MACHINE	6/15/2013		100,000	104,003	104,497
P INTL BUSINESS MACHINE	10/15/2013		100,000	103,305	105,882
P MCDONALDS CORP	3/1/2013		250,000	251,258	253,115
P WALGREEN CO	8/1/2013		100,000	101,301	103,074
			<u>1,000,000</u>	<u>1,013,190</u>	<u>1,023,033</u>

**ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/2012**

**94-6061537**

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

INVESTMENT:	PURCHASE PRICE	FMV
ALKEON GROWTH OFFSHORE FUND	1,950,000	2,533,518
BLACK DIAMOND	4,750,000	5,678,144
GLOBAL UNDervalued SECURITIES FUND	4,250,000	3,399,830
MAPLE LEAF OFFSHORE	2,500,000	1,293,163
O'CONNOR GLOBAL MULTI STRATEGY FUNDS	3,500,000	5,250,085
ROBERTSON OFFSHORE FUND	1,750,000	1,955,153
 TOTAL HEDGE FUNDS	 <u>18,700,000</u>	 <u>20,109,893</u>

ERNEST GALLO FOUNDATION  
F.Y.E. 10/31/12

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
<b><u>CHARITABLE CONTRIBUTIONS</u></b>		
MODESTO SYMPHONY	MODESTO, CA	40,000
CENTRAL VALLEY CENTER FOR THE ARTS	MODESTO, CA	50,000
COMMUNITY INITIATIVES (BURTON FOUNDATION)	SAN FRANCISCO, CA	75,000
THE PANETTA INSTITUTE FOR PUBLIC POLICY	SEASIDE, CA	50,000
<b>TOTAL CHARITABLE CONTRIBUTIONS</b>		<b><u>215,000</u></b>
<b><u>RELIGIOUS CONTRIBUTIONS</u></b>		
CHURCH FOR TOMORROW (DIOCESE OF STOCKTON)	STOCKTON, CA	100,000
DIOCESE OF STOCKTON	STOCKTON, CA	10,000
<b>TOTAL RELIGIOUS CONTRIBUTIONS</b>		<b><u>110,000</u></b>
<b><u>EDUCATIONAL CONTRIBUTIONS</u></b>		
UNIVERSITY OF IOWA	IOWA CITY, IA	200,000
UNIVERSITY OF NOTRE DAME	NOTRE DAME, IN	800,000
CENTRAL CALIFORNIA SCHOOL OF ITALIAN LANGUAGE	STOCKTON, CA	45,000
<b>TOTAL EDUCATIONAL CONTRIBUTION</b>		<b><u>1,045,000</u></b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b><u>1,370,000</u></b>