We are grateful for record-breaking attendance at our 2014 Annual Meeting on January 27, especially with the threat of snow throughout our region that day. Rabbi Alon Ferency’s invocation centered on the importance of philanthropy even when we cannot see results, Grammy-nominated Randy McGinnis played his authentic Cherokee flute music, and 2014 Board chair, General Fred Womack, introduced retiring and new board members and remarked that every act of kindness makes a difference.

It was exciting to report on our work with donors and nonprofit partners to help philanthropy grow in our region in 2014—“From the Mountains to the Plateau, We Help Philanthropy Grow.” And grow we did. The unprecedented increase in assets of nearly 25 percent that East Tennessee Foundation (ETF) experienced in 2014 is extraordinary. To put that growth in perspective, we reached our first $56 million in 1999, 13 years after ETF’s inception in 1986. In 2014 alone we received $56 million in gifts, raising our total assets to over $258 million!

It was also exciting to report on our significant community impact through awarding $10.8 million in grants last year for a total of $214.6 million in grants to our region’s nonprofit organizations, which includes $4.9 million in scholarships to help more than 800 students obtain a college education since 1986.

We even put our grantmaking into action to celebrate all of our successes in 2014. While past and present Board members, donors, grantees, public officials, guests, and staff enjoyed a hot lunch at our Annual Meeting, hundreds of other folks enjoyed hot meals throughout our region. We made five $1,000 grants to regional nonprofit partners that provide nutritious meals for low-income residents in Blount, Monroe, Morgan, Hawkins, Hancock, and Washington counties (see Grants, pg. 5). Making these grants from our Opportunity Endowment to support outstanding programs that provide food for low-income, homebound, and/or senior citizens in East Tennessee proved to be the perfect way to celebrate, and we have received word since our Annual Meeting of the tremendous impact these grants have had on many of our most vulnerable East Tennesseans during this winter season. What a great way to kick off this new year, and I’m already looking forward to reporting to you this time next year all of the ways ETF helped philanthropy grow—from the mountains to the plateau in 2015!

Michael McClamroch, ETF President & CEO
DONOR SPOTLIGHT

“To Whom Much is Given, Much is Expected”

Murray (Midge) and Thomas M. (Tommy) Ayres are two of the most unassuming and most caring people you will ever meet. As Tommy and Midge were growing up, both of their sets of parents were dealing with the aftermaths of the Great Depression and World War II, but always helped those that were not so fortunate, both serving and giving. “We both have been fortunate to have had good family backgrounds, good educations, successful careers, and four successful children. As such, we believe as the Bible says, ‘To whom much is given, much is expected,’” said Tommy.

The Ayres are long-time friends and supporters of East Tennessee Foundation (ETF), giving every year to our operations and various program initiatives. About 10 years ago when Tommy began to retire, they decided that, in addition to making annual gifts to various organizations, they wanted to make larger gifts to their church and several chosen charities. After meeting with Bob Calloway, our then Vice President for Advancement, they were confident that with the Foundation’s investment ability they could create designated funds at ETF for several local charities that had limited investment ability. This was the best solution for part of their giving. The Ayres plan to increase the principal amounts with additional gifts and through testamentary designations in their wills. As a result, the funds will continue to grow and support their chosen organizations thus achieving their charitable vision long after they are gone.

Both Midge and Tommy were successful in their chosen professions; he in the financial world as president of Cumberland Securities and she in her nursing career. In addition to their generous support of ETF, by serving on boards they have shared their expertise with numerous national and regional organizations including: Catholic Health Partners (Cincinnati, Ohio), United Way, Chamber of Commerce, Sequoyah Hills Presbyterian Church, King College (Bristol, Tennessee), Maryville College, Webb School, University of Tennessee, Public Securities Association (New York), Knoxville Area Rescue Ministry, East Tennessee Children’s Hospital, Knoxville Symphony, Helen Ross McNabb, Junior League, and Kidney Foundation.

While the Ayres have not directly involved their children in their philanthropy, they are hopeful that by their philosophy and actions, their children have or will do likewise.

AMY CATHEY was born and raised in Knoxville—and she stayed! She went to Bearden Elementary, Middle, and High Schools and has three degrees from UT. After graduating from UT with a PhD in Marketing, she has been involved with UT’s graduate and executive education programs, serving as program director for the Executive MBA program and full-time MBA program in the Haslam College of Business. Currently, she is interim executive director for the college’s executive education (non-degree) programs. Amy’s volunteer focus is on developing human capital—Junior League of Knoxville, Helen Ross McNabb Foundation board, and Leadership Knoxville. She also participated in creating a new organization - Volunteer Knoxville— that connects volunteers with volunteer opportunities. Her passion is helping people be the best

Continued on page 3
ETF 2015 NEW BOARD MEMBERS

**Amy Cathy**
Continued from page 2

they can be, mentally, spiritually and physically, and seeing the difference it can make when people have what they need to grow. When not working or volunteering, Amy loves spending time with her mom, her husband Robert, and their three teenage (or almost) daughters. This year her goal is to become more apt with “apps,” with the help of her tech-savvy daughters, who say she still has a long way to go!

