4th Purpose Foundation, East Tennessee Foundation’s (ETF) newest supporting organization, recently celebrated the opening of **Dogan Gaither Flats: Valor Way**, serving 30 formerly incarcerated men. Managed by Men of Valor, the program reduces recidivism from 70% to less than 15%.

The Valor Way story begins with Josh and Tracy Smith, who built a start-up into a multimillion-dollar business. But for 5 years before that, Josh was incarcerated. Upon selling the business, the Smiths created 4th Purpose through ETF to be a catalyst to make prison a place of transformation, concentrating grantmaking on in-prison preparation for successful reentry.

Using investment funds and subsidized affordable housing loans, 4th Purpose renovated the long-abandoned segregation era Dogan Gaither Motor Court. Men of Valor was recruited to open its first East Tennessee location under an affordable lease with 4th Purpose. At the end of 12 years, Men of Valor has the option to purchase the property at fair market value. 4th purpose invested $880,368, leveraging a $3.9 million project, with a projected 12-year return of 8%. The project serves as a demonstration project of mission investing for privately funded foundations in the region, a concept that deploys some investment assets for double bottom-line social impact and financial returns. The resulting project is a win for 4th Purpose, Men of Valor, the community, and, most of all, the residents!

*Written by J. Laurens Tullock, Tullock Consulting*

“I am inspired by the thoughtfulness and expertise with which the Foundation honors donor intent and carries forward the vision of its fundholders to ensure their philanthropic legacy.”

– Bruce Hartmann, ETF Board Chair

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**OUR MISSION**
WE PROVIDE PHILANTHROPIC LEADERSHIP INSPIRING DONORS TO MAKE LIVES BETTER AND COMMUNITIES STRONGER IN ENDURING WAYS ACROSS GENERATIONS.

**OUR VISION**
THRIVING COMMUNITIES POWERED BY THOUGHTFUL GIVING.

**VALUES**
TRUST, RELATIONSHIPS, DONOR INTENT, RESPECT, GENEROSITY, DIVERSITY.
We’ve curated a list of ETF funds to consider as part of your holiday or year-end giving. This list represents a broad range of charitable priorities for our region. What better gift could you give at this time of year? Please visit etf.org/gift or use the QR code below to make a generous donation.

**ETF OPERATING FUND** supports the ongoing operations of our Foundation. Your support is more critical than ever as we work to advance our mission of providing philanthropic solutions that endure for generations to come.

**AFFILIATE FUNDS** are for the benefit of a specific county or geographic area within East Tennessee. As part of our Give-Where-You-Live plan, we invite you to explore the opportunity to make a difference in the county where you live, were raised, or are concerned about.

**AFFORDABLE HOUSING TRUST FUND** provides support to organizations dedicated to leading the production, preservation, and rehabilitation of owner-occupied housing for low-income households as well as programs dedicated to enhancing rental opportunities for very low-income households within the City of Knoxville.

**ARTS FUND FOR EAST TENNESSEE** provides grants which support excellence in the arts, expand access to the arts, and connect artists with each other and with East Tennessee communities through celebrating our region’s richness in artistic expressions and cultural diversity. Grants support organizations as they sustain diverse cultural traditions and encourage all forms of artistic expression.

**LAURA J. KRESS ANGEL TREE FUND** was formed to continue the legacy of Laura J. Kress, founder of the Angel Tree, to fulfill holiday wishes for children in East Tennessee who may not otherwise receive a gift during this season just as the Angel Tree had for more than four decades under Laura’s leadership.

**HOPE IN ACTION FUND** supports innovative solutions that dismantle racism, oppression, and injustice and provide a region where we can grow a more just, equitable, and inclusive future. Funded projects include collaborations among partners with diverse backgrounds and perspectives which promote constructive dialogue, education, and arts programs which provide space for individuals to thrive, learn, and grow, and programs working toward systemic change in one or more communities within our region.

