

Grantmaking Procedures For Grants To Qualified Female Students

Pursuant to § 4945(g) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and § 53.4945-4 of the Treasury Regulations, the procedures set forth below shall be followed by the Marian J. Wettrick Charitable Foundation ("Foundation") in the awarding of grants to individuals. Such grants are limited to those described in § 4945(g)(1) of the Internal Revenue Code. No loans shall be made. In making any grant to an individual, the Foundation shall only do so on an objective and nondiscriminatory fashion so that such grant will not be considered a taxable expenditure that would subject the Foundation to tax under § 4945 of the Internal Revenue Code.

1. Selection Process.

Candidates for Grants. For all grants to individuals, the selection of grantees shall be made by the Foundation on the basis of criteria reasonably related to the purposes of the grant, including the credentials of the potential grantee, the financial need of the potential grantee, and the relationship of the grantee's proposed course of study to the Foundation's areas of concern. The type of individual grant program sponsored by the Foundation is a scholarship program for female students who are graduating, or who have graduated, from a Pennsylvania college and who propose to pursue a career in medicine in medical schools (by which term the Foundation also includes osteopathic schools) in the Commonwealth of Pennsylvania or internships at accredited medical teaching hospitals. Any such organization must be an organization described in § 170(b)(1)(A)(ii) of the Internal Revenue Code. The Foundation's Trustee shall undertake to make known the availability of the scholarship programs to the offices of financial aid at Pennsylvania colleges and medical schools. There are three types of scholarships: medical school scholarships, medical internship scholarships, and renewals of such scholarships during the balance of the applicant's medical school or internship curriculum.

On the basis of the criteria relating to this grant program, an individual grantee may be selected (a) from a group of qualified female candidates, or (b) without reference to the group of candidates where taking into account the purposes of the grant, one or several females are selected because they are exceptionally qualified to carry out these purposes.

How Solicited. The Foundation will send information to all Pennsylvania colleges, universities, and medical schools informing them of the availability of the grants from the Foundation. The Foundation will also seek to be listed as the source of scholarship grants in various publications available to its potential grantees.

How Selected - Criteria Used. Each applicant shall be required to submit a completed application. Grants shall be awarded based on numerous criteria, including but not limited to, the applicant's performance scores on tests designed to measure ability and aptitude for medical school work, a showing of financial need, sources of income available to the applicant other than the Foundation's grant, information demonstrating a record of well-rounded participation in many facets of school life, and an indicated inclination (nonbinding) to practice medicine at

Charles Cole Memorial Hospital in Coudersport, Pennsylvania, upon completion of the applicant's medical education. It is specifically noted that this latter criterion concerning Charles Cole Memorial Hospital is *not* binding and that an applicant's response as to her indicated inclination, whether affirmative or negative, will *not* determinatively result in an applicant being selected or not. The Foundation's grants are specifically described under § 4945(g)(1) of the Internal Revenue Code and not § 4945(g)(3) of the Internal Revenue Code and shall be administered accordingly.

Selection Format. The Foundation is authorized to convene a Scholarship Committee. A Scholarship Committee would evaluate all applications and advise the Foundation, in writing, of its recommendation regarding each applicant. It is expected that a Scholarship Committee would recommend several candidates for each grant and the amount thereof. The Foundation may choose to interview any of the applicants and to meet with the Scholarship Committee. The Foundation shall have the sole and exclusive authority to determine which applicants receive grants and the amount thereof.

Persons Making Selection. Neither employees of the Foundation nor "disqualified persons" (as that term is defined in § 4946(a) of the Internal Revenue Code) in relation to the Foundation are eligible for grants. Furthermore, no Scholarship Committee member may participate in the evaluation process if he or she might otherwise derive a private benefit, directly or indirectly, if certain potential grantees are selected over others.

2. Terms and Conditions Under Which the Foundation Makes Individual Grants.

The terms and conditions of each grant to an individual are contained in a letter sent to each grantee of a grant. The grantee is required to communicate her acceptance thereof by a letter in writing to the Foundation. Terms and conditions include the specific purpose of the grant, the grant's duration, the total amount of the grant and whether any reports must be submitted by the grantee to the Foundation, including the due dates for such reports. It is anticipated that each grant will be at least \$5,000 and not more than \$30,000.