**WILL HASLAM**

Born and raised in Knoxville, Will has an undergraduate degree in history from Wheaton College in Wheaton, IL, and a master’s degree in history from the University of Alabama. He is currently working for the family business, Pilot Flying J, and has served in a variety of roles in the Operations and Fuel Supply departments since high school. Will is active on the boards of the East Tennessee Historical Society and the Blount Mansion Association, and he also serves on the Webb School Alumni Leadership Council. Will and Hannah have been married for seven years and have two children: Wyatt (3) and Josie (1). Will enjoys being in the mountains, quiet places to read, and quality time with his kids.

**JOE MARLETTE**

is a native of Ohio, but was literally a world traveler before settling in Tellico Village in 2001. He is a mechanical engineer with a degree from University of California, Fresno, and worked for The Dow Chemical Company for 35 years. Since moving to East Tennessee, Joe has served on the board of directors of the United Way of Monroe County, and the Boys & Girls Club of the Monroe Area, among others. Joe and his wife Laurel generally support organizations assisting human health, family development, and some local charities; they really enjoy involving their children and grandchildren in philanthropy. Joe is a woodworker and also makes wine using kits (no grape stomping involved) and allegedly makes a very good Port! He and his family also love water sports and traveling to warm climates, especially in February. Joe is married to his best friend of 49 years, Laurel. Their two sons are both married, and each of them has a son and daughter.

**PAIGE PRESTON**

was born in Knoxville and returned with her family in time to attend Farragut High School and the University of Tennessee, where she received a marketing degree. When first married, she worked for a company in Atlanta that conducted sales training for high tech industries. Paige just finished a term on East Tennessee Foundation’s Women’s Fund Advisory Board and is a sustaining member of the Junior League and a member of Knoxville Garden Club. She dedicates a majority of her time to Webb School, where her three children attend. Her passion (besides her family) is organizations that help women and children. In particular, the Women’s Fund helps create opportunities for women, who might not otherwise have a chance, to bring about positive change in their lives. Paige and her family love spending time together outdoors snow skiing, hiking etc., and traveling. She also loves to cook - especially for family and friends. Paige is married to Taylor, and they have three teenaged sons.

**AVICE REID**

is a Knoxville native, retired after 34 years of service in various management roles with Tennessee Valley Authority. Currently, she serves as Executive Director of the Police Advisory and Review Committee for the City of Knoxville. Deeply involved in the local community, she has served on boards such as Leadership Knoxville; Home Federal Bank of Tennessee; United Way of Greater Knoxville; YWCA of Knoxville; Alpha Kappa Alpha Sorority; the Helen Ross McNabb Foundation; Trinity Health Foundation of East Tennessee; and the Executive Women’s Association. Her philanthropic interests revolve around helping young people see endless possibilities for their future—especially those who don’t have many positive role models in their immediate surroundings.

**Body Text**

ETF Annual Meeting was bigger than ever!
Leaders of The Pat Summitt Foundation Fund (PSFF) and The University of Tennessee Medical Center (UTMC) held a media event on January 14, to announce a new strategic partnership to establish The Pat Summitt Alzheimer’s Clinic. The joint announcement was made by the Foundation’s Advisory Board Chairman James A. Haslam II and UTMC President and CEO Joseph R. Landsman, Jr.

A key step in the launch of the Pat Summitt Alzheimer’s Clinic is to recruit and retain a medical director with national recognition for work in both treating and researching Alzheimer’s disease. The medical director will lead the development of the Clinic including recruitment of other clinicians and researchers to advance its scope and impact.

At the event, the Foundation presented the initial grant of $100,000 to support the UTMC in the launch of this milestone initiative as part of their commitment to raise $500,000 per year over the next five years - $2.5 million - to support The Pat Summitt Alzheimer’s Clinic Medical Director position and related services. As a kick-off to the national fundraising campaign, it was reported that an anonymous donor has stepped forward with a challenge pledge to match the first $1,000,000 in donations to the Foundation for this initiative.

Friends and donors can visit www.patsummitt.org to support the launch of The Pat Summitt Alzheimer’s Clinic.