**LITERACY ENDOWMENT FUND** supports literacy projects throughout East Tennessee. Past grants have supported children’s literacy, adult education and literacy skills, and English as a Second Language learning programs.

**NEIGHBOR TO NEIGHBOR DISASTER RELIEF FUND** provides timely disaster response grants to organizations in our 25-county region in East Tennessee. When disasters occur, these funds allow our Foundation to respond in a timely fashion to support nonprofit organizations that provide critically needed services for rescue, relief, and recovery.

**PAT SUMMITT FOUNDATION** Pat and Tyler Summitt founded this fund to help find a cure for Alzheimer’s so that one day no family must hear that a loved one has been diagnosed with Alzheimer’s disease.

**YOUTH ENDOWMENT FUND** supports creative solutions to problems that place our region’s youth at risk. Most recently, grants have focused on preventing or mitigating Adverse Childhood Experiences (ACEs), the root causes of the many issues facing our youth today.
177 NEW STUDENTS RECEIVING SCHOLARSHIPS TOTALING OVER $800,000

TOTAL ETF FUNDS: 491
NEW ETF FUNDS: 28
SUPPORTING ORGANIZATIONS: 8

TOTAL ASSETS OF $648 MILLION

$19 MILLION IN GIFTS RECEIVED
$26 MILLION IN GRANTS AWARDED

COUNTIES WITH AFFILIATE FUNDS:
ANDERSON, BLOUNT, CAMPBELL, CARTER, CLAIBORNE, COCKE, GRAINGER, GREENE, HAMBLEN, HANCOCK, HAWKINS, JEFFERSON, JOHNSON, LOUDON, McMinn, MONROE, MORGAN, SEVIER, SULLIVAN, UNICOI, UNION, AND WASHINGTON

WE MEASURE SUCCESS THROUGH OUR
REPUTATION with donors, advisors, and the public
IMPACT in communities
SERVICE to donors, grantees, and communities
FINANCIAL PERFORMANCE: growth and efficiency
2021 GRANTS IMPACT
SINCE 1986, $379 MILLION IN GRANTS HAVE BEEN AWARDED

<table>
<thead>
<tr>
<th>County</th>
<th>Amount of Grants Awarded</th>
<th>Number of Grants Awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anderson County</td>
<td>$70,100</td>
<td>13</td>
</tr>
<tr>
<td>Blount County</td>
<td>$251,073</td>
<td>53</td>
</tr>
<tr>
<td>Campbell County</td>
<td>$43,159</td>
<td>13</td>
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<tr>
<td>Carter County</td>
<td>$32,700</td>
<td>2</td>
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<tr>
<td>Claiborne County</td>
<td>$20,719</td>
<td>7</td>
</tr>
<tr>
<td>Cocke County</td>
<td>$31,500</td>
<td>7</td>
</tr>
<tr>
<td>Grainger County</td>
<td>$26,877</td>
<td>5</td>
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<tr>
<td>Greene County</td>
<td>$160,074</td>
<td>63</td>
</tr>
<tr>
<td>Hamblen County</td>
<td>$68,800</td>
<td>10</td>
</tr>
<tr>
<td>Hawkins County</td>
<td>$5,000</td>
<td>1</td>
</tr>
<tr>
<td>Jefferson County</td>
<td>$564,050</td>
<td>28</td>
</tr>
<tr>
<td>Johnson County</td>
<td>$82,170</td>
<td>20</td>
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<tr>
<td>Knox County</td>
<td>$1,015,684+</td>
<td>509</td>
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<tr>
<td>Loudon County</td>
<td>$85,360</td>
<td>11</td>
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<tr>
<td>McMinn County</td>
<td>$83,083</td>
<td>18</td>
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<tr>
<td>Monroe County</td>
<td>$60,055</td>
<td>13</td>
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<tr>
<td>Morgan County</td>
<td>$228,441</td>
<td>4</td>
</tr>
<tr>
<td>Roane County</td>
<td>$16,196</td>
<td>5</td>
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<tr>
<td>Scott County</td>
<td>$38,300</td>
<td>8</td>
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<tr>
<td>Sevier County</td>
<td>$2,917,681</td>
<td>27</td>
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<tr>
<td>Sullivan County</td>
<td>$1,275,126</td>
<td>16</td>
</tr>
<tr>
<td>Unicoi County</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>Union County</td>
<td>$8,000</td>
<td>2</td>
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<tr>
<td>Washington County</td>
<td>$154,000</td>
<td>23</td>
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<tr>
<td>ETF Region-Wide</td>
<td>$1,860,599</td>
<td>150</td>
</tr>
<tr>
<td>Statewide</td>
<td>$222,560</td>
<td>18</td>
</tr>
<tr>
<td>Out of Service Area</td>
<td>$1,997,824</td>
<td>348</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$21,319,131*</td>
<td>1374</td>
</tr>
</tbody>
</table>

