

YOUR GENEROSITY + COMMITMENT MAKE ALL THE DIFFERENCE

Growing up, when the going got tough and we were discouraged, my dad would say, “Shoulders back and chin up.” This meant a lot more than just improve your posture. **It meant get ready - get your head right and get to work!** The same can be said of our important work in 2017 and our important work that lies ahead in these chaotic, divisive times of 2018. By this time next year, we may know how the new tax bill has affected charitable giving and our nonprofit partners. But in the meantime, we will, with shoulders back and chin up, continue to strengthen our role as our region’s philanthropic leader.

At our Annual Meeting in January, we highlighted some of our 2017 work with Dreamers, immigrants, refugees, minorities, the disabled, the gifted, the poor, and the brightest among us. It was so gratifying to report that our final 2017 numbers broke all previous records and East Tennessee Foundation (ETF) assets increased by 46%. We accepted over \$113 million in new gifts. We created 26 new funds and now have a total of 437. Three of those 26 new funds are regional affiliates: the Loudon County Community Fund, the Oak Ridge Fund for Achieving Community Excellence, and the Tellico Community Foundation.

46% INCREASE
OF ASSETS IN 2017

TOTAL ASSETS OVER
\$440 MILLION

Our 2017 grants totaled over \$38 million, which is another all-time one year record. ETF scholarships enabled 190 students to attend 34 different colleges and universities, and over 230 volunteers served on 62 scholarship selection committees - all of which are record totals for us. Long-term, our investment in East Tennessee in grants and scholarships since the Foundation’s inception in 1986 totals over \$276 million!

We deployed and successfully converted to a new foundation-wide data management platform, further strengthened professional advisor relationships, and named Dan Holbrook

our Key to Philanthropy. We refreshed our brand identity and added four experienced finance and grantmaking team members.

ETF is bigger, stronger, and more capable at a time when our work is more critical and important than ever. We will use our increased capacity, expertise, and motivation to improve lives in East Tennessee. We will hold our shoulders back and our chins up, so that during our next Annual Meeting, we can

once again look at one another and say **YES, YOUR GENEROSITY AND COMMITMENT MADE ALL THE DIFFERENCE! Thank you!**



Mike McClamroch
East Tennessee Foundation
President + CEO



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HAVING AN IMPACT

MORGAN JULIANA HARTGROVE
GORDON W. AND AGNES P. COBB SCHOLARSHIP RECIPIENT
COLLEGE SCHOLARS, HEALTH POLICY & PUBLIC HEALTH
UNIVERSITY OF TENNESSEE, 2018
CHANCELLOR'S HONORS PROGRAM

Morgan Hartgrove was awarded the Gordon W. and Agnes P. Cobb Scholarship in 2014 just prior to graduating from William Blount High School and will earn her Bachelor's Degree from the University of Tennessee, Knoxville (UT) in May of this year. During her time at UT, she became involved with the Student Government Association (SGA) and is the current Student Body President. On February 9th, SGA and the administration of UT, led an event called "United at the Rock against Racism." Staff, faculty, and students painted their hands and covered the rock with handprints. The purpose behind their event was to show a united stand against divisive messages previously there. They "took back the Rock" from the hateful rhetoric, doing their part to make their campus a better place. This event's success was due, in part, to the strong leadership of Morgan. She was amazed at the number of people, particularly students, that attended and proud of everyone for diving into such a difficult conversation.

Morgan credits her leadership opportunities to the scholarship awarded by ETF stating, "I know if I didn't have my scholarship, there would be no way I'd be able to take leadership roles on a volunteer basis versus paid employment. Once I knew my school was paid for, it opened a lot of opportunities to become involved." Morgan's leadership is exactly what communities need in order to make a better today and a better future for generations to come. "I don't think there is anything more worthwhile than giving back to the community or doing something for others. My leadership position has shown me that I don't want to stop helping the community where I live." Morgan's scholarship has convinced her that her role in life is to help her community through her leadership, commitment, and advocacy, working for a better future.

