

Lilly Endowment Inc.

Annual Report 2000

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About Lilly Endowment

Lilly Endowment Inc. is an Indianapolis-based private philanthropic foundation created in 1937 by three members of the Lilly family – J.K. Lilly Sr. and sons J.K. Jr. and Eli – through gifts of stock in their pharmaceutical business, Eli Lilly and Company.

In keeping with the wishes of the three founders, Lilly Endowment exists to support the causes of religion, education and community development.

Gifts of stock in Eli Lilly and Company remain the financial bedrock of the Endowment. We are, however, a separate entity from the company, with a distinct governing board, staff and location.

The Endowment affords special emphasis to projects that benefit young people and that promote leadership education and financial self-sufficiency in the nonprofit, charitable sector.

The Lilly family's foremost priority was to help the people of their city and state build a better life. Although the Endowment also supports efforts of national significance and an occasional international project, we remain primarily committed to our hometown, Indianapolis, and home state, Indiana.

Board and staff changes

*The Endowment was pleased to welcome the contributions of two new persons to its family in 2000. Daniel P. Carmichael, formerly secretary of Eli Lilly and Company, joined the Board of Directors. H. Allen Wright Jr., executive vice president of the Indianapolis Neighborhood Housing Partnership, was named a program director in the Education Division. The Endowment welcomes their insights, talents and expertise.

[According to plan...]

■ Community Development ■ Education ■ Religion

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Lilly Endowment studies and plans how to make its aspirations and those of others reality; then the foundation makes grants to help put plans in motion.

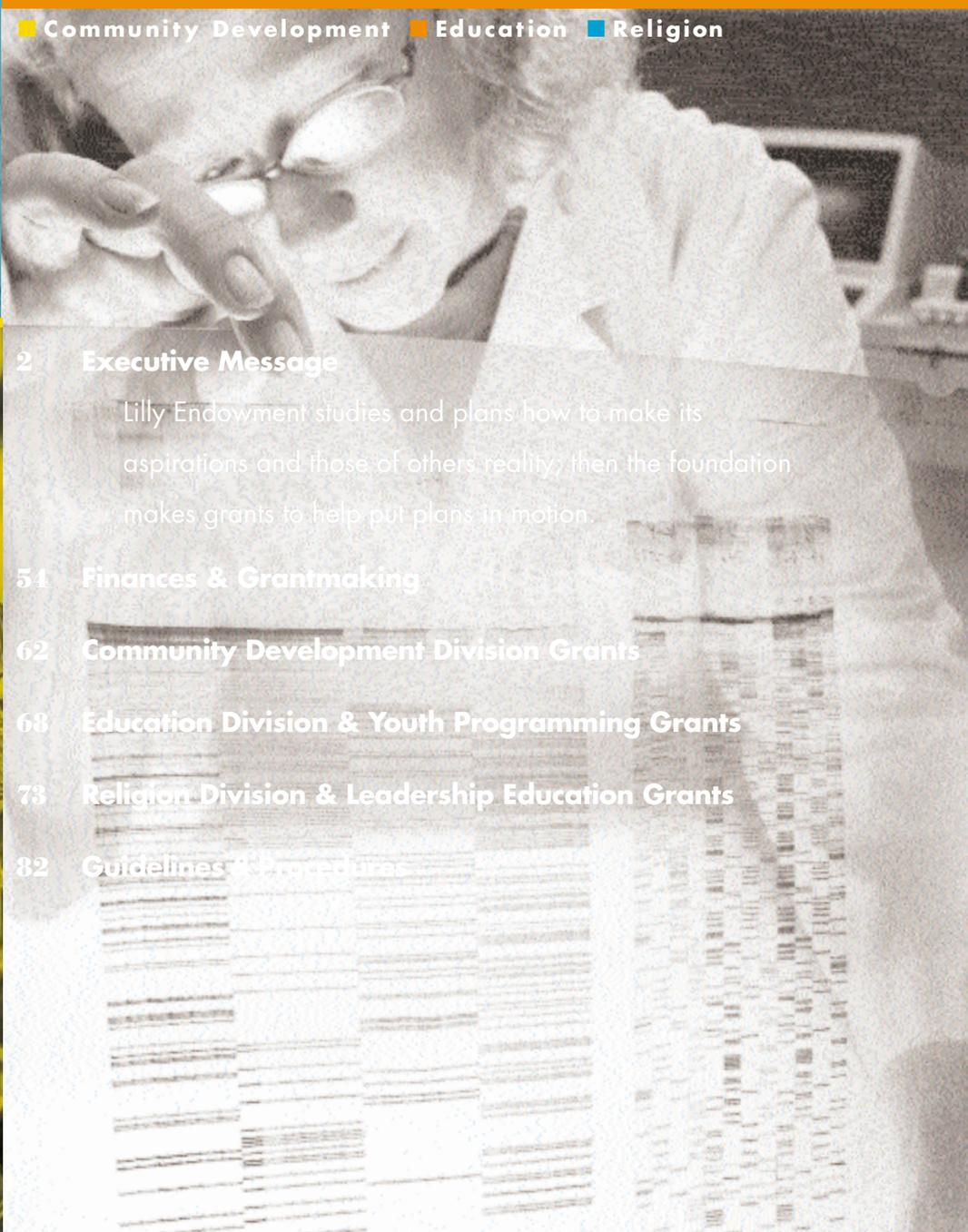
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Executive Message

[According to plan ...]

