Connections

East Tennessee Foundation

Fall 2007

Thoughtful giving for stronger communities, better lives

TOWARD A PURPOSEFUL FUTURE

Our fall 2007 has finished with a flurry of activity. New staff training, our fund-holder appreciation event, our Thanksgiving and holiday correspondence, as well as the CLE we host on charitable giving kept us all busy.

Add to that the changing regulatory landscape (new laws and new IRS regulations), and producing, once again, a clean audit for East Tennessee Foundation (ETF) and all 11 supporting foundations. Top it all off with a lovely 15th anniversary celebration for our Terry Holley and one might be tempted to take a rest and say "well done."

Not at ETF. Our challenge is to master all of those things—and more. We're busy laying groundwork for a new direction for ETF. Our budget for 2008 is coming together and in a few weeks we will announce a major campaign to ensure the Foundation's future. The goal actually is to provide the wherewithal—financial and otherwise—to enable ETF to take on a more purposeful role in the future. We have always led when others have refused, we have always "envisioned" when others have been unable, but it has always been a "stretch" for us to get it all done. Our role as our region's philanthropic leader demands a better approach.

In the New Year, we will build on the regional visioning groups convened as part of our 20th Anniversary and where needed and appropriate, ETF, its board, and staff will lead by example toward a more purposeful future.

We want you to continue to be part of this process because Thoreau had it right when he warned us "It's not enough to be busy, the question is, what are we busy about."

Happy Holidays,
Michael T. McClamroch
ETF President & CEO

...WE enjoyed being together

At the recent East Tennessee Foundation fundholder reception...

...WE expressed our appreciation

...WE informed

...WE answered questions

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See ETF on Community Television - Channel 12

Wednesdays - 2:00 p.m.
Saturdays - 2:00 p.m.

BOARD MEMBER PROFILE

ABOVE AND BEYOND TO MAKE IT BETTER

Marian Oates

Marian Oates' interest in efficiency and always looking for how something can be improved may have had its roots in some early business ventures. During a visit with her grandmother in Soddy, TN, at age 12, Marian decided to go into the frozen sucker business. She nailed a sign to a tree that said "Frozen Suckers for Sale" and the neighborhood children streamed to her grandmother's back door with nickels in hand. All was going well until the Kool-aid type mixture that was being poured into aluminum forms and then frozen in her grandmother's ice box ran out. Marian had to leave her grandmother with the very unhappy customers while she walked to the store for more mixture. That experience, together with an ill-fated chicken-raising enterprise, has taught her the importance of good planning and has made her willing to go "above and beyond" to meet her commitments.

Her good fortune throughout her life has motivated Marian to seek ways to provide opportunities to make the lives of others more productive and satisfying. The saying, "One gets more out of what he/she does for others than what is given," has certainly been true for Marian. Sharing her experiences and expertise with those in positions of responsibility in nonprofit organizations has been gratifying for her. Professional and volunteer positions have benefited from her planning skills, forward thinking, and always looking for ways "to make it better."

Marian has used her planning skills in her personal life as well. Through inheritance and purchase, Marian owns about 500 acres on Chilhowee Mountain in Sevier County, TN, and has her home there. Because of her concern about the rapid loss of natural areas and the resulting negative effects on wildlife habitat, ground water supplies, air quality, vegetation, scenic beauty, and other attributes that contribute to a good quality of life, she is involved with the Foothills Land Conservancy. Marian is working with the Conservancy to place a conservation easement on her Chilhowee Mountain property that removes the development rights and will keep the property in its natural state, no matter who owns the land in the future.

