



The Greater Lynchburg Community Trust

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Scholarship Guidelines

Effective for grants made after July 1, 2007, the federal law requires that grants and scholarships to individuals pursuant to a scholarship fund at The Greater Lynchburg Community Trust be distributed according to (1) a formal grant making procedure and (2) a scholarship selection committee process that meets certain requirements. The following requirements must be observed and complied with in order to continue to claim a charitable deduction and to avoid any penalty taxes:

1. The law provides that the Greater Lynchburg Community Trust may appoint all the members of the selection committee and that donor's advice as to award of scholarship may be given solely as a member of the committee.

The law also provides that while the donor(s) may certainly suggest some members of the committee, the Greater Lynchburg Community Trust must have the power to accept or reject their suggestions.

The members of the selection committee must be reviewed and approved annually by the Greater Lynchburg Community Trust.

Before appointing each member of the selection committee, the Greater Lynchburg Community Trust must be given basic information about why each individual being appointed is qualified to be on the committee.

2. Neither the donor nor their related parties (relatives, employees, attorney) may control the committee directly or indirectly.

Greater Lynchburg Community Trust therefore requests that the donor or selected representative review the names of the committee members and disclose any family or employment relationships to assure that the donor does not control the committee.

3. All grants must be awarded on an objective and nondiscriminatory basis using a procedure that has been approved in advance by the Greater Lynchburg Community Trust and that has been designed to ensure that all such grants meet requirements of paragraphs (1), (2), or (3) of section 4945(g) of the

Internal Revenue Code and thus are for the following purposes only: (1) grants that are scholarship and fellowships that pay tuition, books, and other expenses; (2) grants that are prizes or awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement. If the recipient is chosen from the general public, he or she must be selected without any action on his or her part to enter a contest or proceeding, and the recipient must not be required to provide services as a consequence of receiving the award; (3) grants to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific or other similar capacity, skill, or talent of the grantee.