*EXCLUDES GRANTS MADE BY ETF’S SUPPORTING ORGANIZATIONS
+MANY OF THE KNOX COUNTY BASED NONPROFITS PROVIDE SERVICES THROUGHOUT THE REGION
NONPROFIT ORGANIZATIONS IN UNICOI COUNTY ARE ENCOURAGED TO CONTACT US REGARDING GRANT OPPORTUNITIES. PLEASE CONTACT ASHLEY SIFERD BUTLER, DIRECTOR OF COMPETITIVE GRANTS AT ABUTLER@ETF.ORG.
2021 Scholarship Impact

$1.2 million currently committed to 225 students

37% are first-generation college students

49% live in households with incomes under $50,000

Total number of 2021 new students receiving scholarships by county of residence = 117
2021 Assets by Fund Type

$647,737,793 Total

2021 Grants Awarded by Fund Type

$27,125,710 Total
## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2021 AUDITED</th>
<th>2020 AUDITED</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td>$21,030,025</td>
<td>$15,509,932</td>
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<tr>
<td>ACCOUNTS RECEIVABLE, NET</td>
<td>$70,854</td>
<td>$128,966</td>
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<tr>
<td>UNCONDITIONAL PROMISES TO GIVE</td>
<td>$67,253,362</td>
<td>$86,079,186</td>
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<tr>
<td>LOANS AND NOTES RECEIVABLE, NET</td>
<td>$228,688</td>
<td>$168,318</td>
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<tr>
<td>INVESTMENTS</td>
<td>$554,797,600</td>
<td>$463,385,825</td>
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<tr>
<td>OTHER ASSETS</td>
<td>$3,313</td>
<td>$22,065</td>
</tr>
<tr>
<td>PROPERTY AND EQUIPMENT, NET</td>
<td>$4,353,951</td>
<td>$3,122,863</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$647,737,793</td>
<td>$568,417,155</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACCOUNTS PAYABLE AND ACCRUED EXPENSES</td>
<td>$103,187</td>
<td>$76,865</td>
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<tr>
<td>GRANTS PAYABLE</td>
<td>$50,173,948</td>
<td>$42,236,606</td>
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<tr>
<td>NOTES PAYABLE</td>
<td>$3,012,000</td>
<td>$292,517</td>
</tr>
<tr>
<td>ANNUITY/UNITRUST LIABILITY</td>
<td>$720,033</td>
<td>$707,095</td>
</tr>
<tr>
<td>LIABILITY FOR AMOUNTS HELD FOR OTHERS</td>
<td>$54,025,035</td>
<td>$42,474,554</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>$108,034,203</td>
<td>$85,787,637</td>
</tr>
</tbody>
</table>

| NET ASSETS                                  |                       |                       |
| UNRESTRICTED                                | $532,878,347          | $476,848,113          |
| TEMPORARILY RESTRICTED                     | $6,825,243            | $5,781,405            |
| TOTAL NET ASSETS                            | $539,703,590          | $482,629,518          |