"I had been aware of East Tennessee Foundation (ETF) almost since it began in 1986," said Marian. "I had been seeking ways to make the property my mother and I owned available to assist nonprofit organizations with their fundraising. As I learned more about ETF and the flexibility it provided in benefiting charitable organizations and maximizing Federal income tax deductions, I opened a donor advised fund and requested that funds be given to several charitable organizations. When I became a board member in 2004, I gained a greater understanding of how well ETF is managed administratively, the expertise of its board and staff, its accountability to its fundholders, and the professional management of its $93 million in assets. Later, I realized the value of such a community

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NEW ETF STAFF

ADVANCEMENT ASSOCIATE

AMANDA GILLOOLY, a Clinton, TN, native and Maryville College graduate, recently returned to Maryville with her new husband, Bo. After graduating from Maryville College in 2003, Amanda volunteered her time in ministry with Youth With a Mission (YWAM), traveling throughout the South Pacific islands and South America for over a year. Once back in the States, Amanda took the position of Special Projects Coordinator at Eagle Rock, a non-profit camp and retreat center in Maryville. Her passion is to work with non-profits and charities in helping to make a difference in the world. In addition, Amanda enjoys the fine arts, such as theatre, dance, music and visual art. In her free time, she enjoys antiquing, cooking, singing at her church and spending time with her husband and Pug dog.

Amanda Gillooly
Advancement Associate

To receive Charitable Strategies, a free bi-monthly e-newsletter, send your request to bcalloway@etf.org.

SUPPORTING ORGANIZATIONS

AN IDENTITY OF ITS OWN

A supporting organization is a 501(c)(3) nonprofit organization which qualifies as a public charity (rather than a private foundation) under the Internal Revenue Code because it has a close relationship with another publicly supported 501(c)(3). For example, East Tennessee Foundation, as a community foundation, is a public charity because it receives at least one-third of its financial support from a broad spectrum of donors; in other words, East Tennessee Foundation is publicly supported. Our nine active supporting organizations (Blalock Family Foundation, Chapman Family Foundation, Clayton Foundation, Cornerstone Foundation of Knoxville, Education Consumers Foundation, East Tennessee Supporting Foundation, Knoxville Jewish Community Family of Funds, Legacy Parks Foundation, and Public School Forum of East Tennessee) qualify as public charities because of their relationship with East Tennessee Foundation.

There are several types of supporting organizations, determined by the nature of the relationship between the supporting organization and the public charity it supports. All of East Tennessee Foundation's supporting organizations have the most common structure, similar to a parent-subsidiary corporate relationship and which, as in our case, normally involves the public charity appointing the majority of the supporting organization's board of directors. Most of the concern among regulators has focused on a different, much less frequently used type of supporting organization, which involves a much looser relationship with their supported public charity.

A supporting organization has its own identity, its own board of directors, its own fundraising activities and grantmaking processes. It can choose to make its own investment decisions. Because it is classified as a public charity, contributions to a supporting organization receive more favorable tax treatment than contributions to a private foundation. The supported public charity often bears many of the administrative burdens, such as preparing the supporting organization's audit and tax returns, managing its investments, providing fund statements and other reports to its contributors, acknowledging donations, and other such time-consuming required tasks.

Our supporting organizations are working in a variety of ways to make communities stronger and lives better in East Tennessee. They are investing in children,

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EDUCATION CONSUMERS FOUNDATION

An East Tennessee Foundation Supporting Organization

Ten years in the Tennessee State House of Representatives made David Coffey passionate – passionate about improving education. Mr. Coffey is greatly concerned that about one-third of our students manage to pass through our elementary grades without becoming proficient at reading, writing, or mathematics. So after leaving the legislature, he continued to follow his passion by encouraging educators to follow well-founded research that shows what actually works in the classroom.

A meeting with Carnegie Foundation staff in New York City gave Mr. Coffey a greater understanding of what should be done. Mr. Coffey began working with Dr. John Stone, who had some years earlier established an online networking and education research resource called the Education Consumer ClearingHouse. Coffey and Stone then worked effectively with East Tennessee Foundation (ETF) to establish the Education Consumers Foundation (ECF) as an ETF supporting organization.

Mr. Coffey is greatly concerned that about one-third of our students manage to pass through our elementary grades without becoming proficient at reading, writing, or mathematics.

The Education Consumers Foundation promotes the use of value-added accountability data and scientifically validated educational practices. "The national mood right now is much more toward accountability that says you do have to be able to show what you do is right," said Coffey. The ECF board includes people from several states, including a college dean in South Carolina and a former member of the Nebraska state board of education.

