Connections

East Tennessee Foundation

Fall 2006

Thoughtful giving for stronger communities, better lives

THE CELEBRATION CONTINUES

Mike McClamroch
ETF President/CEO

Welcome to the fall edition of *Connections*. As you know by now, 2006 marks the 20th Anniversary of East Tennessee Foundation (ETF). All year long we have endeavored to "Value our past – Celebrate our present – Envision our future." Timelines and remembrances from key people along our path have appeared in previous *Connections* editions. In this issue, Joan Allen, Jim Begalla, Ann Hansen, and Danny Pressley share their experiences and thoughts about the Foundation. Other articles include a legislative update on giving incentives contained in the recently passed Pension Protection Act and a listing of some of our recent grantmaking in Washington and Johnson counties.

What an event our 20th Anniversary Celebration was! The caption for the photos is right – "We had a good time" at Two Rivers Pavilion on a perfectly beautiful and crisp October night. That evening we shared several recent milestones in the life of ETF: 300 funds, $123 million in total assets, $136 million in grants since 1986, adding Carter County as our 25th East Tennessee county served, and ETF's achievement of Council on Foundations community foundation certification. Throughout the summer, six visioning groups met across our region and focused on questions such as: What are our greatest strengths/challenges in East Tennessee? And, what do we want to be known for in the year 2026? The conversation was vigorous, enlightening, and across the region, surprisingly consistent. The group's visions were given as "raw material" to Elizabeth Rose, a professional storyteller. Elizabeth used the information to entertain, engage, and challenge those present at our celebration event with a fictional vision of our region in 2026. It was the perfect way to value ... celebrate ... and envision.

Hopefully you have participated in our year-long celebration of our remarkable history. If you have not, we invite you to find out more about our community foundation, get involved, and become part of our next 20 years.

Michael T. McClamroch

WE HAD A GOOD TIME

inside this issue

ETF History - A Tremendous Learning Experience..Pg. 2

ETF History - We Have to Give Back & Setting the Course.....Pg. 3

ETF History - Ask & Tell.....Pg. 4

Persistence. & Carter County.....Pg. 5

Grant Awards.....Pg. 6

Strike While the Iron is Hot.....Pg. 7

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Confirmed in Compliance with National Standards for U.S. Community Foundations

Use of this National Standards Seal signifies that ETF has met the highest standards in its field.

ETF HISTORY 1999 - 2005

As part of the ETF 20th Anniversary Celebration, we are continuing to collect comments and observations from people who have helped to MAKE our history. The reflections are being included in our newsletters throughout this 20th year.

1999 – Foundation assets total over $50 million.
2000 – Knoxville Jewish Community Family of Funds supporting organization established.
2000 – Kingsport Community Foundation established.
2000 – ETF achieves $50 million in total grants awarded
2001 – Johnson County Community Foundation established
2001 – ETF established Project GRAD program to work with at-risk children
2002 – Public School Forum of East Tennessee supporting organization established
2002 – Rogersville/Hawkins County Education Fund established
2002 – Clinch-Powell Community Fund established
2003 – Clayton Foundation established as ETF's largest supporting organization
2003 – Chapman Family Foundation supporting organization established
2003 – ETF begins construction of James Agee Park in historic Ft. Sanders Neighborhood
2003 – A recordbreaking $52.8 million is received in gifts during the year
2004 – Knoxville Children's Foundation becomes part of Youth Endowment, more than tripling its size to $2.8 million
2004 – Investment Alliance Program launched with establishment of Mount Rest Foundation Fund
2004 – ETF relocates to 625 Market Street
2004 – ETF co-hosts first annual East Tennessee Writers Hall of Fame event and creates Literacy Endowment of East Tennessee

Continued on page 5

A Tremendous Learning Experience

Joan D. Allen
ETF Chair 1998 - 99

When I began my service as an East Tennessee Foundation (ETF) board member, things were very different from what they are now – different office location, different leadership, different size Foundation. But the mission was the same. Because the Foundation does so many things that are so all encompassing and far reaching, when you join the ETF board, it's a tremendous learning experience. At each board meeting I was introduced to something incredible and new. As a fledgling member, I was asked to chair the East Tennessee Foundation Arts Grants panel and continued to do so for three years.