| TOTAL LIABILITIES AND NET ASSETS            | $647,737,793          | $568,417,155          |

## Consolidated Statement of Activities

<table>
<thead>
<tr>
<th>REVENUES, GAINS, AND OTHER SUPPORT</th>
<th>2021 AUDITED</th>
<th>2020 AUDITED</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRIBUTIONS AND GRANTS</td>
<td>$11,133,205</td>
<td>$12,904,924</td>
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<tr>
<td>INVESTMENT INCOME</td>
<td>$5,938,011</td>
<td>$5,228,944</td>
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<tr>
<td>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</td>
<td>$65,737,749</td>
<td>$44,925,441</td>
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<tr>
<td>GAIN ON DISPOSAL OF CAPITAL ASSETS</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS</td>
<td>$1,279,578</td>
<td>$611,767</td>
</tr>
<tr>
<td>OTHER REVENUE</td>
<td>$987,080</td>
<td>$889,837</td>
</tr>
<tr>
<td>NET ASSETS RELEASED FROM RESTRICTIONS DURING THE PERIOD</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</td>
<td>$85,075,623</td>
<td>$64,560,913</td>
</tr>
</tbody>
</table>

| EXPENSES                                    |                       |                       |
| PROGRAM SERVICES                            |                       |                       |
| GRANTS AND CONTRIBUTIONS                    | $24,287,950           | $23,102,086           |
| OTHER PROGRAM EXPENSES                      | $1,677,655            | $1,640,573            |

| SUPPORTING SERVICES                         |                       |                       |
| MANAGEMENT AND GENERAL EXPENSES             | $1,057,740            | $1,214,363            |
| FUNDRAISING EXPENSES                        | $978,206              | $789,139              |
| TOTAL EXPENSES                              | $28,001,551           | $26,746,161           |
| CHANGE IN NET ASSETS                        | $57,074,072           | $37,814,752           |
| NET ASSETS AT BEGINNING OF YEAR             | $482,629,518          | $444,814,766          |

| NET ASSETS AT END OF YEAR                   | $539,703,590          | $482,629,518          |

The financial statements of ETF are audited annually by a certified public accountant. These financial statements are prepared according to FASB standards for financial reporting for not-for-profit organizations. Due to these reporting standards, the amounts reported in these financial statements for gifts to and grants from the Foundation will differ from those reported elsewhere in Annual Report. The Statement of Financial Position and Statements of Activities represent a combined financial summary for 2021 and 2020 for all component funds of ETF and its supporting organizations. Accompanying notes are an integral part of the financial statements, and audited statements are posted on the Foundation’s website or may be obtained by contacting ETF’s office. A copy of the Foundation’s tax filing (Form 990) may also be obtained on ETF’s website or by contacting the Foundation’s office.
Harry Gross currently serves as Greater Knoxville Market President and Commercial Banking Leader for Truist Bank’s Knoxville and Tri-Cities’ markets. Truist Bank was formed in late 2019 from the merger of equals between SunTrust Banks, Inc. and BB&T Corporation. Harry previously served as Knoxville President of SunTrust Bank until the Truist merger and served as Executive Vice President and Relationship Manager for SunTrust’s Commercial Banking division in the East Tennessee markets. A 35-year banking veteran, he began his banking career at First American National Bank in Nashville, TN until joining SunTrust in 2001. He earned an MBA from the Owen Graduate School of Management at Vanderbilt University, and a Bachelor of Science in business administration from the University of Tennessee, Knoxville. Harry has also completed Executive Education programs at Emory University’s Goizueta Business School.