At Lilly Endowment we talk to many people who have big dreams. We also have big dreams. But without sound strategies to accomplish them, dreams remain dreams.

It has been said that a plan is a dream defined. We spend much time studying and planning how to make our aspirations and those of others reality; then we make grants to help put plans in motion.

We hope for a state full of educational opportunity so that Indiana citizens will be better informed and more successful at home. We want them to have satisfying careers in caring communities, and we want Indiana to be a welcoming destination, not a place to be “from.”

We recognize that an educated, successful citizenry is not enough – a solid spiritual component adds depth and energy to a community. We dream of vibrant congregations led by talented ministers all over the country.

We hope for healthy Indiana communities with vital cultural components, with people – young and old – engaged in community life and with thriving public spaces to draw people together.

For our aspirations in all these arenas – education, religion and community development – Lilly Endowment has ambitious plans to grant funds aimed strategically at realizing them. It is easy to find good causes to support. We must stay focused, however, if we are to accomplish our goals. Before grants are approved, therefore, we ask whether they will keep us on course – whether they are “according to plan.”

Several of these wishes and the plans and grants to help them come to fruition are described in this annual report.

Empowering excellence

In the realm of education, the Endowment’s dream of an Indiana with excellent educational attainment levels has stimulated plans for grants across the range of K-16 education, and beyond. We approved grants that build centers of excellence in Indiana colleges and universities; address the “disconnects” between college



Connecting the “disconnects”

While we try to encourage Indiana institutions to develop world-class programs, we are aware of the “disconnect” between going to college in Indiana and finding employment in the state. In short, far too many students who graduate from Indiana colleges do not stay in the state.

Many approaches to the problem present themselves. The Endowment fostered one approach through a \$2.2 million grant for the University of Indianapolis to work with central Indiana colleges and the Indianapolis Chamber of Commerce to develop high-quality internship and cooperative education opportunities for

and the working world and between college and K-12 schools; expand the popular Lilly Endowment Community Scholarship Program for Indiana students; and encourage citizens across the state to explore the educational needs in their own backyards and participate in a competitive program to address them.

Around the country a common factor of thriving regions is the presence of dynamic colleges and universities. With the objective of building centers of excellence that will kindle intellectual energy and thereby spark the state’s advancement, the Endowment this year made significant grants to the Indiana University Foundation, \$105 million for the Indiana Genomics Initiative; Wabash College, \$20 million for a new national Center for Inquiry in the Liberal Arts; St. Mary’s College, \$12 million for a new international Center for Intercultural Women’s Studies; and \$10 million to Indiana Wesleyan University to use sophisticated computer technology in establishing user-friendly ways to reach adult students with a vast range of educational choices. We hope these bold efforts, designed by the schools themselves to build on their distinctive strengths, will enable these institutions to soar to new heights of excellence.

The bronzed spirit of IU’s late chancellor, Herman B Wells, inspires studies of Endowment scholar Lara Kalwinski. Wells, an Endowment director since 1973, died in March.

Indiana students.

Another grant, this one to the Purdue Research Foundation for \$1.3 million, encourages Purdue and other Indiana universities to collaborate with the Indiana Information Technology Association to work on programs to increase the number of Indiana students who are aware of high-technology jobs in the state.

We also recognized another “disconnect”— this one between high school and college. University faculty often are dismayed at the gaps between what they expect high school graduates to know and what they actually do know. The Central Indiana Educational Service Center received \$6.6 million to implement a series of programs that will bring together 15 area school corporations with six area colleges and universities to enhance K-12 education so students are better prepared when they enter college. Special targets: math, science and English.

Citizen involvement crucial

Our discussions with concerned leaders from all over the state about Indiana’s educational challenges inevitably lead to the need for more Indiana citizens to become more deeply aware of the importance of education to our state’s future and of how far we have to go to be prepared for future prosperity. Our biggest barrier may well be a pervasive sense of complacency. This realization was the impetus for the Endowment’s initiative called

CAPE (Community Alliances to Promote Education).