In 1998, Katharine Pearson, ETF Executive Director, accepted a position in Africa and the search began for someone to replace her. I was Vice Chair of the Board during this change and was asked to be Board Chair quite unexpectedly. My Roberts Rules of Order were a bit rusty, so it took me a couple of meetings to get back in stride. It was during this time that I realized the importance of the ETF staff and their unbelievable dedication. Jerry Askew was chosen as the new President/CEO and came with great credentials, lots of personality, and I feel like we helped one another.

A lot of things happened: we launched the very complicated Lila Wallace Fund (Bobbie Congleton led the effort and really did a super job); we crossed the financial threshold of $50 million in assets (something that no one ever dreamed we would accomplish); we brought in experts to talk about how to approach the next generation; we discussed creating a junior board to make young people more aware of giving (which I still think is a progressive idea); we tried to spread the word about what the Foundation does (and that's not easy to put into two or three words); and we tried to have regional representation on the board (even though the travel is an inconvenience for them, their input is very valuable).

ETF has gone way beyond any expectations I could imagine. Each person holding a leadership role has added something wonderful, and what is amazing is that the staff stayed almost the same. That says to me how important they are, how much work that they do, and how much they can accomplish. You always want to grow things – my vision is to keep going in the same direction and to support all of the wonderful ideas that come out of the surrounding communities.

Being a part of East Tennessee Foundation is one of the finer experiences in my life. If I had to choose one charitable organization in the area that addresses so many needs of people, it's ETF. And it is definitely my favorite. I think what the Foundation does and the fact that it is regional is especially good. My relationship with ETF was totally different from anything that I'd ever had with an organization, and as I have said, it's still my favorite. And when I die, I'll say, give to ETF!

Joan D. Allen

ETF HISTORY 1999 - 2005

We Have to Give Back

James A. Begalla
ETF Chair 2003

I knew of East Tennessee Foundation's (ETF) origins because Katharine Pearson Criss, ETF Executive Director, and I were friends and worked together at the University before she was associated with East Tennessee Foundation. When the Foundation was created, my wife, Marty and I were into other things. When we were ready to get involved in the community, we started talking about the Foundation. My interest at that time was focused in the arts.

The Arts Fund and serving on the grants panel really brought me into the ETF office. I was already familiar with what was happening in the Knoxville arts community, so I especially enjoyed the opportunity to learn about some of the regional art activities.

ETF continued to expand – every year assets grew and so did operating expenses. Proceeds from projects like Hot Summer Nights Concerts helped to offset operating needs. When I was Vice Chair, there was a big effort to get the board more involved in the affairs of the Foundation and during my time as ETF Chair, the Clayton Foundation came into the fold.

The Foundation has always fulfilled my expectations and I think it does wonderful work, not only here in Knoxville, but throughout the region. The potential for great things to happen is just unlimited with the abundance of talent in East Tennessee. The challenge for the Foundation in the future will be to expand the operations in the region and to overcome the impression that this is a Knoxville organization. East Tennessee Foundation can continue to advance the sense of the East Tennessee region as a community.

I believe that at some point in life, we have to give back to the community. Serving on the ETF board for two terms gave me a broader understanding of what the Foundation does and the Foundation plays an important role in helping me to "give back."

James A. Begalla

Please

Save the Date

for the

East Tennessee FOUNDATION

ANNUAL MEETING

Tuesday, January 23, 2007

THE FOUNDRY

Setting the Course

Ann H. Hansen
ETF Chair 2004

I became involved with ETF in the early '90s. Katharine Pearson took me to lunch and explained the concept of an organization whereby the community could do philanthropy. Since the concept of giving back was ingrained in my fiber by my parents, I saw the benefit of the organization and was honored to be asked to join the Board. I've had the privilege of being associated with the Foundation since then either serving on the Board or a Committee.