Harry currently also serves on the board of directors of East Tennessee Economic Development Agency (Past Chair), Junior Achievement of East Tennessee, and as member of the University of Tennessee Alumni Legislative Council. Harry has previously served on the board of directors of the United Way of Greater Knoxville and the Knoxville Chamber, as well as advisory council for the University of Tennessee’s Haslam College of Business Finance Department, and Chair of the Chancellor’s Associates at the University of Tennessee, Knoxville. He is a graduate of Leadership Knoxville (Class of 2010) and a member of The Rotary Club of Knoxville.

Harry was born in Chattanooga, Tennessee. He and his wife, Laura, are currently working on visiting all 95 counties in Tennessee and each of its state parks. The Grosses have three grown children. Harry believes in a philosophy of always leaving things better than he found them and he enjoys learning about history.

Richard Dapaah is an investor in technology start-ups and is currently Chief Business Officer of Sparkz, Inc., an emerging manufacturer of cobalt-free Lithium batteries for electric vehicle applications. He is a Venture Adviser with MBX Capital, a venture capital firm that funds high impact healthcare and life sciences startups pursuing novel research and new models of delivery. Prior to MBX Capital, Richard was a member of the founding team at Shire Capital Management, a global multi-strategy investment firm, where he led late-stage investments as part of a team into high-growth tech companies such as Alibaba, Dangdang, Lyft, Snapchat, Uber and Xiaomi. Since then, Richard has sourced more than 160 late-stage tech investments in startups globally, representing more than $12 billion of aggregate preferred and common equity. Before joining Shire Capital, Richard was a member of the #1 ranked Internet franchise in equity research at Morgan Stanley led by Mary Meeker. Richard began his finance career in corporate finance and mergers & acquisitions within the investment banking division at Goldman, Sachs & Co. Prior to his career in finance, Richard progressed from software development within R&D to a corporate business development role within HP’s North America Field Organization, where he created an enterprise consulting position to accelerate revenue growth and market penetration within Agilent’s clinical customer base.

Last year, Richard spearheaded an initiative in partnership with the Knoxville Chamber to develop a strategy called Capital Access Redefined, which generated recommendations to improve access to capital for Knoxville area startup founders and small business owners. As a follow-on to that initiative and as part of his Executive-in-Residence role at The Knoxville Entrepreneur Center (“KEC”), he developed the role of Capital Coordinator, which was funded by The Kauffman Foundation and focuses on the expansion, awareness and preparation for capital sources available to Knoxville area companies. He has been a mentor to entrepreneurs at all stages of the company lifecycle through programming run by the KEC. He serves on the board of KEC. He also serves as a member of the investment committee for the Impact Fund at Launch Tennessee.

Richard holds an MBA from The University of Chicago Booth School of Business, a Master’s in public administration from Harvard University Kennedy School of Government and a Bachelor of Science in electrical engineering from Tufts University.

Richard was born in Brooklyn, raised in Queens and Long Island in New York state. He moved to Knoxville in November 2017 after his spouse accepted a senior leadership position at Oak Ridge National Laboratory.

Richard has always maintained fitness as a lifestyle choice. He also loves to cook and bake. He is conversant in both Spanish and Italian.

Susanna Sisco Hoskins currently works as a Supervising Producer at RIVR Media, a local woman-owned and operated TV production company that creates unscripted programming for networks such as HGTV, Magnolia, Food Network, A&E, and many others.

She has a Bachelor of Science in communications, with a concentration in journalism and electronic media from the University of Tennessee, Knoxville. After college, Susanna worked her way up through the ranks at RIVR – from Intern, to Production Assistant, to Associate Producer, to Producer, to Supervising Producer.

She is a sustaining member of the Junior League of Knoxville and a former member of WICT (Women in Cable Telecommunications). Philanthropy is important to Susanna to remain humble and grounded, and so she may share her good fortune with others. Plus, she loves to stay busy and accomplish tasks that improve the world around her, one little thing at a time.

Her favorite words to live by are: “Do all the good you can, by all the means you can, in all the ways you can, at all the times you can, to all the people you can, in all the places you can, as long as ever you can,” by John Wesley. Her family reads this quote every year at the Thanksgiving dinner table.