Continued on page 5

MOUNT REST HOME FOUNDATION GRANTS

In 1894, Mount Rest Home began in Knoxville as a residence for elderly ladies who had very little funds or family to care for them. The devoted women of the board of Mount Rest Home tended to every need of the house and the ladies who lived there. Although the lovely home eventually closed, the women of Mount Rest Home, many of whom are the daughters and granddaughters of the original board members, have continued to provide for the welfare of women and children in Knox County. They established the Mount Rest Foundation in 1994 and then the Mount Rest Home Foundation Fund of East Tennessee Foundation in 2004 to continue and secure their families' legacy of caring for Knox County's women and children.

Knox County

Boys and Girls Clubs of the Tennessee Valley
Providing an after-school and summer Education Enhancement program for youth at four inner-city Knoxville Club sites.

Child and Family Tennessee
Offering an enhanced therapeutic and recovery support program for women and children at the Family Crisis Center.

Friends of TIPS (Tennessee Infant Parent Services)
Organizing Respite Day services and in-home respite for parents and other primary caregivers of children with special needs.

Hospitality Pantries, Inc.
Supporting a tractor-trailer load of canned vegetables for nearly 4,000 families each month at three Knoxville locations.

InterFaith Health Clinic
Providing medical care, dental care and mental health counseling for uninsured working women and their children.

Kids on the Block

Kids on the Block of Knoxville, Inc.
Sustaining a puppet program which educates elementary school children about health and social issues that affect their lives.

Knoxville-Knox County Community Action Committee
Supporting the Mobile Meals program which provides nutritional meals to senior citizens.

Lisa Ross Birth and Women's Center

Lisa Ross Birth and Women's Center
Providing a bi-lingual Health Educator to initiate a Health Promotion Project for pregnant women, many of whom are Spanish-speaking.

Montgomery Village Child Development Center
Providing scholarships for children to attend the child care program at Montgomery Village Child Development Center.

Pellissippi State Technical Community College/Foundation
Supporting the Tennessee Board of Regents Magnolia Avenue Nursing Center for nursing students.

Mount Rest Home Foundation Grants - continued

Montgomery Village
Child Development Center

Safe Haven Center
Sustaining the Child Sexual Abuse Prevention and Education Program with component programs about rape prevention and sexual abuse education.

Second Harvest Food Bank of East Tennessee
Expanding two Youth Hunger Programs: Food for Kids discreetly fills backpacks with health foods, and Kids Café provides food for after-school meals and snacks.

Volunteer Ministry Center
Supporting the Volunteer Ministry Center Day Room, a safe place for homeless women to begin rebuilding their lives.

Wesley House Community Center
Sustaining an on-going Children's After School Recreation, Education and Support program for elementary school students in Mechanicsville, Lonsdale and Beaumont communities.

YWCA of Knoxville
Supporting the YWCA Residence Program which helps homeless women become self-sufficient.

TOTAL FUNDING AWARDED: $118,500

Education Consumers Foundation - Continued from page 3

The Knoxville schools have been a quiet leader in improving value-added achievement gains for its students. "ECF has focused quite a bit on Tennessee because the Tennessee Value-Added model, which University of Tennessee professor Bill Sanders developed, is acknowledged to be the gold standard in accurately representing how effective schools and teachers are in getting the students to learn. Since Tennessee has this wealth of information, we have a rare opportunity to lead the nation in using this data effectively in getting the kids to where they ought to be," said Coffey.

In addition to providing interactive charts that rank the performance of all Tennessee elementary and middle schools (www.education-consumers.com), ECF honors principals of the most outstanding elementary and middle schools in Tennessee. In 2006 and again in 2007, ceremonies were held at the State Capitol where Commissioner of Education Lana Seivers and Education Consumers Foundation President John Stone presented awards of $3,000, $2,000, and $1,000 to Tennessee's highest performing elementary and middle school principals. Recipients were selected on the basis of their school's most recent three-year average achievement gains in math and reading/language arts. Only principals with five or more years of service were considered.