Grantees are expected to pursue an educational curriculum consistent with the charitable purposes for which the Foundation is organized. A renewal of a grant for any succeeding period, whether for a lesser or greater scholarship amount, is contingent upon the Foundation having no information indicating that the original grant is being used for any purpose other than that for which it was made, that any reports due at the time of the renewal decision pursuant to the terms of the original grant have been furnished, and that any additional criteria and procedures for renewal are objective and nondiscriminatory.

3. Procedure for Exercising Supervision Over Individual Grants.

With respect to individual scholarship and internship grants, the Foundation shall arrange to receive a report of the grantee's courses taken (if any) and grades received (if any) in each academic period. Such a report must be verified by the educational institution attended by the grantee and shall be obtained by the Foundation at least once a year. In the case of a grantee whose study at an educational institutional or teaching hospital does not involve the taking of

courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, or clinical work, the Foundation must receive a brief report on the progress of the paper or project at least once a year, or a report on the student's performance from her supervisor. Such a report must be approved by the faculty member supervising the grantee or by another appropriate official at the institution. Upon completion of a grantee's study at an educational institutional or teaching hospital, a final report shall also be obtained.

The Foundation shall not have to obtain reports on the academic performance of a grantee if the following conditions are met: First, the scholarship or internship grant to such grantee is described in § 4945(g)(1) of the Internal Revenue Code. Second, the Foundation pays the scholarship or internship grant to the educational institution attended by the grantee. Third, such educational institution agrees to use the grant funds to defray the grantee's expenses or to pay the funds (or a portion thereof) to the grantee only if the grantee is enrolled at such educational institution and her standing at such educational institutional is consistent with the purposes and conditions of the grant.

4. Procedures for Review of Grantee Reports, for Investigation Where Diversion of Grant Funds from their Proper Purposes is Indicated and for Recovery of Diverted Grant Funds.

Review of Grantee Reports. The Foundation has the responsibility to follow the progress of the individual grant, that is, to review each report submitted by the funded educational institution or grantee, to make a determination as to whether the grant purposes are being or have been fulfilled, and to look into any questions requiring further scrutiny or investigation.

Investigation Where Diversion of Grant Funds from their Specified Purposes is Indicated. Where the reports submitted to the Foundation or other information (including the failure to submit such reports) indicates that all or any part of a grant is not being used in furtherance of the purposes of such grant, the Foundation will initiate an investigation. While conducting the investigation, the Foundation will withhold further payments to the extent possible until any delinquent reports have been submitted or until it has been determined that no part of the grant has been used for improper purposes.

In cases in which the Foundation determines that any part of the grant has been used for improper purposes and the grantee has not previously diverted grant funds to any use not in furtherance of a purpose specified in the grant, the Foundation takes all reasonable and appropriate steps either to recover the grant funds or to ensure the restoration of the diverted funds and the dedication of other grant funds held by the grantee to the purposes being financed by the grant. In addition, the Foundation withholds any further payments to the grantee after the Foundation becomes aware that a diversion may have taken place until the Foundation has received the grantee's assurances that future diversions will not occur and has required the grantee to take extraordinary precautions to prevent future diversions from occurring.

In cases where the Foundation determines that any part of a grant has been used for improper purposes and the grantee has previously diverted funds received from the Foundation, the Foundation takes all reasonable and appropriate steps to recover the grant funds or to ensure the restoration of diverted funds and the dedication of other grant funds held by the grantee to the

purposes being financed by the grant. In addition, the Foundation withholds further payments until such funds are in fact so recovered or restored, the Foundation has received the grantee's assurances that future diversions will not occur and the Foundation requires the grantee to take extraordinary precautions to prevent future diversions from occurring.

As used in the previous two paragraphs, the phrase "all reasonable and appropriate steps" includes legal action where appropriate but need not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

5. Retention of Records.

The Foundation will retain records pertaining to all grants to individuals for purposes described in § 4945(d)(3) of the Internal Revenue Code. Such records will include all information the Foundation secures to evaluate the qualification of potential grantees, identification of grantees (including any relationship of any grantee to the Foundation sufficient to make such grantee a disqualified person of the Foundation within the meaning of § 4946(a)(1) of the Internal Revenue Code), specification of the amount and purpose of each grant, and the follow-up information which the Foundation obtains in complying with the procedures set forth in the third and fourth numbered paragraphs of these grantmaking procedures.