Susanna grew up in Knoxville. Her husband, Aaron, is the drummer in a Knoxville-based southern rock band called The Dirty Guv’nahs. They have two dogs and a cat, and just welcomed a daughter in June 2022.

Diondre Jackson is the founder and CEO of Penultimate Development, a 10-month residency leadership program targeting at-risk young men between the ages of 18-24. He serves as the Interim CEO for the Jefferson County Chamber of Commerce. He also owns and operates Penult Place, a co-workspace in downtown Jefferson City, TN. From 2005 to 2017 he served as the CEO of Williams Creek Youth Foundation overseeing The First Tee of Greater Knoxville, Williams Creek Golf Course and The Wee Course Academic Learning Center.

In 2016 he was the recipient of MLK Chairs Award for Community Service and graduate of the Consortium for Social Enterprise Effectiveness program at the University of Tennessee. In 2013 he received the Community Service Award from the 100 Black Men of Knoxville, in 2011 was a member of Knoxville Leadership, and in 2008 a member of the Greater Knoxville Business Journal 40 Under 40. He currently serves as a board member for the Mossy Creek Foundation, Tennova Jefferson Memorial Board of Trustees, and Thrive. Diondre is a long-time supporter and volunteer with the Knoxville Track Club and Knoxville Young Life.

He obtained an MBA from Carson Newman University and a Bachelor of Arts from the University of Tennessee, Knoxville in Urban Studies where he was a captain on the track and field team.

He has been married to his wife Adia for 20+ years and they have three children Delaney, Diondre, and Denver. In his spare time, he enjoys coaching his kids’ teams, woodworking, golfing, fishing, hunting, and spending time with family and friends.
A MESSAGE FROM BRUCE HARTMANN, ETF BOARD CHAIR

The ETF board thanks Michael McClamroch for his 21 years of service to the Foundation and the communities we serve. He is no longer serving in the role of President and CEO for the Foundation. He will be available to the ETF team in an advisory role as needed through the end of 2022 and we wish him well.

Jeanette Kelleher is serving as ETF’s Interim President and CEO during this transition. We are fortunate to have Jeanette’s 18 years of experience at ETF to lead during this time.

Jeanette has served as ETF’s Executive Vice President and Secretary since fourth quarter 2021. She provides support to the Foundation’s Investment Committee, oversees our operations and program teams, serves as a resource for the Foundation’s Affordable Housing Trust Fund, and coordinates staff efforts on strategic planning, process improvement, and special projects. She joined ETF in 2004 to lead our affordable housing work.

Jeanette currently serves on the advisory board for the City of Knoxville’s Affordable Housing Fund and previously managed the City of Knoxville’s affordable housing and community development programs for more than a decade. Before relocating to Knoxville, she served as a research economist in Boston and New York. She focused on industry analysis at the Transportation Systems Center in Cambridge and studied domestic financial markets at the Federal Reserve Bank of New York. Jeanette earned an A.B. in economics from Harvard University and a Master’s in economics from Columbia University.

A search committee has been appointed to start the process of finding our new President and CEO. Please visit etf.org to review the position description.

“I’m grateful for the leadership of Mike as our President and CEO for the past 21 years and honored to serve ETF in this leadership role during our time of transition. Our incredible staff is passionate about our mission and I am proud of the work we do and the way in which we serve our community at large.”