Since its creation in 2005, ECF has been funded principally by David Coffey and his wife, Pat, with significant contributions from the Cornerstone Foundation and Mrs. Ann Mactier from Nebraska. "Our goal was to fund the foundation well enough to sustain it. To grow the funds significantly, someone else will have to buy into the dream," said Coffey.

"Following the data is something that has worked in business and it has worked in science. If you're trying to find out what really works, you better follow the data," said Coffey.

To view the interactive charts that rank the performance of Tennessee elementary and middle schools online, visit

www.education-consumers.com/achievement_chart2007/elementary2007.html

PRIDE OF THE HILL

AN INFLUENTIAL SCHOLARSHIP

When times and needs change, we must learn to be nimble and change with them. In Johnson City, Tennessee, an agency called Teen Town provided a place for teenagers to gather for wholesome entertainment for many years. However, in the 1970's changes came and the need for Teen Town diminished. Some years later, the building which housed the agency was sold for $50,000. "In 1983, when I was teaching at Science Hill High School, I was asked by one of the original donors how the money from the sale of the building might be used to benefit high school students. I suggested that we start a scholarship program," said Carol Transou, now an East Tennessee Foundation Board Member.

As a result, the Teen Town "Pride of the Hill" Scholarships are presented yearly to outstanding seniors at Science Hill, a National School of Excellence. Selection of winners is based upon academic promise, community/academic/religious service, personal statement, and financial need.

From 1984 until 2004 the money was invested in certificates of deposit, and the number of scholarships awarded each year fluctuated with the interest income generated. During that period, the fund awarded $55,500 in scholarships and contributed $6,000 to the new Johnson City Public Library. Over time, it became difficult to sustain the hands-on management required such as: yearly reports to the Tennessee Secretary of State, maintaining non-profit status, filing tax returns, and handling the application process. "In my role on the Board of East Tennessee Foundation I learned of the numerous scholarship programs the Foundation administered. As a result, I proposed to the four-member Pride of the Hill Board that we move our funds there," said Transou.

An ETF staff presentation allayed Teen Town board concerns about placing funds in Knoxville. So, in 2004, the $50,000 principal became an endowed scholarship fund at East Tennessee Foundation. Since that time, the Foundation has managed the scholarship and its administrative needs and has granted $8,000 from the fund ($2000 per year for four years). On June 30, 2007, the funds at ETF had grown to $73,574 without any additional donations, thanks to wise management.

Many "Pride of the Hill" winners have now gone on to successful careers as lawyers, physicians, physical therapists, city planners, engineers, clergy, musicians, writers, research scientists, and teachers. One recipient is a chef and another clerked for a Supreme Court Justice! Universities they attended include Vanderbilt, Wake Forest, Furman, East Tennessee State, Milligan, University of Tennessee, Middlebury, and Dartmouth.

Hoping to make the ripples go further, Carol is envisioning plans for the future. She believes that some of the recipients from previous years might like to contribute to the fund, thus making it possible for more future graduates to benefit. With the scholarship endowment at East Tennessee Foundation, Teen Town continues to live on as a positive influence on Johnson City's youth.

East Tennessee Foundation 2008 Scholarship Applications Are Available!

ETF scholarship program criteria range from financial need to scholastic achievement. Several scholarships are targeted toward specific schools or counties, students involved in certain extracurricular activities, or those who may not display the highest scholastic rankings yet still possess great potential and motivation. Others are geared toward students pursuing a specific field.

In fall 2007, over $153,000 was disbursed and over $812,000 was committed in scholarship monies to 101 students within ETF's 25-county service area.

www.easttennesseefoundation.org

"The great aim of **education** is *not* **knowledge** but **action**.

- Herbert Spencer
English Philosopher

Endow the future with **knowledge** through *your* **actions.**

For questions about creating a scholarship fund, please contact Beth Heller, Scholarship and Program Associate:

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Phone: (865) 524-1223
Toll-free: (877) 524-1223
Fax: (865) 637-6039
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INVESTING IN THE FUTURE

The title of this article is so over-used that I tried to find some other way to introduce my subject. But when you are talking about assisting a student in paying for a college education, "invest in the future" is pretty darn appropriate.