As I pause to recollect what the Foundation was like in its early years and what it is today, I'm nothing short of astounded at how far the Foundation has come. ETF was one of four participants in the first round of the Ford Foundation Rural Economic Development grants. It was during this time that the concept of the Fund for Greene County came up as the Board and staff worked on the Ford initiative. I believe we also pioneered the concept of using real property for grant matching purposes then. One of the benefits of the Ford challenge grant was that the four community foundations engaged in the initiative were convened every 6 months to enable Ford to learn of our progress and struggles and so that the community foundations could learn from each other. In retrospect, not only did those meetings sow the seeds of friendships I maintain to this day, but they provided an excellent

Continued on page 4

ETF HISTORY 1999 - 2005

Continued from page 3

education for me in MSG (that's management, structure and governance!) that I continue to use in my ongoing work with both nonprofit and for profit boards.

I consider two accomplishments as the pinnacle highlights of my years with the Foundation - chairing the Task Force to develop the guidelines for the Opportunity Fund and initiating the development of a strategic plan, which is still a work in process. Working with me on the Opportunity Fund Task Force were Henrietta Grant, Danny Pressley, Terry Holley, Jeff Becker, and Steve Arnett. We formed a learning community as we struggled with what we thought the Opportunity Fund should do and what the grant and funding guidelines should be. We worked hard and laughed a lot, too!

I view the Strategic Plan as crucial to our future development. It provides a mechanism whereby the Board and staff, with input from the regional community that we serve, can make strategic decisions that will set the course of continuing to enhance this region that we all live in and love.

ETF is already nationally recognized and is frequently called on by national organizations, like the Aspen Institute, to assist in various workshops to share our experience and knowledge. The staff is unequalled in my experience, period. As the wealth of East Tennessee continues to grow, I expect that the Foundation will continue its growth also. I expect that funds will be established and thriving in all the counties that we serve. I expect that ETF will continue to be recognized for its service and value such that there will be a plethora of supporting foundations. I expect that the Foundation's continuing education activities will acquaint professional estate planners, attorneys, financial advisers and CPA's with the Foundation and its benefits. In short, I expect as great or greater things of and for the Foundation in our next 20 years!

Ann H. Hansen

See ETF on Community Television
Channel 12
Mondays - 12:15 p.m.
Fridays - 5:30 p.m.

Ask and Tell

J. Daniel Pressley
ETF Chair 2005

I was professionally aware of the philanthropic avenues that East Tennessee Foundation (ETF) provided clients, but I got involved with ETF simply because Jerry Askew and David Martin asked me to do so. The point I'm trying to make is that board members and ETF friends can take the initiative to tell the East Tennessee Foundation story and ask people to participate in some way. Whether serving in one of the many volunteer roles, creating a fund, or just donating to an established fund, association with ETF is important.

Because of what ETF does, I said yes to Jerry and David. I don't go out and physically build houses for Habitat or serve meals at the Knox Area Rescue Mission. But the Foundation provides the means for me to use the strength of my professional background to fund those things. Thoughtful giving for stronger communities and better lives is a great mission.

During my tenure as Chair in 2005 we crossed the significant threshold of $100 million in assets. But the most noteworthy accomplishments were those that helped people in the community through grant awards in that year, and indeed every year. Moving offices has given the Foundation a better downtown presence and allows other organizations to use some of our common space and special resources.

My relationship with ETF has given me a greater understanding about how people can benefit from using the Foundation – the different types of charitable planning available – the opportunities that exist in our community – what the needs are – the ways that we are fulfilling those needs. It was a very pleasurable experience, and the Foundation has fulfilled my expectations.

I hope that we can build on the strong foundation that has been laid by the donors and staff and continue to grow the organization in such a way that many more people can use it and be helped by it. And once again, I encourage everyone to tell the East Tennessee Foundation story and to join in its philanthropic endeavors.

J. Daniel Pressley

SUFFRAGE

Persistence

Persistence. It is the common thread that can be found running through the coats of Elizabeth Cady Stanton and Wanda Sobieski. For over one hundred years, Stanton and others campaigned for their right to vote in the United States. For over ten years, local Knoxville attorney Sobieski and other dedicated East Tennesseeans campaigned for a statue to commemorate these efforts.

The Tennessee Women's Suffrage Memorial was taken on as a special project of East Tennessee Foundation over a decade ago. It is cast in bronze and features the Knoxville suffragist Lizzie Crozier French, Anne Dallas Dudley of Middle Tennessee, and Elizabeth Avery Meriwether of West Tennessee. The life-size bronze figures lean forward expectantly on Market Square, carrying a banner that bears other important suffragists' names.