– Jeanette Kelleher, Interim President + CEO

Rachel Cosby, Program Officer
Rachel works closely with Beth Heller, Vice President for Scholarship Programs and Ashley Siferd Butler, Director of Competitive Grants to support the grantmaking and scholarship team by developing and processing proposals, organizing grant selection panels, facilitating scholarship selection committee meetings, and measuring the impact of grant and scholarship programs. She earned a Bachelor of Music in violin performance at Morehead State University and spent many years as a professional performer and teacher in her hometown of Cincinnati, Ohio before moving to Tennessee. Rachel worked in a variety of student support roles at Lincoln Memorial University prior to joining the ETF team and in 2019 compiled her research on the impact of music participation on the college success of Appalachian college students to earn a Doctor of Education in Higher Education and Executive Leadership. Rachel lives with her husband Mitchell on a 250-acre farm in rural Claiborne County where he also serves as a County Commissioner. Rachel performs Bluegrass music locally with her husband (a mandolin player) and regionally as part of The Bloody Tinth, an energetic Celtic Rock band she founded with her brother in 2008.

Katharine Killen, Director of Fundholder Services
Katharine joined ETF’s team as the inaugural Director of Fundholder Services in August 2022. She has more than 20 years of community relations experience across public, private, and nonprofit sectors. Katharine began her career at the News Sentinel and as community relations manager she negotiated the newspaper’s nonprofit sponsorships and oversaw the News Sentinel Charities, the organization’s 501(c)3 arm, including the Empty Stocking Fund. Most recently, she served as the chief strategy officer for the Knox County Health Department where she oversaw operations for several divisions as well as overall organizational strategy and planning. In this role, her work also centered on partner development, government and public relations, team development, and crisis management and communications. In 2021, she was asked to serve as interim co-director of the health department. A Knoxville native, Katharine holds a communications degree from the University of Tennessee, Knoxville. She’s a graduate of Leadership Knoxville and an active volunteer in the local nonprofit community.
Earlier this year, ETF was honored to partner with the Shults Family and the local community in Cocke County to give students a fun, new opportunity to move and play. With support from Lowe’s and a matching grant contribution from ETF, recommended by Bill and Odette Shults, from the Shults Family Foundation Fund, Cosby Elementary School has built a new multi-sport court and pavilion, offering a variety of physical activities for students and wi-fi enabled learning spaces for students and community members. Increased physical activity not only supports physical health, it also can help students focus on school, improve behavior, and boost positive attitudes.

The Shults Family Foundation Fund has generously supported Cocke County since 2017, when the fund was established at the Foundation by Bill Shults’s late mother, Love Gray Shults. The family’s commitment continues to make a positive impact in the Cocke County community.

ETF is pleased to announce the formation of the Morgan County Community Fund (MCCF) as an affiliate fund serving Morgan County, Tennessee. MCCF was organized for the purpose of providing financial resources to charitable organizations servicing Morgan County residents. After thorough research, the founding donors elected to start MCCF, an affiliate fund of ETF.

MCCF held its organizational meeting June 10, 2022. Members of the initial board are James Frank Wilson, a retired Morgan County attorney, as Chair; Neal Richardson, a retired Morgan County architect, as Vice Chair; and members, Billy Glen Kennedy, Owner of Schubert’s Funeral Home; Michelle Adkisson, Director of the Morgan County Head Start Program; and James W. Brooks, Jr., a Morgan County attorney. Jill Murphy, Regional Advancement Officer, East Tennessee Foundation, will serve as a nonvoting member as secretary/treasurer.

ETF and Pat Summitt Foundation staff were excited to welcome Trudy Hughes, Executive Director, Arrowmont School of Arts and Craft for Our Place’s official ribbon-cutting in Tellico Village. As ETF’s former Vice President for Regional Advancement, Trudy worked closely with Tellico Community Foundation’s advisory board and other community members as part of the central fundraising efforts.

The Shults Family continues beloved mother’s legacy and creates lasting impact on child health.

EAST TENNESSEE FOUNDATION AWARDS $5,000 MATCHING GRANT TO NEWLY FORMED MORGAN COUNTY COMMUNITY FUND

The board immediately started raising funds to benefit Morgan County charitable organizations. ETF agreed to make a matching grant of $5,000 presented during their October meeting. MCCF expects to make initial grant awards in early 2023. To learn more, please visit etf.org/morgan.
To ensure its permanence to donors, beneficiaries, and our region, ETF seeks through its investment policy to maintain or increase the real value of the endowment principal and distributions over the long term while funding current needs at an appropriate level. All investments are managed by professional money managers. A committee, appointed by ETF’s board, oversees the Foundation’s endowment investments.