With CAPE we invited the state's community foundations to determine – by all means at their disposal – their counties' most compelling educational needs and to propose plans to address those needs. In this competitive initiative, the Endowment awarded to community foundations and the organizations they endorsed \$68 million for programs in 19 counties. Because of the intense interest and public discussion generated by CAPE, we have offered another round for which we have allocated up to \$115 million.

We also focused attention on the public school systems and private schools in our home area, Marion County (Indianapolis). We offered up to \$40 million to the county's 11 public school systems and up to \$40 million for the county's more than 50 accredited private schools in two competitive initiatives that invited them to tell us their most urgent needs and their bold, creative plans for improvement.

Of course, we fully realize that all this activity will not by itself result in sufficient improvement in Indiana's educational attainment levels. It will take not only our plans, but also the plans and actions of many others – political, corporate, education, nonprofit and civic leaders and regular citizens – to develop the momentum to help Indiana achieve educational excellence. Fundamental change is required, and it cannot come too soon.

David Bartlett, Yale Divinity School associate dean, dons hard hat for duties as overseer of the school's renovation.



Pulpits and pews

For our dreams in religion, we plan to support the calling, educating and nurturing of a new generation of knowledgeable, talented, compassionate and inspired pastors who will reenergize congregations across the country – and reenergize the ministry itself.

We are acutely aware of the excellent work American ministers perform in thousands of churches across this vast land. We want to support their continued effectiveness.

At the same time, we know that many congregations across the country need able new ministers to lead them. Statistics show that the average age of students entering theological schools these days is 35, and they do wonderful work when they graduate and head for the country's pulpits. But the figures for the numbers of mainline Protestant ministers under 35 years old are cause for alarm. New studies indicate that the percentage of under-35 Presbyterian ministers is 7 percent and, for Episcopalian priests, it is 4 percent.

Who will be the ministers?

Like any profession, the ministry needs a stream of talented young people who want to become ministers. Yet how many young people even think of the ministry when they reflect on what they will do with their lives? Not enough, and probably not unless they have been encouraged along the way by people they respect – their parents, teachers, ministers, friends.

The Endowment has made grants that support the best in theological education – and which encourage improvement where warranted. We are engaged in a continuing, concerted effort to attract persons of stature, quality, scholarship and compassion to the ministry. We have engaged theological schools, church-related colleges and universities, congregations, denominations and independent agencies such as the Fund for Theological Education. We have encouraged them to devise and conduct programs that bring ministry to the attention of smart, talented young people in the process of choosing their life's work.

In this report, you will read about the "theological vocational exploration program" through which some \$90 million is being invested in church-related colleges across the country to encourage young people to consider the



ministry as a profession and to employ the insights of their religious faith as they choose their careers. This program builds on previously funded work that seminaries are doing to interest high-school-age young people in the ministry.

We also started a program for church camps with the hope that their efforts will complement these other endeavors. Many studies and much anecdotal evidence point to church camps as a major force in the formation of ministers, many of whom view their camp experiences as important in their later decision to enter the ministry. The Endowment made \$12.4 million in grants to 21 church camps in Indiana to spruce up facilities and expand programs.

Toward a learned clergy

Punctuating the Endowment's determination to elevate the ministry to a new level of excellence was a \$10 million grant to Duke University where divinity school leaders believe that emphasizing a learned clergy is critical for the ongoing sustenance of vital congregational ministry.

Outstanding ministry is the goal. Planners will set up interrelated activities such as partnerships with congregations; scholarships for especially talented master of divinity and doctoral students; faculty guidance programs; local and national seminars that will allow clergy, laity, faculty and students to think together about how Christian faith contributes to shaping congregational life and addressing real-life questions. The aim is for ministers to bring the best intellectual insights and spiritual wisdom to questions facing people in today's congregations. Hopes are high for Duke's success. The plan is in place.

The best theological education, of course, builds on the best traditions of the past. To foster a learned clergy we must have the requisite physical and academic resources. We have been pleased to contribute to the renovation of two such resources with distinguished heritages in theological education to enable future generations to benefit from them: Burke Library at Union Theological Seminary in New York City and the Yale Divinity School.

Residencies for seminary grads

The same "disconnect" between studies and career that exists for college students and the world of work certainly exists for seminary graduates and "real life" in the pulpit. Enter the Transition-into-Ministry Program, patterned in many ways on a successful program at Second Presbyterian Church in Indianapolis launched through the personal generosity of our esteemed former chairman, the late Thomas H. Lake, and his wife Marjorie.

In this invitational program, carefully selected congregations and denominational judicatories experiment with intensive residency programs, built in some ways on the medical residencies new doctors undertake. The programs engage talented recent seminary graduates in a full immersion into every aspect of ministry, while being guided and mentored by wise pastors with years of highly effective experience.

Historic Fourth Presbyterian Church, which sits at the north end of Chicago's Loop, is home to a new resident program for seminary graduates.