Sculptor Alan LeQuire of Nashville was chosen by Sobieski to create the memorial. The original cost estimate for the statue was about $85,000, but the final total was over $100,000 as the statue's marble, engraved based and lighting fixtures were installed. It was funded entirely by private donations directed to East Tennessee Foundation's 75th Suffrage Anniversary Coalition fund.

Over the course of ten years, these gifts—ranging from $5 to $5,000.00—were incremental reminders of the small steps that are often necessary to make big things happen. The steps taken in Nashville were critical ones on the road to women's suffrage. It was the Tennessee General Assembly that cast the final "yes" vote that was needed to ratify the 19th Amendment of the U.S. Constitution. This statue is also the first in Knoxville to commemorate women.

Bess Newton

NEW AFFILIATE

#25 - Carter County

In addition to helping East Tennessee Foundation (ETF) plan for the next 20 years, one of many other benefits of the visioning done for our 20th Anniversary Celebration was the opportunity to educate people not familiar with ETF.

At one of the six vision group meetings, a donor not familiar with ETF made a request for additional Foundation information. A follow-up luncheon date was scheduled.

After a few hours over lunch in Elizabethton, the Fund for Elizabethton/Carter County was established. A steering committee is being formed now to identify potential advisory board members and ETF now serves 25 counties.

Today we have 12 county affiliate funds, acting as mini community foundations, each with its own local board of advisors. Our county affiliates and our Rural Communities Initiative, with generous support from the Ford Foundation, have done much to foster philanthropy and make a community foundation accessible to everyone in our region.

ETF History - *continued from page 2*

2004 – ETF launches Niswonger Performing Arts Center in Greeneville

2004 – ETF achieves historical milestone of over $100 million in grants made

2005 – Legacy Parks Foundation and Education Consumers Foundation supporting organizations established

2005 – Coordination begins on Clothesline Quilts Trail

2005 – Total assets grow to over $100 million

2006 GRANT AWARDS

Harris Fund for Washington County

An Affiliate Fund of East Tennessee Foundation

2006 Grant Awards

The Harris Fund for Washington County was endowed by Ms. Eva Stanley Harris, a Washington County native, in memory of the Harris Family of Johnson City, to honor their spirit of philanthropy and legacy of community service. The Fund encourages creative use of area resources and promotes the improvement of the quality of life of Washington County residents.

Washington County Academy of Strings (*formerly Suzuki School of Music*)
Financial Aid and Community Service Concert Series outreach programs.

Appalachia Service Project, Inc.
Good Neighbors, a new home repair program.

Boys and Girls Club of Johnson City/Washington Co.
Power Hour, an after-school education program during the school year.

CASA of Northeast Tennessee
Training of volunteers to become Court Appointed Special Advocates to serve in the Washington County Juvenile Court.

Coalition for Kids, Inc.
Amistades, an after-school tutoring program for Hispanic children at Cherokee Elementary School.

Girls Incorporated of Johnson City/Washington Co.
Media Smarts, a research-based curriculum that helps girls develop critical-thinking skills.

Hands On! Regional Museum
Johnson's Depot!, an exhibit based upon the history of Johnson City.

Johnson City Public Library
Collection of publications and materials for the library as a participant in the Foundation Center's Cooperating Collections network.

Rocky Mount Historical Association
Educational Outreach Programming and Title I Admission Subsidy Funds, two educational programs for schools, youth organizations and senior citizen centers.

Tipton-Haynes Historical Association
Quality educational programs for Kindergarten through fifth grade students.

TOTAL FUNDING AWARDED:
$30,200

Johnson County Community Foundation

2006 Grant Awards

Johnson County Community Foundation was established through the work of the Johnson County Community committee and the generous gifts of time, vision and resources. This group of Johnson County residents was committed to strengthening communities and improving the quality of life in Johnson County.

Johnson County ACTION Coalition *Fiscal Sponsor: Johnson County Safe Haven, Inc.* Creation of a resource directory and informational referral line for citizens of Johnson County.

Doe Elementary School
Purchase of school playground equipment.

Heritage Hall, Inc.
Presentation of Barter Players' touring play, "American Tall Tales" to elementary school children in Heritage Hall Theatre.