Rebecca Isles
East Tennessee Foundation
Communications Intern

MORGAN HARTGROVE,
STUDENT BODY
PRESIDENT, AND
MICHAEL CURTIS,
STUDENT BODY VICE
PRESIDENT, ADD
THEIR HANDPRINTS TO
THE ROCK LOCATED
ON THE UNIVERSITY
OF TENNESSEE,
KNOXVILLE CAMPUS
DURING "UNITED AT
THE ROCK AGAINST
RACISM"





STAFF AND BOARD MEMBERS OF THE PAT SUMMITT FOUNDATION PRESENTING ITS ANNUAL \$500,000 GRANT TO STAFF FROM THE PAT SUMMITT CLINIC AT THE UNIVERSITY OF TENNESSEE MEDICAL CENTER

2018 “WE BACK PAT” WEEK

This year marked the seventh consecutive season the Southeastern Conference (SEC), in cooperation with its 14-member institutions, has organized a “We Back Pat” Week. The week-long initiative is focused on bringing awareness and recognition to the Pat Summitt Foundation (PSF) and its fight against Alzheimer’s disease.

During the week of January 21 – 28, SEC member institutions offered support of the PSF during their home basketball games. At every SEC woman’s basketball game, a variety of efforts including promotional public address announcements and video endorsements will help to increase awareness of the foundation and its mission. Approximately 85 additional colleges and high schools across the country have held “We Back Pat” games during the 2017-2018 season.

Each year at the University of Tennessee Lady Vols “We Back Pat” game, volunteers who coordinate a variety of local fundraising events present checks to the Pat Summitt Foundation on the Summitt basketball court in Thompson-Boling Arena. It’s also at this game that the Foundation presents its annual \$500,000 grant to the Pat Summitt Clinic at the University of Tennessee Medical Center (UTMC), the Alzheimer’s clinic created through a partnership between PSF and UTMC. The clinic has been operating for over a year now, having opened in January of 2017, which is when the medical director, Dr. Roberto Fernandez began his leadership tenure as well.

2018 GRANT TO THE PAT SUMMITT CLINIC:

\$500,000

TOTAL 5-YEAR COMMITMENT TO THE PAT SUMMITT CLINIC:

\$2.6 MILLION

UPCOMING PAT SUMMITT FOUNDATION EVENTS

SALUTE FOR A CURE
FEATURING CHRIS BLUE
APRIL 26, 2018
The Press Room
Knoxville, TN

THE PAT SUMMITT INVITATIONAL AT SPRING CREEK RANCH
MAY 7, 2018
Memphis, TN

NASHVILLE ALZHEIMER’S GOLF CLASSIC
JUNE 3 + 4, 2018
Brentwood, TN

TASTE OF TURKEY CREEK
SEPTEMBER 7, 2018
Knoxville, TN

BRISTOL GOLF TOURNAMENT
SEPTEMBER 17, 2018
Bristol, VA

THE PAT SUMMITT INVITATIONAL AT PINE TREE COUNTRY CLUB
OCTOBER 1, 2018
Kennesaw, GA

THE PAT SUMMITT INVITATIONAL AT WIND RIVER
OCTOBER 22, 2018
Lenoir City, TN

MEET OUR NEW BOARD MEMBERS



CATE BIGGS is a Knoxville native who moved back to East Tennessee in 2012 after 20 years in the San Francisco Bay Area. She is a graduate of Yale University and has a Masters in Social Welfare Management and Planning from the University of California-Berkeley. Currently, she teaches an online graduate-level education class for K-12

teachers on Global Poverty that she created with Columbia University Teachers College and education nonprofit World Savvy. She is a Trustee and former Chair of the board of the Episcopal School of Knoxville. In her spare time, she volunteers with the Maryville College Equestrian Team and Penrose Farm Pony Club Center, and enjoys riding, reading, and her rescue dogs and cats.

Traveling to catch up with her girls these days, she loves mucking around in the dirt at daughter Caroline's horse shows, debating philosophy at high decibels with daughter Emily, sharing a passion for Broadway musicals with daughter Grace, or just hanging out in Sequoyah Hills with the love of her life for 30 years, husband Jim.



