

# Executive Message

## Building Meaningful Lives: Connecting Institutions and Communities

Since its beginning in 1937, Lilly Endowment has focused its grantmaking on endeavors that promote human dignity and self-reliance; provide youth opportunities that lead to rewarding and meaningful lives; foster strong, healthy, cohesive and financially secure families; offer educational opportunities to enable individuals to become competent and contributing members of society; help inspire individuals and families overcome the challenges of poverty and other causes of despair; and develop and educate pastoral leaders to enhance the impact of congregations and the religious lives of people of faith. The Endowment recognizes that for individuals and families to thrive, the communities in which they live must be healthy and supportive. Therefore, it also has targeted its resources on efforts to build vibrant communities that offer a quality of life that fosters continued growth and prosperity.

In such a community, residents feel connected to each other and believe they are well served by community and government institutions. Business and civic leaders are imaginative and strategic in planning for the community's future. They recognize that ongoing economic development and investment in the community are required to build the tax and philanthropic bases required for essential government and nonprofit services and programs and that without these programs and services the community's quality of life loses its appeal to current and prospective residents.

To foster sustained progress in the pursuit of these objectives, the Endowment has helped build strong and effective institutions to provide leadership, funding and other important resources in its three long-standing areas of interest: community development, education and religion.

Endowment grants have helped these institutions attract first-rate staffs, conduct effective programs, align the needs of their stakeholders through relevant research and evaluation, and foster wise and engaged boards. The stories in this annual report depict efforts that further the objectives important to the Endowment and that demonstrate the significance of having strong institutions to lead and support these efforts.

### Relief and recovery

**One story depicts the work of the Indiana Association of United Ways to help Indiana communities recover from the disastrous storms and floods** that caused despair and damage to thousands

of Hoosiers in 86 Indiana counties in 2008. Since 1990 the Endowment has invested \$63 million (not including grants to the United Way of Central Indiana) in a series of initiatives to build the capacity of a system of 65 local United Ways across Indiana to respond to the human service needs of their communities. Because of this strong infrastructure, the Endowment was confident that its grant of \$45 million made in June 2008 to the association for disaster recovery would be well used.

United Way is featured prominently in another story in this report. A key reason the Endowment has provided more than \$300 million to the United Way of Central Indiana (UWCI) since the Endowment's founding in 1937 has been to help sustain United Way's capacity to help individuals and families overcome daunting challenges and build better lives. While UWCI has done this year in and year out, in the past year or so it has been necessary more than ever to respond to the extraordinary challenges caused by the economic

recession that began in 2008. Because of the confidence the Endowment and several other funders had in its ability, UWCI has received \$8 million from these funders (\$6.5 million from the Endowment) to administer the Community Economic Relief Fund. This new fund has provided, in addition to regular United Way allocations, support to 45 human service agencies to meet immediate needs of individuals and families reeling from the economic crisis.

### Community foundations at the center

Another story describes a \$20 million grant to Community Partnerships, an affiliate of the Community Foundation of Greater Fort Wayne, for the Talent Opportunity Success 2015 initiative (TOPS). TOPS



leverages the nearly \$425 million investment the Endowment has made since 1990 through its Giving Indiana Funds for Tomorrow (GIFT) initiative to build a network of community foundations in each of Indiana’s 92 counties.

The community foundation and Community Partnerships conducted countless meetings and conversations with business, education and civic leaders in developing TOPS, which seeks to build the intellectual capital of an 11-county region in Northeast Indiana so that its residents can take advantage of the opportu-

nities arising from the impressive defense and aerospace industry cluster there.

The Endowment is pleased to note in this story that two other Endowment-funded initiatives provided support in the design of TOPS: Conexus—Indiana’s advanced manufacturing and logistics initiative sponsored by the Central Indiana Corporate Partnership (CICP) Foundation—and the Center of Excellence in Leadership of Learning at the University of Indianapolis. In 2009 the Endowment awarded supplemental grants for these initiatives of \$3.4 million and \$7.5 million, respectively, to support the continuation of their important work.

The Endowment also made another significant grant in 2009 that built on the investment it has made in Indiana community foundations. A \$7 million grant to the Kosciusko County Community Foundation for the OrthoWorx initiative will help that region plan and launch charitable and educational efforts to take full advantage of the opportunities presented by the orthopedic-device industry in Warsaw, Ind., also called the “orthopedic capital of the world.” This initiative holds great potential also because of the integral engagement of BioCrossroads (another CICP Foundation initiative) and Grace College, both of which have been supported by the Endowment, and the dedication and leadership of the orthopedic-device companies headquartered there.

### Interconnected communities

#### The grants for the initiatives in Fort Wayne and Warsaw exemplify the Endowment’s efforts

to help build vibrant communities that offer a quality of life that fosters continued growth and prosperity. In both situations, a dynamic exists which the Endowment has tried to promote in other contexts: the interconnectedness of the various sectors of community life—business, government, nonprofit organizations,



**ABOVE:** Stephanie Scott gives Sirjames Smith the hug treatment at Flanner House, Indianapolis. (Story on page 10) **RIGHT:** Administrators at Lakeland High School prepare students for Leading EDGE. (Story on page 12)

education, and so forth. In past annual reports the Endowment has noted that to prosper on a sustained basis, communities must have successful businesses that employ talented people who give their time and resources to strengthen nonprofit organizations such as museums, schools, United Way agencies, universities and congregations. In turn, these organizations help create a community ethos that appeals to businesses and the employees they seek to recruit and retain. These businesses and their employees contribute to the tax and philanthropic bases which help the government and nonprofit organizations provide the services and programs needed to make the community more livable and attractive. The positive momentum then continues to grow.