While Red Legacy focuses on women with a history of substance abuse, the program addresses three key barriers for women: self-confidence, self-sufficiency, and obtaining employment. Through funding from the Women’s Fund, Red Legacy purchased a van to provide much-needed transportation in a small community where making court appointments, interviews, and program sessions at Red Legacy is crucial for women with a history of incarceration. One example of success is Lee Elliott, who is demonstrating what she has learned and passing her experience to her children and step-grandchildren.

Five years ago, Ms. Elliott wouldn’t have been considered as an option for custody of her own children. She has lived a lifetime as an addict and alcoholic—a lifetime of rape, abuse, and incarceration. The Red Legacy van system has been instrumental in Ms. Elliott’s transportation to many things that have led to her success, such as Red Legacy life skills programs, AA/NA, and attorney/court appointments.

Today, Lee is a court-appointed caregiver for three of her step-grandchildren. In January 2014, she paid off her court fines and fees. Later that year, she was a keynote speaker at the 3rd Annual Red Legacy Red Carpet Gala, where she spoke in front of more than 150 people. Within this two-year time frame, Lee has become a stable, independent woman, and her relationship with her mother has improved. The Women’s Fund and Red Legacy are proud of Ms. Elliott’s success, and even more proud that she is “paying it forward” as she tenderly cares for her three little ones.

The Red Legacy Van
ETF New Board Members

Avice Reid continued from page 3

surroundings. Avice enjoys reading, travel, serving the community, and loving on her three grandchildren. She has been married to Gary for 40 years, and they have two daughters.

JUSTICE GARY WADE is eighth generation Sevier County on his mother’s side, since the Irish moved to East Tennessee in hopes of eating regularly. An attorney, he attended both undergraduate and law school at the University of Tennessee and still resides in Sevierville, when not in session on Tennessee’s Supreme Court in Nashville. Justice Wade also served as Sevierville’s Mayor for 10 years while in the practice of law. A self-identified country boy, Gary is past chair of the Friends of the Smokies and the Knoxville Zoo. He helped found the Sevier County Library Foundation, Sevier County High School Foundation, and Leadership Sevier. His favorite hobby is spending fun time with his four grandchildren. You may not know that he was in high school with Dolly Parton and, for a year, was the emcee and singing, guitar-playing cowboy at Goldrush Junction (now Dollywood). Dolly made it in music—he did not. Gary and Sandy have been married for 43 years and have a son and two daughters.

ETF New Board Introductions Continue on Page 8

GRANTS

The Foundation Begins an Annual Tradition

In January 2015, during the week that ETF celebrated its annual meeting, five nonprofit organizations in our region were each awarded grants from ETF’s Opportunity Endowment Fund to support their outstanding programs which provide food for low-income, homebound, and/or senior citizens in East Tennessee. The passion and commitment of these organizations toward providing nutritious food to people in need while maintaining the dignity of those they serve, is being acknowledged with these grants.

ETF’s decision to award these grants is due to the Foundation’s “misfortune” on the day of last year’s annual meeting, in January 2014, when an unpredicted snow storm prevented about two-thirds of our guests from attending the luncheon meeting at the Foundry. Our having a surplus of uneaten lunches turned into a wonderful opportunity for ETF to donate the prepared hot meals to a local nonprofit organization that feeds underserved populations in Knoxville. Working with the Foundry’s staff, East Tennessee Foundation delivered the lunches to the Salvation Army to help them feed the homeless. Because many of the Salvation Army’s kitchen staff was unable to get to work due to that day’s wintry weather, our timing was perfect!

To continue the Foundation’s tradition of providing food for low-income people in our region, the following five nonprofit organizations received $1,000 grants for these projects:

Blount County Community Action Agency – Meals on Wheels and Grocery programs provide a continuum of services and food to homebound seniors, the level of which is determined by each person’s ability to prepare his/her own food.

Douglas-Cherokee Economic Authority – The Senior Nutrition Program at Cora Veal Senior Center in Madisonville provides “home-cooked” congregate meals at the senior center and home-delivered meals every Monday through Friday.

Morgan Scott Project for Cooperative Christian Services – Morgan county residents are provided with Food Boxes each month to help feed a family for one week, and the weekly Food Friday program provides extra donated food for families.

Of One Accord – Three food pantries are operated, two in Hawkins County and one in Hancock County. Approximately 265-275 families (more than 600 people) are served every week at the three pantries.

One Acre Café – The lunchtime program in Johnson City provides healthy and nutritious meals for anyone, whether they can afford to pay for lunch or not. Lunchtime patrons who cannot afford the price of lunch are asked to volunteer some of their time in return. Paying customers are asked to either pay a little more or pay-it-forward, to help pay for others’ meals.