RICK FOX was born in Florida while his father was in the Navy and lived in South Florida and northern Virginia before his family moved back to Knoxville. His family has been in East Tennessee since before 1800 and owned drug stores in the Knoxville area from 1910, until he sold the last one in 1995. He currently owns and operates Fox

Management, Inc., which develops and leases commercial property. The arts, education, and health are some of Rick's favorite areas of philanthropy.

Rick serves on the Fort Sanders Foundation and the Knoxville Symphony Orchestra boards. Living in a 215 year old house has fostered Rick's interest in historic preservation, and he also enjoys gardening and traveling. Something that few people know about Rick is that when he was young he had a chance to train for the Olympics in swimming.



SHARON HANNUM was born in Blount County. She attained an Associate's Degree in Business Administration from Draughton's Business College. Sharon worked for Carborundum Company, Pollution Control Division in Knoxville, TN until she was recruited by Alcoa, Inc., from where she retired after 30 years of service.

She is devoted to her family and St. Paul A.M.E. Zion Church of Maryville.

She currently serves on the Budget Committee and is Chair of the Jail Inspection Committee for Blount County Government, Pellissippi State Community College board of trustees, community advisory board for Denso Manufacturing Tennessee, MLK, Jr. Community Center advisory board, and Discover Blount advisory board for Leadership Blount. Sharon is the mother of one son, Robert Todd Hannum, who is the joy of her life.



LOGAN HICKMAN is a native of Columbia, Tennessee. Upon graduation from the University of Tennessee, Knoxville in 1980, he was commissioned as an Infantry second lieutenant in the US Army. In 2002, he concluded a 22-year career in the US Army as the Professor of Military Science at Mississippi State University.

Military retirement brought his family to his wife's hometown of LaFollette. He is employed as the executive vice president at Peoples Bank of the South.

He currently serves on the Tennessee Bankers Association Independent Bankers Division board of directors, Great Smoky Mountain Boy Scout Council Commissioner and executive board member, Campbell County High School Relief Fund President, UT Army ROTC Alumni Council President, East Tennessee Veterans Memorial Association board, UT Graduate School of Medicine Board of Visitors, and is a member of Rotary International. He is married to the former Johnnie Lou Reynolds. They have two sons, Andy and David.



GENE PATTERSON was born in Tokyo, Japan where his father was a serviceman from Madisonville who met and married his mother while serving there. Gene is a graduate of University of Tennessee, Knoxville. He spent thirty years in the

broadcast news industry in Knoxville at WBIR and WATE. Fourteen of those years he was the primary anchor. In between stations, he spent 3 years as Mayor Victor Ashe's Deputy working in both communications and policy. Currently, he is the Senior Specialist in Community Affairs and Communications for Consolidated Nuclear Security, LLC, managing operator of the Y-12 National Security Complex.

He serves on the boards of the Children's Museum of Oak Ridge,

Aid to Distress Families of Appalachian Counties (ADFAC), and the Center for Leadership and Community Development. Gene says he prefers collaboration to confrontation and tries not to take himself too seriously. He is a closet guitar player and an avid golfer.



MARGIT WORSHAM is a community volunteer and resident of Sevier County. She currently serves on the boards of Alexis de Tocqueville Society to benefit United Way of Sevier County, Arrowmont School of Arts & Crafts, Atlantic Salmon Fund in Iceland and Atlantic Salmon Trust in United

Kingdom, protecting Wild Atlantic Salmon in the sea and rivers throughout Europe, Leadership Sevier, Sevier County Arts Council, and United Way of Sevier County.

She was part of the group that raised \$8.5 million to purchase the land and buildings for Arrowmont School of Arts and Crafts and a member of the First and Lasting Impression committee who handbuilt stone signs on all three main entrances into Gatlinburg.