East Tennessee Foundation currently administers 36 scholarship funds, and we have 101 students utilizing our scholarships at 23 different colleges and universities. The awards range from $750 for one year to $10,000 each year for four years. The value of our scholarship endowments is now in excess of $10,000,000.

`Once a person or family has decided to make the commitment to establish a scholarship fund at ETF, Beth Heller and others on our staff will swing into action to help customize the eligibility and selection criteria. This part of the process is especially gratifying, because this is when the scholarship takes on an identity all its own. To give you an idea of the types of decisions a donor must make, let's walk through a make-believe situation with Mr. Tom Jamison as he establishes a scholarship fund to honor his late wife.

The Virginia W. Jamison Nursing Scholarship is a tangible way for Mr. Jamison to continue his wife's passion for and dedication to the field of nursing. Before her death, Ginny Jamison was a registered nurse at a local hospital for more than thirty years, and she had talked to Tom frequently about the critical shortage of qualified nurses. Blessed with a successful business career and wise investment decisions, Tom is pleased to transfer stock valued at one million dollars to East Tennessee Foundation to establish the scholarship fund. Based on our formula for calculating annual distributions from endowed funds, this fund will produce approximately $45,000 annually for scholarship awards.

Because the Jamisons were born and raised in Hamblen County and spent most of their married life in Jefferson County, Tom decides that the scholarship will be offered to graduating seniors from high schools in those counties. In order to apply for the scholarship, students must have a minimum 3.0 grade point average, with a 3.5 average in three or more science courses. They must also give examples of a balanced involvement in extracurricular and volunteer activities as well as academics. On their application, they must state why they intend to pursue a career in nursing. They should also indicate the extent to which their family needs assistance in providing for a college education. Hoping that his scholarship winners will pursue their nursing careers in Tennessee, Tom is limiting the eligible colleges and universities to those located in the Volunteer State. Realizing that a degree in nursing could take up to five years in college, Tom wants the scholarship to provide $10,000 in assistance per year for as long as five years. He knows the fund might eventually have to cover five scholarships in a given year for a total annual distribution of $50,000, but he is confident that ETF's investment expertise will grow the fund to a size that will easily accommodate that amount.

Bob Calloway
V.P. for Advancement

...customize the eligibility and selection criteria...this is when the scholarship takes on an identity all its own.

By establishing the fund at ETF in late 2007, Tom knows the money will be invested for a full year in 2008 and a distribution can be made in 2009 to fund the first $10,000 award. He has designated his daughter as the family contact after he has passed on. As the fund grows, ETF staff can consult with her about increasing the amount of the award. Tom has also asked us to change the name of the fund after his death; it will then be known as the Thomas M. and Virginia W. Jamison Nursing Scholarship Fund. Tom really likes the idea of having his and Ginny's names paired forever in the fund's name.

This fabricated scenario has mixed the ingredients of several different scholarship funds into a new, unique recipe. Hopefully, you now have a feel for how the process works and the many decisions that the donor makes to breathe life into a new fund. If the education of our future nurses, business leaders, teachers, (you fill in the blank), is important to you and you want to be of assistance, please call Beth Heller or me and we will take that first step in assisting you with your investment in the future.

Supporting Organization - Continued from page 3
promoting community-oriented leadership, building partnerships, preserving and maintaining parks and green space, providing information about education to the public, supporting positive change and promoting excellence in public education. We are proud that they have chosen to be philanthropic partners of East Tennessee Foundation.

Marian Oates - Continued from page 2

foundation in estate planning and the opportunities the Foundation provides to continue supporting charitable organizations after my death." From frozen suckers to estate planning, Marian is always looking ahead and trying to make things better.

East Tennessee Foundation and our community owe a debt of gratitude to Marian's endearing grandmother and her support of frozen sucker sales and chicken-raising.

Has your contact information changed?
If so, please let us know so we can keep in touch.

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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