Another example of a major grant approved in 2009 that promotes such interconnectedness and builds on past investments made by the Endowment is the \$60 million grant to the Indiana University Foundation for the Translational Science Initiative at the Indiana University School of Medicine (IUSM). This initiative will dramatically enhance the research and educational capacity of IUSM through the recruitment of more than 20 physician scientists and the development of other

resources important to the research enterprise.

The initiative builds on the momentum IUSM has achieved in part through two grants totaling \$155 million approved by the Endowment in 2000 and 2003 for the Indiana Genomics Initiative. The grants have helped develop IUSM as an essential foundation for the state's life sciences industry cluster, which is spearheaded by BioCrossroads. Since 2002 the Endowment has been pleased to provide nearly \$18 million to the CICP Foundation to support the charitable and educational efforts of BioCrossroads to help bring together the players and resources required for the life sciences sector to flourish in Indiana.

### Partnership in religion

**In the field of religion, the Endowment has helped build the capacity of several institutions**

that are important resources in efforts throughout the country to foster vibrant and effective congregations; strengthen and support current pastors; and encourage, educate and nurture a new generation of talented pastors. A story in this report describes the role of the Atlanta-based Fund for Theological Education (FTE) in several Endowment-funded initiatives to prepare a new generation of church leaders. Since 1975 the Endowment has supported FTE and its scholarship and other programs with grants totaling more than \$67 million.

### Veterans and their families—connecting and supporting

This annual report also includes a story about the Endowment's efforts to support Indiana veterans and military families facing serious challenges resulting from the conflicts in Iraq and Afghanistan. The Endowment finds compelling the fact that while Indiana ranks 15th in the nation in population, it has the fourth largest number of National Guard members. Through its \$27.7 million Initiative to Support Indiana Combat Service Members and Their Families, the Endowment has funded a range of efforts to help with



**ABOVE:** March 2008 floods caught Jeff Seramur's home on Tippecanoe River near Lafayette. He'll be a "happy camper" (literally) until it's rebuilt. (Story on page 6) **RIGHT:** Wounded in Iraq, Cory Bourne finds work and education because of new Indiana program. (Story on page 25)

the medical, social service, education, family and financial needs of service personnel. The overall goal is to honor the sacrifices of these veterans and their families by helping them meet their challenges and take advantage of opportunities that may lead them to more rewarding and meaningful lives.

As our board deliberated on this series of grants, we were informed and encouraged by board member Otis Bowen, former two-term governor of Indiana and secretary of the Department of Health and Human Services. He earned his medical degree in 1942, then served in the Medical Corps of the U.S. Army until 1946. More than 60 years later, his wartime memories of the tragedies and triumphs in the Pacific guided our thoughts as we planned this effort to help the veterans of the first wars of the 21st century.

The story in this report depicts the real-life impact of various programs and projects of the Crane Learning & Employment Center for Veterans, the Military Family Research Institute at Purdue University (MFRI), the Richard L. Roudebush VA Medical Center in Indianapolis, and the Indiana National Guard Relief Fund. Endowment grants also support veterans and their families beyond Indiana through MFRI, the leading university-based center studying and reporting on issues facing veterans and their families. The Endowment is pleased to know that national policy-makers and others interested in these issues consult MFRI's research and expertise in their deliberations.

### Inspired by founders

**The needs that exist in the Endowment's main areas of interest have been exacerbated** in this time of serious economic challenge. The situation is sobering. We are confident conditions will eventually improve, but it may be some time before the impact of



a recovery is felt broadly throughout society. Continued attention and support needs to be given to those most negatively affected by the economic crisis.

Our founders' example of establishing this organization in 1937 in the midst of the Great

Depression emboldens us to marshal the resources available to us in the most effective way to promote the values they espoused. Their faith in forming this foundation has resulted in more than \$7.3 billion in grants since its founding. We are committed to keeping this institution strong and vital so that it can continue to help the countless dedicated and talented individuals who conduct the programs of the Endowment's grantees in pursuit of their worthy aims. A full listing of the Endowment's 2009 grants can be found in the Grant Approvals section of this report or on the Endowment's Web site, [www.lillyendowment.org](http://www.lillyendowment.org).

**In closing, we note with sadness** the passing of Ruth Lilly, the daughter of one of the Endowment's founders, J.K. Lilly Jr. Her impressive legacy of philanthropy in the long tradition of her family is indelible and of incalculable impact. She will be missed by her family and all those who knew her and benefited from her many kindnesses.

Handwritten signature of Thomas M. Lofton in black ink.

Thomas M. Lofton, Chairman

Handwritten signature of N. Clay Robbins in black ink.

N. Clay Robbins, President