Currently, ETF’s investment committee is chaired by Charles “Butch” Peccolo, who served as the University of Tennessee’s Treasurer prior to his retirement. Other members of our investment committee include, Grant Boyd, Ted Flickinger, Larry Mauldin, and Rip Mecherle. Except for Butch Peccolo, all other members of this committee are not current ETF board members. Members are chosen for their business and financial management experience and expertise.

Since 1993, our investment committee has elected to place a significant portion of ETF’s long-term investment pool with TIFF Investment Management. TIFF is a nonprofit, cooperative-style investment group whose mission is to assist nonprofit organizations by seeking to enhance their investment returns, reduce their investment expenses, broaden their universe of available investment choices, assist them in deploying assets in a manner that supports charitable expenditures while preserving purchasing power, and help them to monitor and evaluate investment performance.

**What is being done to protect our investments in this market environment?**

1. Pooling the assets of our fundholders allows us to (i) broadly diversify, including modest investments in non-traditional assets (like private equity) which are less correlated with stock markets; (ii) partner with an outside advisor, like TIFF, that specializes in investment programs for foundations and endowments; (iii) mitigate investment related expenses by augmenting TIFF’s active investment program with very low-cost investments in some passive strategies.

2. One of the key structural components of the investment approach has been to maintain lower than conventional exposure traditional bonds and the associated interest rate risk, which has protected the portfolio this year. YTD through September 2022, the broad bond market had losses of almost 15%, wiping out most of 10 years of positive bond returns (bond returns are now less than 1% annualized the trailing 10 years).

3. ETF’s long-term investment pool modestly outperformed a similar mix of passive stocks and bonds during the recent bull market years leading up to this year’s market selloff. (3-year returns through year end 2021 of 15.7% vs. 15.1% for a similar mix of stocks and bonds (65/35 Mix))

4. ETF’s investment program/endowment pool significantly outperformed during the selloff this year:
   - The most recent quarter saw a decline of 3.5% in the endowment pool, which compared to 6% in a similar passive mix of stocks and bonds.
   - Year-to-date, the endowment pool has declined about 17%, which compared to 22% in a similar passive mix of stocks and bonds.

   - Willie Zantzinger, TIFF Investment Management

**What’s next due to the market volatility?**

1. We don’t have a crystal ball and are wary of near-term forecasts about stock markets, interest rates, and economic developments. They are notoriously difficult to predict. Good governance, trust in process, and a thoughtful strategic investment plan are what keeps the ship off the shoals in this kind of market weather. We are sticking to our long-term strategic asset allocation targets and maintaining a 65% investment in equity-oriented assets.

2. Our outside advisor, TIFF, remains cautious and is doing the same. Their outlook might be described as near term cautious and longer term optimistic, and they continue to believe that endowment programs should maintain a substantial commitment to equity-oriented investments.

3. Reducing risk by selling stocks mitigates potential downside but increases the risk of severe opportunity costs if re-entry is not correctly timed. More damage has been done to endowment portfolios by market timing than by owning stocks.

4. We maintain a conservative spending rate and do not currently anticipate any necessary changes to our spending rates.

Thank you for your trust in us and our ongoing commitment to responsible financial stewardship and honoring donor intent. We maintain the highest of ethical standards. Our standards are recognized in compliance with National Standards for U.S. Community Foundations – of which we were recently recertified! Please let me know how I can be of service during this season of generosity.

Sharon Moore, Director of Advancement
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HAS YOUR CONTACT INFORMATION CHANGED? IF SO, PLEASE LET US KNOW SO WE CAN KEEP IN TOUCH.

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