2017 ANNUAL MEETING

THE FOUNDRY *January 23, 2018*



CELEBRATING MILESTONE ANNIVERSARIES



20 YEARS

PRECY STURGEON

10 YEARS

BETH HELLER

5 YEARS

DEBORAH PHILLIPS, PATRICK WADE, SHERRI ALLEY, AND ADAM WALLER

MIKE MCCLAMROCH, BACK LEFT, RECOGNIZED STAFF MEMBERS CELEBRATING MILESTONE ANNIVERSARIES AT THE 2017 ANNUAL MEETING – PICTURED LEFT TO RIGHT ARE: PRECY STURGEON, BETH HELLER, DEBORAH PHILLIPS, PATRICK WADE, SHERRI ALLEY, AND ADAM WALLER

“The most common question I receive is why should our community consider an affiliate fund and how does it differ from other charities? Tellico Community Foundation is a great example of a group of individual donors coming together to support needs, opportunities, and challenges of today, tomorrow, and the future. Everyone can be a philanthropist, and community funds such as TCF provide the vehicle to accomplish charitable impact now and in the future.” -Trudy Hughes, ETF Vice President for Regional Advancement

GIVE WHERE YOU LIVE

AN EXCERPT FROM A RECENT ARTICLE WRITTEN BY MEMBERS OF THE ADVISORY BOARD FOR TELLICO COMMUNITY FOUNDATION

TELLICO COMMUNITY FOUNDATION

The Tellico Community Foundation exists to enrich the lives of our residents and the greater community by evaluating and addressing community issues, connecting generosity to programs and projects, and nurturing a culture of charitable giving.

Why do we need a Tellico Community Foundation (TCF)?

We differ from most other charitable organizations in the following ways:

1. Grantmaking expertise. A strength of our affiliation with ETF is the ability to identify innovative approaches and solutions to meet unmet community needs. No doubt, many communities across East Tennessee are dealing with similar problems. By working with other charitable organizations, and beneficiaries, donors can be ‘assured’ that their donations are going to the best organizations and most worthwhile causes with significant community impact.

2. We are nimble, not aligned, and local.

Being nimble means that we can keep up with the changing times. Donating to the TCF ensures that donations will not become redundant or duplicative over time as community needs change. Our local understanding will be instrumental in directing attention to evolving needs. As needs change over time, your donation will always be used meaningfully.

3. Professional Management of the Fund.

All 437 funds of ETF are managed by a volunteer investment committee that sets policy and strategy and monitors investment performance against industry standards.

PARTNERING TO ASSIST NONPROFITS ACROSS THE EAST TENNESSEE REGION

ETF has been a resource for East Tennessee nonprofit organizations for its 30+ year history. As we expanded and personnel available to assist grew, ETF joined with other community leaders and organizations to develop the Alliance for Better Nonprofits (ABN). The goal from the very beginning was to partner and provide collaborative resources and seminars for nonprofit organizations throughout our region.

In 2017, seminars were held in Jefferson County and McMinn County. Both of these were focused on board development, relationship development, and fundraising. Nonprofit staff and board members from Jefferson, Grainger, Hamblen, Cocke, and Sevier counties attended the first seminar with similar community leaders from McMinn, Monroe, Blount, and Loudon counties joining together to learn more about enhancing their board capacity and financial sustainability.

Pleased with the interest and outcomes, a second year of quarterly seminars began March 1, 2018 in Greeneville with Rural Resources hosting at their new facility. United Way of

Greene County joined as seminar co-host as did Fund for Greene County, an affiliate fund of

ETF. This seminar **ABN PRESIDENT JERRY ASKEW, TRUDY HUGHES, AND PAUL WILLSON, ETF BOARD CHAIR AT THE FUND FOR GREENE COUNTY** also shared information regarding the priorities for their grantmaking cycle.

Upcoming seminars are planned for locations in Scott, Campbell, and Blount counties. Topics for these seminars are outlined by ABN as they determine the most critical needs of regional nonprofits. For additional information, contact Trudy Hughes, Vice President for Regional Advancement.



ADVANCEMENT

DON'T LET THE TAX TAIL WAG THE DOG

Martha “Marty” Black, an outstanding estate planning attorney and my mentor when I was in private practice, would often caution, “*Don’t let the tax tail wag the dog.*” In this manner, she would wisely admonish both clients and young associate attorneys when they zeroed in on the tax effects of various planning strategies and assumed those effects should be the driving motivation in choosing a strategy. Since Congress passed a tax reform bill late last year, Marty’s advice seems even more relevant now for development staff at charities, tax and financial advisors, and even donors. Anyone involved in charitable giving must remain focused on the donor’s charitable goal, which is typically fueled by passion for a particular cause or organization rather than by tax benefits.

