



Executive Message

“This sounds easy, but the ‘catch’ is that it takes lots of time and study to know what objects of that nature are worthwhile and what are not.” —Eli Lilly

LILLY ENDOWMENT’S FOUNDERS cared deeply about the general well-being of their fellow citizens in Indiana. Through their personal gifts and their philanthropy through this institution, they regularly initiated and supported efforts to help Hoosiers lead meaningful and rewarding lives. In thoughtful ways, they funded a range of charitable, educational and religious causes that contribute to the quality of life of individuals and families and the communities in which they live. Since its founding in 1937, the Endowment has approved nearly \$6 billion in grants to Indiana charitable organizations.

In striving to further the legacy of its founders, Lilly Endowment seeks to be intentional and circumspect in its grantmaking. In the contexts of its three principal areas of concern – community development, education and religion – it identifies and evaluates key relevant issues and often invites appropriate organizations to develop strategies to address them. It then funds the most promising strategies, assesses the extent to which they succeed or fail, and works to make the necessary improvements or adjustments. This approach comports with advice that one of the Endowment’s

Shimmering Winona Lake in Warsaw, Ind., provides a calming backdrop for Heritage Trail, a five-mile loop on the Lake City Greenway. The serenity of the scene belies the presence of the powerhouse orthopedics industry in the Northern Indiana town. Orthopedics companies and related enterprises employ 6,500, almost half the town’s population of nearly 14,000.

founders, Eli Lilly, gave to his daughter, Evie, in 1939, when he suggested that she give part of her allowance to “worthwhile charitable and educational objects.” He said: **“This sounds easy, but the ‘catch’ is that it takes lots of time and study to know what objects of that nature are worthwhile and what are not.”** (Madison, James H. 1989. *Eli Lilly: A Life, 1885-1977*. Indianapolis. Indiana Historical Society.)

Believing that the general welfare of individuals and communities in a region depends to a significant degree on the strength of its economy, the Endowment in recent years has been especially attentive to the effects the charitable and educational programs it funds have on the state’s economy. One economic sector on which it has particularly focused is life sciences because of

that sector's present significance and future potential. An Endowment-funded study by Battelle Memorial Institute in 2000 determined that Central Indiana's life sciences cluster had significant strength and excellent prospects for future growth. The study also noted that it has the potential to provide attractive career opportunities for highly educated individuals as well as wages substantially higher than those in other industry clusters. The study led to the formation in 2002 of BioCrossroads, an initiative designed to build the life sciences cluster in Indiana and added justification for two major Endowment grants totaling \$155 million for the Indiana Genomics Initiative (INGEN) at the Indiana University School of Medicine in 2000 and 2002.

While the Endowment also has provided funding



cultural amenities of Indiana communities so that they are appealing to the talented individuals whom Indiana life sciences companies recruit and employ. The efforts supported by these grants have been especially compelling to the Endowment because they benefit not only the life sciences cluster but also the broader community whose prospects are enriched by a better educated citizenry and a more vibrant and attractive arts and cultural life. All these efforts also have advanced the Endowment's long-held objective to increase

the number of Indiana residents who obtain college degrees and find meaningful employment in the state.

Three stories in this annual report depict initiatives the Endowment has supported that are building the

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to support many other causes, a notable amount of its resources in the intervening years has been intentionally allocated to enhance Indiana's life sciences cluster. In doing so, the Endowment has approved grants to build the intellectual capital required for the cluster to flourish. This effort has included grants to increase and improve the research and teaching capacity of Indiana's higher education institutions and the education of Indiana K-12 students in the science, technology, engineering and math (STEM) disciplines. Grants also have been made to enhance the arts and

state's life sciences cluster, especially in Central Indiana and in the Warsaw, Ind., area known as the “orthopedic capital of the world.” The stories continue the theme the Endowment has pursued in its past few annual reports – that for communities and their residents to flourish there must be a “virtuous circle” of community development. If businesses are to be successful, they must be supported by a competent and qualified work-

The new Orthopaedic Capital Center is a sign of the future for students at Grace College and the Warsaw community.

force. Such a workforce demands that the community offer the requisite quality of life: appealing arts and cultural amenities, excellent educational opportunities, well-functioning governmental operations and policies, and enlightened civic and philanthropic leadership. Well-educated and well-rewarded employees, who volunteer for and contribute to the community's arts and cultural institutions and its educational and human service organizations, strengthen them and thereby make their community attractive to new employees – and the virtuous circle continues.

Religion grantmaking for youth and young adults

The Endowment's practice of identifying the major issues, inviting proposals, funding promising strategies and evaluating their effectiveness certainly applies to its grantmaking in the field of religion – a subject of great importance to our founders. Two articles in this report describe the Endowment's investment over the past 15 years or so of more than \$100 million in efforts to enhance youth ministry across the country with the objective of strengthening the faith formation and commitments of youth and young adults. The stories depict comprehensive research endeavors that enhance understanding of the religious beliefs and practices of American youth and young adults, highlight promising programs in congregations that engage youth and young adults more deeply in their faith, and showcase efforts that develop the leadership skills and abilities of youth ministers and other religious professionals who work with youth and young adults. Contrary to what many think, the research shows that American youth and young adults are generally quite

open-minded and curious about religion and desire meaningful engagement with adults in religious contexts.

Gratitude for our grantees

The Endowment is grateful to count on many talented and dedicated individuals who conduct the programs and activities it funds. They work for a myriad of charitable institutions ranging from Indiana universities and colleges to arts and cultural organizations, from United Ways and community foundations to industry cluster initiatives such as BioCrossroads, and from research institutions and seminaries to congregations across the country. They are the ones who do the real work envisioned in the proposals funded by the Endowment. We are proud to be associated with them.

On a personal note, we were saddened this year by the passing of the Endowment's director emeritus, Eugene F. Ratliff. A former treasurer, vice president of finance and board member of Eli Lilly and Co., Mr. Ratliff had been a member of the Endowment's Board of Directors since 1977. We miss his sage advice, congenial spirit, and dedication to the values and interests of the Endowment's founders, with whom he worked for several years at their company.



Thomas M. Lofton, Chairman



N. Clay Robbins, President