Did You Know?

ETF is MOVING!

On April 13, we will open for business at 520 W. Summit Hill Dr., Suite 1101 Knoxville, TN 37902

Page 5
AFFILIATE FUND SPOTLIGHT

Norris Area Community Foundation

Minor Has Major Interest in Norris Area Community Foundation Founding Membership

In 2014, East Tennessee Foundation (ETF) was pleased to welcome the Norris Area Community Foundation (NACF) as its newest affiliate fund. There were initially eight founding members: Linda Ahlstedt, Ellalyn Crossno, Donnie Curtin, Fred Fields, Jim Hayes, Timothy Hester, Elizabeth Morgan, and Loretta Painter. When Jim Hayes, NACF Advisory Board Chair and Founding Member, was asked if there could be a “minor” founding member, he had to consult others on the Advisory Board. Twelve year-old Nicholas Harshbarger had heard about NACF and wanted to be a part of its beginning. A positive response to include Nicholas initiated a fund raising frenzy of extra chores. With a $10 donation, Nicholas became NACF’s ninth founding member and is one of its most ardent advocates having successfully issued donation challenges to his family and peers.

Nicholas Harshbarger

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TO ENDOW OR NOT TO ENDOW: A VERY IMPORTANT QUESTION

When considering a fund at ETF, one of the most important concepts to understand is whether or not the fund will be an endowed fund. For many of our fund categories, such as scholarships, agency endowments or designated funds, the fund must be endowed. Other funds, primarily donor advised funds, may be created as endowed or nonendowed funds, at the option of the donor establishing the fund (the “Fundholder”). In this article, we will examine the definition of endowment and the implications of the presence or absence of the endowment feature on a fund at ETF.

Merriam-Webster’s dictionary defines the verb “endow” as “to make a grant of money providing for the continuing support or maintenance of [a program or organization].” Within that definition the concept of continued support or maintenance is central. Indeed, the hallmark of a true endowment fund is permanence. An endowed fund at ETF is designed to last forever and provide a permanent source of income to the grantmaking program or charitable organization(s) it supports. By contrast, a fund that is nonendowed is not permanent and is likely to be fully distributed and closed at some time, even if its duration is uncertain. As a result, we can always convert a nonendowed fund into an endowment, but our Board carefully reviews and considers any request to remove the endowment feature from a fund.

For an endowed fund, ETF achieves its permanence by conservative investing to grow the fund’s principal in step with inflation over the long-term, and to provide a reasonable amount each year for grantmaking. Then, ETF’s spending rate (currently 4.5% of the fund’s most recent twelve-quarter average balance) is used to calculate the portion that will be available for making grants from the fund for a year (the “Annual Grant Amount”). This permanence attribute is why ETF’s Board of Directors must always review and approve any requests for a distribution over the Annual Grant Amount; these encroachments on the fund’s principal lessen the likelihood that the fund will continue to last forever, particularly without any further contributions to the fund.

In contrast, funds in a nonendowed fund are generally not invested, so there is minimal opportunity for growth or risk of loss to these funds. Consequently, the amount available for making grants in any year is normally limited to the amount of contributions to the fund, less any applicable administrative fees.

As you can see, the decision of whether or not to endow a donor advised fund hinges on whether or not the Fundholder desires that the fund provide a permanent source of funds for grantmaking or prefers the fund be “refilled” by subsequent contributions and eventually come to an end. As this preference often is tied to what the Fundholder hopes to accomplish with the Fund, our focus is yet again drawn back to the question of “What are the Fundholder’s charitable goals?” Thus, at ETF, the vast majority of our interactions, fund options, and decisions center on this crucial question, which is always our bottom line.

“Thank You” to Ed Smith

Local attorney Ed Smith served as President of the Knoxville Estate Planning Council (KEPC) in 2014. When it came time to honor him with a plaque, Ed asked KEPC to instead donate the money they would have spent on a plaque to ETF’s general fund. Thus, he has proven yet again that he really is a kind and generous example of true humility and servant leadership!
PAUL WILLSON is a native of Northern California, as was his father, but he still lives on the land grant farm in McMinn County that has been in his family since the 1840's. He is Vice Chairman & President of Citizen's National Bank in Monroe County. Paul's primary philanthropic interests lie in the environmental arena, especially land preservation. Growing up on a farm and enjoying spending time outside have created a connection with the natural world that challenges him to try to preserve it in a way that future generations will appreciate. When not at work, Paul enjoys anything outdoors: running, kayaking, skating, and flying kites, among other activities. His wife Deb is an equestrian coach, and their son Hugo is a junior at Tennessee Wesleyan College.