ETF can partner with donors and their advisors to design a charitable plan that centers on the donor’s goals, but also maximizes tax advantages in the current tax landscape. Below I discuss the basics of a few of the more popular options:

Use Donor Advised Funds to Bunch Gifts + Smooth Grants Since the tax reform bill nearly doubled the standard deduction, married joint filers will need to have more than \$24,000 in deductions before itemizing; for individuals the threshold is \$12,000. Additionally, the deductions for state and local taxes (e.g. sales tax, property tax and Hall income tax) are now limited to \$10,000 and interest on mortgages is only deductible for mortgage indebtedness of \$750,000 or less. As a result, many middle-class taxpayers, especially those in low-tax states such as Tennessee, may find that their usual level of annual charitable contributions, state and local taxes, and mortgage interest totals less than the standard deduction, eliminating any tax advantage of their usual level of annual charitable contributions. Those taxpayers may benefit from “bunching” their charitable contributions into alternating tax years by donating double the typical amount in one year and nothing in the following year. ***Contributing this to a donor advised fund could allow the taxpayer to use the deduction every other year, but spread out the grant recommendations over both years so the charities can receive relatively consistent funding from year to year.*** This kind of donor advised fund at ETF can be set up quickly and easily and has very low annual administrative costs.

Donate Highly Appreciated Assets vs. Cash Last year’s tax reform bill did not alter the legal structure for capital

gains taxation, so when a capital asset is sold, the increase in value of the asset is subject to taxation at various rates, depending on the adjusted gross income of the taxpayer and the length of time the asset was owned. ***However, if the taxpayer donates the asset to charity instead of selling it, the donor pays no tax on the appreciation and generally receives a charitable income tax deduction for the full fair market value of the asset as of the date it was donated.*** Even if the charity immediately sells the asset, the charity is tax-exempt and generally pays no tax on that sale. While donors often employ this strategy with gifts of publicly traded stocks, ETF can, after some due diligence, accept any asset of monetary value, including real estate, works of art, or privately held business interests. There is no legal restriction on the type of fund to which these gifts can be made, so this strategy could be used to create or grow a donor advised fund.

The IRA Charitable Rollover (also called a Qualified Charitable Distribution) ***A donor over the age of 70 ½ years can direct up to \$100,000 annually directly from his or her IRA to a charity, while counting the distributed amount toward his or her required minimum distribution, and avoid paying any income tax on the amount distributed.*** This particular technique, when properly executed, produces the same tax effect as if the taxpayer had taxable income and a corresponding deduction, but without the need to itemize. Additionally, because the amount of the gift is excluded from adjusted gross income, this technique can help high-income taxpayers on the verge of owing the 3.8% net investment income tax (also called the Medicare surtax) to keep their modified adjusted gross income below the threshold that would trigger that tax. Unfortunately, this option cannot, under federal law, be used to contribute to a donor advised fund or a supporting organization.

We are confident in the generosity of East Tennesseans and their continued support of causes about which they are passionate. If you or a client would like to explore how ETF can be of assistance, please contact me at sdalley@etf.org or call 865-524-1223 or 877-524-1223 (toll free).



Sherri Alley, J.D.
East Tennessee Foundation
Vice President for Advancement

EAST TENNESSEE FOUNDATION

520 W. SUMMIT HILL DRIVE
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EAST TENNESSEE FOUNDATION IS A PUBLIC, NONPROFIT, COMMUNITY FOUNDATION CREATED FOR THE PURPOSE OF BUILDING CHARITABLE RESOURCES TO MAKE COMMUNITIES STRONGER AND LIVES BETTER THROUGH THOUGHTFUL GIVING.

HAS YOUR CONTACT INFORMATION CHANGED? IF SO, PLEASE LET US KNOW SO WE CAN KEEP IN TOUCH.

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East Tennessee Foundation has been confirmed in compliance with National Standards for U.S. Community Foundations