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Internal Revenue Service
Exempt Organizations Determinations
Room 4024
P.O. Box 2508
Cincinnati, OH 45201

RE: National Rosacea Society (EIN: 36-4120334)

To Whom it May Concern:

“Many types of non-501(c)(3) tax-exempt organizations including social welfare organizations, business leagues and trade associations, social clubs, voluntary employees’ beneficiary associations, cemetery companies, and veterans’ organizations, among others, are prohibited, by statute, from allowing inurement of net earnings or assets of the organization to benefit any insider. An insider is a person who has a personal or private interest in the activities of the organization such as an officer, director, or a key employee. An example of prohibited inurement would include payment of unreasonable compensation to an insider.” - Private Benefit and Inurement, Page 5, Compliance Guide for Tax-Exempt Organizations

From 1998 thru 2019 the NRS has received in donations/revenue \$15.5 million and spent over \$10 million (65%) on private contractors owned by Sam Huff who serves on the board of directors of the NRS during this same period. It appears that Sam Huff may be an example of a prohibited inurement.

During this same period the NRS spent less than 10% of the revenue on rosacea research which is one of the stated goals which is not substantial. On its website it states that one of the expenses is ‘research grants’ with the amount of \$231,526. On Form 990 for 2019 it shows only \$23,315 for research grants. This is misleading the public and should be investigated. The NRS is claiming to spend 76% of its donations/revenue on research grants when in actuality it is only spending around 7%.

The NRS may not qualify as a 501 c 3 but may qualify as a 501 c 6 since it appears to be more in line with a trade union since the ones who primarily benefit from its goals is not the public but dermatologists and businessmen if you look at who serves on its board of directors. The research grants are usually awarded to physicians who are mostly dermatologists who actually benefit. The public is only marginally benefited.

Possibly the NRS may be a private foundation because while it is shown over this same period on average 23% of the revenue comes from public donations it appears that pharmaceutical companies are the primary donors. Whatever the case, I urge you to investigate to make a determination on how this non profit is spending its donations/revenue as well as whether the NRS qualifies as a 501 c 3 non profit.

Sincerely,

Brady Barrows

Attached:
Math for the above period 1998 thru 2019
NRS financial page screenshot
<http://www.rosacea.org/about-us/how-the-nrs-is-funded>