

The Defenders: Matthews non-profit failed to turn in IRS paperwork for nearly two years

An area downtown merchants' association is just now getting around to filing the required tax paperwork, nearly two years after it became a stand-alone non-profit organization.

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CHARLOTTE, N.C. -- An area downtown merchants' association is just now getting around to filing the required tax paperwork, nearly two years after it became a stand-alone non-profit organization.

Board members with Red Brick Partnership in Matthews said the non-profit's failure to secure tax-exempt status is an oversight.

"It's just an honest mistake," Red Brick Co-Chair and Town Commissioner John Urban said. "Sure, it does bother me, but again, I delegated something to somebody on the board to handle and I thought it was all going to be done post haste and without issue and I think we all felt, including the town, that that had been taken care of."

During its first two years of existence, Red Brick fell under the authority of the Town of Matthews, but in 2016 the organization filed paperwork with the State of North Carolina to become a stand-alone non-profit.

Around the same time, Urban said Red Brick filed paperwork with the IRS too, alerting the agency of its intent to become a 501c organization.

He said, at the time, the non-profit also secured an employer identification number. The board followed up by filing out a recognition of exemption form, which the IRS must approve or deny.

However, Urban said Red Brick failed to actually file the completed paperwork with the federal government. Urban said the board discovered the oversight earlier this year and has since made an effort to make things right.

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Members met with attorneys again just last week and are convinced there will be no impact.

"It's not a big deal at all," Urban said. "We are now going ahead and filing that piece of paper."

According to the Town of Matthews, Red Brick received \$18,000 in funding from the town in 2016 and \$20,000 in 2017.

Urban said the town's temporarily withholding the organization's annual \$20,000 in funding for 2018 until the problem's resolved.

Gordon Clemmons is so bothered by the situation, he filed a complaint with the Internal Revenue Services about the organization.

Clemmons intends to speak at tonight's Town of Matthews Board of Commissioners meeting. His concerns about Red Brick started after he raised questions about a controversial development planned near the greenway and the financial ties of some of the key players.

He eventually discovered some of those same people are also tied to Red Brick and then learned of the organization's failure to earn tax-exempt status.

"The more I dug, the more I found," Clemmons said. "I thought well, this seems a little bit fishy to me."

We started raising questions about Red Brick in late September as well.

"The Red Brick Partnership (RBP) is a volunteer organization comprised of downtown merchants dedicated to improving the Matthews downtown corridor," attorney Eran Weaver told us in an email. "I volunteer for the RBP, including handling some of their legal needs at no charge to the organization. Completing all of the 501(c)(6) paperwork has taken longer than I anticipated. The remaining outstanding paperwork needed for recognition of tax exempt status will be filed shortly. In the interim, RBP is ensuring that corporate tax returns are filed with the appropriate agencies and any taxes due are paid. As soon as RBP receives its tax exempt status, it will announce it on its website."

Red Brick's mission is to promote downtown. From now on, the organization plans on voluntarily filing its tax return with the IRS in an effort to be more transparent with the public.