Johnson County Champion Community
The first annual Mountain Sunrise Arts Festival will promote local artists, tourism and economic activity.

Johnson County High School
Metal smithing class for special and regular education students.

Johnson County High School
Classes in stained glass art for special education students.

Johnson County Historical Society
Development of a genealogy corner in the Museum of Johnson County Relics.

Johnson County Humane Society
Veterinary services to spay/neuter family cats for low-income, seniors and disabled citizens.

Johnson County Senior Center
First annual Golden Mile Walk in 2006 will target older adults but will provide health-related information to the entire community.

Trade Days, Inc.
Fiscal Sponsor: Johnson County Government
Reconstruction of a historic working grist mill.

TOTAL FUNDING AWARDED:
$7,400

Strike While the Iron is Hot

Ordinarily, I try to make this article meaningful and pertinent to a very broad base of the constituencies of East Tennessee Foundation. This time, however, I am making an exception. The target audience for this article consists of people who already are or soon will be 70½ years of age, who own an Individual Retirement Account (IRA), and who have no particular need for the annual distributions that are mandatory at the age of 70½.

...people who already are or soon will be 70½ years of age...

Something really important must be going on that would make me focus on such a specific group of folks. Here's what has happened. On August 17th of this year, President Bush signed into law the Pension Protection Act of 2006. Included in that legislation were some significant charitable reform provisions, one of which is the subject of this article.

The Act permits persons who have reached the age of 70½ to exclude from income up to $100,000 a year of IRA distributions if they are contributed directly to an eligible charitable organization. These qualified charitable distributions can be made in 2006 and again in 2007, giving the IRA owner the potential for excluding up to $200,000 in IRA distributions from income. Not only is the tax obligation on the distributions avoided, but the amount that is given to charity also counts toward the annual minimum required distribution.

Before the passage of the Pension Protection Act of 2006, IRA distributions were included in a person's income, which had other negative tax effects. For example, the amount of Social Security benefits subject to income tax and the available alternative minimum tax exemption are dependent upon the amount of the taxpayer's income, such that the higher the gross income, the more unfavorable the tax treatment. The IRA "charitable rollover"now enables the IRA owner to have a withdrawal sent directly to a charitable organization with none of the negative consequences previously mentioned.

Bob Calloway
V.P. for Advancement

It should be noted that this legislation applies only to IRA distributions, not 401(k) plans, Simplified Employee Plans (SEP's), or other employer-provided pension and profit sharing plans. Furthermore, transfers to private non-operating foundations, donor advised funds, supporting organizations, charitable trusts, and charitable gift annuities do not qualify for tax-free rollover treatment.

There are some excellent ways you can utilize the IRA charitable rollover at East Tennessee Foundation. You can establish a designated fund that would benefit your favorite non-profit organization(s); one of our donors has already done that. You can establish or add to a scholarship fund or a field of interest fund. You can also add to our opportunity fund or the ETF operating endowment.

The window of opportunity for you to use your 2006 IRA charitable rollover is closing soon. If you match the profile described in the first paragraph of this article, contact your professional advisor and "strike while the iron is hot!"

To Get the Most Out of Giving, Read...

Charitable Strategies,

a free charitable giving e-newsletter helping Professional Advisors and their clients to maximize philanthropic value. To receive *Charitable Strategies*, send your request to bcalloway@etf.org.

Law's Interiors & Design...

fills our office space with beautiful things. The pieces exhibited include chests, chairs, tables, lamps and art, and are available for purchase. ETF is very grateful.

E-mail and Website Options

To receive this newsletter and other helpful and exciting updates from East Tennessee Foundation, please contact us at etf@etf.org or read it on our website: www.easttennesseefoundation.org.

To have a copy of this newsletter sent to someone, contact us by phone, toll-free (877) 524-1223, (865) 524-1223 or e-mail, etf@etf.org.

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East Tennessee Foundation respects, celebrates, and encourages diversity that positively contributes to our healthy and caring community.

EAST TENNESSEE FOUNDATION

East Tennessee Foundation (ETF) is a public, nonprofit, community foundation created for the purpose of building charitable resources to make communities stronger and lives better through thoughtful giving.

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