Board Compliance Notes

Medicine Connect Sunrise Scholarship • 2026–2027

Purpose

These notes summarize the federal tax-exempt organization considerations used in drafting the scholarship paperwork. They are intended for Board governance and should not be treated as individualized legal or tax advice.

Key Federal Points

- Medicine Connect's IRS determination letter identifies it as a 501(c)(3) public charity under section 170(b)(1)(A)(vi).
- IRS Form 1023 Schedule H guidance states that distributions to individuals may advance educational purposes when selection is racially nondiscriminatory, based on need and/or merit, and available to an open-ended charitable class rather than preselected individuals.
- Organizations making educational grants to individuals are expected to maintain adequate recipient records and case histories.
- Form 990 reports scholarships, fellowships, stipends, research grants, and similar payments to domestic individuals on Part IX, line 2. If aggregate domestic-individual grants/assistance exceed $5,000, Schedule I Parts I and III are required.
- Section 501(c)(3) organizations must operate for exempt purposes and not for private interests; the package therefore uses objective scoring, conflict disclosure/recusal, open eligibility, and no automatic preference for MC titles or affiliation.

Board Implementation Notes

- Use the same published substantive standards for comparable MC and non-MC activities.
- Do not promise that the $500 award is tax-free.
- Document material scoring decisions, verification, conflicts, recusals, tie-breaks, and payments.
- Before future cycles, review scoring rules before launch; avoid retroactive material changes after students have begun accumulating points.
- Have the organization's CPA or nonprofit counsel review the program if the award structure, amounts, eligibility class, or organizational tax status materially changes.

Primary IRS References

- IRS Instructions for Form 1023, including Schedule H (Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals)
- IRS Instructions for Form 990
- IRS Instructions for Schedule I (Form 990)
- IRS Exemption Requirements for 501(c)(3) Organizations