Vatican

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After disagreement over funding a $25-million-grant request from the Vatican was leaked to the press, the leadership of the U.S.-based Papal Foundation has called for a period of reflection and "a re-evaluation of its mission, its approach to grant giving and its relationship with the Holy See."

And while the foundation still has scheduled its annual pilgrimage to Rome April 11-14, the trip will not include the members' customary audience with the pope, according to a press release issued by the foundation March 22.

The Vatican, it said, agreed to "postponing a papal audience until the work of the foundation is complete and its members and stewards have agreed upon the foundation's mission, governance structure and relationship to the Holy See."

The statement was released after a meeting of the executive committee of the foundation's board of trustees, which includes both active and retired cardinals living in the United States. The full board of trustees, which includes the nine cardinals, seven bishops and eight laypeople, is expected to meet in Rome during the pilgrimage.

The Papal Foundation was established in 1988, and since 1990 has given more than $120 million in grants and scholarships. Members, known as "stewards," pledge to give $1 million over the course of no more than 10 years with a minimum donation of $100,000 each year.

The controversy within the foundation became public in February after someone leaked correspondence related to the Vatican's request for $25 million from the Papal Foundation to be used for the ongoing recovery of the Istituto Dermopatico dell'Immacolata, the premier hospital in Rome for the treatment of dermatological ailments and skin cancer.

The hospital, founded by the Sons of the Immaculate Conception, had declared bankruptcy in 2011 and reportedly had debts of more than 600 million euros (upward of $745 million today). Initially Pope Benedict XVI and later Pope Francis took steps to put new governance in place, guarantee continued care for the tens of thousands of patients who are treated there each year and ensure the continued employment of about 1,000 employees.

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The priest who had been in charge of the hospital until 2012 was later arrested for theft and fraud. He and an accomplice were accused of taking from the hospital about $17 million for their personal use.

The leaked Papal Foundation documents, subsequently posted online, include a note from James Longon, the then-chairman of the Papal Foundation's audit committee, noting that "the IDI hospital had been a media and legal disgrace with embezzlement and fraud and bankruptcy," and alleging that the foundation's board of directors approved the $25 million grant with "no professional due diligence."

Longon later resigned as committee chairman.

In a report Jan. 5 to foundation members, also posted online, foundation leaders acknowledged how unusual the $25-million request was, both in terms of its size and its purpose. But, the letter said, in the end, "the board came to a unanimous conclusion — with no audible dissent — to make the grant requested by our Holy Father," while at the same time requesting "quarterly reports on the hospital's financial, operational and administrative status, in response to the board's sense of

accountability."

A person familiar with the board's discussions told Catholic News Service in late February that it was "patently false" that the process of approving the grant and disbursing the initial payments lacked due diligence.

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When the Secretariat of State requested the $25 million over a three-year period, it also told the foundation that the pope would forgo any other requests during that time if the foundation preferred, the source said. The members said that was not necessary. The foundation disbursed $8 million to the Secretariat of State in December and another $5 million in January.

The remaining $12 million was to be disbursed over the next two years; however, the foundation's statement March 22 said the Holy See now has declined the remaining money.

The extraordinary nature and size of the request led to an unusual amount of discussion within the foundation, the source said. "From June to December there was an ongoing review and debate," and, at the foundation board's request, the leadership of the Catholic Health Association studied the hospital and its books.

"The bulk of the review focused precisely on the current state of the hospital" and the Vatican's assurances that the entire grant would be used for hospital operations and not to pay off its debt, most of which the Italian bankruptcy court assigned to the religious order and not the hospital itself.

The foundation also was guaranteed "regular updates on the state of the hospital — a lot more information than the foundation receives about any other grant, which is only proper given the size of the request," the source said.

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