Clergy renewal goes national

In addition to all the programs to attract topnotch young people into the ministry, we are making efforts to nurture the excellent ministers already in the profession. The Clergy Renewal Program for Indiana Congregations entered its second year in 2000, and we inaugurated a National Program for Clergy Renewal for non-Indiana congregations. Nearly 120 ministers and congregations were chosen to participate – from inner-city churches to rural outposts, from complex congregational organizations to small, “one-room” congregations.

The grants give the ministers time away for renewal and reflection. At the same time, the congregation receives funding to fill the gap left by the minister’s absence and engage in a reexamination of its own duties and obligations. Our intent is not only to help the pastors better serve their congregations, but also to raise broadly the issue that our country’s ministers are precious resources that need to be supported.

Majestic Amur tiger and playful cub strike a pose at the Indianapolis Zoo. The cub was part of a zoo population explosion this year: elephants, giraffes, dolphins, llamas.

Focus on Indianapolis

To further our hope for healthy communities in Indiana, the Endowment supports efforts in our home community of Indianapolis to build up the intellectual capital, nourish the cultural and artistic institutions that animate the community, bolster the civic infrastructure needed to improve the quality of life, and develop the physical infrastructure that is essential for thriving neighborhoods.

In our home region, the United Way of Central Indiana (UWCI) is the chief locus for Endowment giving in the arena of human and social services. Giving to the United Way is as old as the Endowment itself.

In 1999 a \$50 million grant gave a substantial boost to the development of UWCI’s endowment, the Forever Fund. In 2000 we followed up with a \$60 million capital-projects fund for human and social service agencies. Aimed primarily at helping its member agencies finance new building and major additions, the grant exhibits the Endowment’s confidence in UWCI as the premier funder and planner of such services in the area.

One of UWCI’s key focus areas is the prevention of violence. With its endorsement, the Endowment was pleased to make a \$2 million grant toward the \$5.5 mil-



lion capital campaign of the Julian Center to build a facility for battered women and their children.

Another UWCI focus area concerns developing self-sufficiency for adults. An Endowment grant to the UWCI agency, Goodwill Industries of Central Indiana, supports an experimental program in an industrial park in north-west Indianapolis. The program enables workers to learn what they want to learn and when and where they want to learn it. The result should be a win-win for employees and employers – and ultimately our community. You will read about both these grants in this report.

Human spirit and special elephants

In the cultural arena, the Endowment was pleased to continue its longtime support for the work of the Heartland Film Festival, which honors films that illuminate the human spirit. This year the festival inaugurated its Award of Excellence for films that it deems deserve the designation. The first recipient was *Remember the Titans*, which tells the tale of the 1971 Titans of Alexandria, Va., the state's first integrated high-school football team.

Developments at another institution, the Indianapolis Zoo, received international raves. After years of research, the zoo announced the births of the first African elephants in the world born as a result of artificial insemination. Many humans had crossed their fingers for the success of the project, and the floppy-eared "miracle babies" were happy testimony to the expertise, talent and diligence of the zoologists and veterinarians. The Endowment was pleased to support this ongoing work with a \$2.5 million grant for the zoo's African Plains exhibit. Both of these grants also are featured in this report.

GIFT looks in the mirror

Statewide, the Endowment has continued its support of the Giving Indiana Funds for Tomorrow (GIFT) initiative. The 10-year-old initiative has seen the number of community foundations in the state go from fewer than a dozen in 1990 to more than 90 in 2000 and their assets climb from about \$100 million to more than \$1 billion.

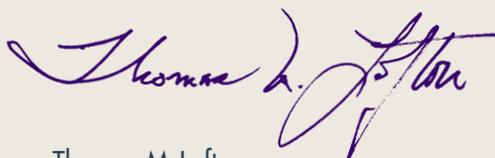
These foundations have become catalysts for action in their communities. They have spearheaded substantive discussions about needs and how to prioritize them. They

have published newsletters, held special events, and raised millions of dollars to support local projects. In the process, they have built a complex web of affiliations and alliances. They have been very busy.

In 2000 an \$11.5 million program encouraged them to "take stock" of their progress over the past 10 years. What they find out will guide their own plans and also may provide direction for future Endowment support of GIFT.

In all we do, we are inspired by the vision of our founders in establishing Lilly Endowment and grateful that the increased value of our assets has allowed us to give shape to many of our dreams and those of our grantees.

As we look ahead, we proceed with the knowledge that plans are just plans. What really makes plans work – and makes dreams realities – is the day-in, day-out devotion, creativity, hard work and incredible energy, passion and vision of those "on the ground" – the thinkers, the doers, the mentors, the learners. Because of their efforts, we have had our share of dreams fulfilled over the years, and we enjoy anticipating future times when plans come together and more dreams are realized.



Thomas M. Lofton
Chairman of the Board



N. Clay Robbins
President