

Pinetown Rotary Club Trust
TRANSMITTED BY EMAIL

31 October 2022

Dear Trustees,

At the suggestion of Bill Draper, I am writing to request a grant of R 10 000 for the Mariannridge High School Mathematics Enrichment Project to help cover unexpected costs incurred as a result of delays on the part of SARS in approving our PBO/Section 18a status for the Umhlatuzana Education Fund NPC. These delays led to a corporate donor (Atisa Securities LLC) unexpectedly withdrawing a gift for 2022 that had been pledged and upon which we had relied.

Thanks to the heroic efforts of Dorina, who went to the SARS Tax Exemption Unit on Friday to explain our situation and request fast-tracking, we finally received the SARS authorization. Later that afternoon we contacted Atisa to see whether the gift could be recovered, but we were informed that it had already been reallocated.

In this letter, following your request, I would like to address two issues: (1) the status and merits of the project and how it serves the Mariannridge community, and (2) our financial situation, which is a bit technical and requires some explanation.

Merits of Project

The Durban Umhlatuzana Rotary Club has been operating and expanding a project at Mariannridge Senior Secondary School since 2020 where UKZN students in the STEM projects are brought to the school on Saturday mornings to deliver instruction in mathematics. The project has been demonstrated to be highly successful as measured by improvements in Matric pass rates and pass rates from one grade to the next. During half of the school year in 2020 (in the midst of the Covid pandemic), the project helped final year learners to prepare for the Maths Literacy Matric examination. Pass rates improved from 57% to 83%, proving the effectiveness of the tuition. In 2021 a decision was made to start at an earlier age, in consultation with the school leadership it was agreed to start at 8th grade. One of the goals was to encourage and enable learners at Mariannridge to opt for the Pure Maths rather than the Maths Literacy Track. The goal was set to add one new grade each year, so that 8th grade only would be served in 2021, 8th and 9th grades in 2022, 8th, 9th and 10th in 2023, so that in 2025 all five grades from 8 to 12 would be served, and the project ultimately would continue indefinitely, largely funded by corporate donors who would be recruited. Moreover, tutors and others from the community would be mentored to gradually take over the project.

We have discussed with the principals of Dassenhoek High School and Ndengezi High School and they are eager to see this project extended to their schools. We are presently considering how this expansion can be implemented in 2023.

Financial Situation

The project so far has subsisted on a bare bones budget, relying on contributions from Club members, District grants, and most notably a 60 K ZAR one-time gift from Dr Yong Zhu in Delaware. Tutors did not receive any stipend, but it was judged that in order to expand, tutors would have to receive a modest stipend. Moreover, appropriate pedagogical materials (books, etc.) would be required to improve the project.

In 2022 steps were taken to secure additional funding, both through applying for a global grant and setting up the necessary structures to receive corporate gifts, which would require NPC or NPO status as well as PBO/Section 18a approval from SARS. Additionally, audited books would be required and B-BBEE requirements would have to be satisfied so that donors could receive Socio-Economic Development credits toward their B-BBEE scorecard. Discussion with the B-BBEE consultant of Atisa Securities in Jan 2022 helped us clarify these requirements and put in place the necessary structures. In March 2022 the Umhlatuzana Education Fund was registered as a non-profit company with CIPC and an application was made to SARS for PBO/Section 18a approval through the firm Strategic Audit, which also agreed to serve as our registered auditor for a nominal fee. They agreed to guide us through the registration process for free.

In June 2022 following on initial informal discussions with us, the Board of Atisa Securities agreed to formally pledged to give 150 000 ZAR to the project for the calendar year. This gift was conditioned on us providing a SARS Section 18a Certificate and satisfying the B-BBEE requirements.

In early 2022 steps were taken to prepare a Rotary Global Grant. An international partner was found (Rotary Club of Los Alamos), and pledges were solicited. On 13 August 2022 the final version of the grant was locked and the necessary authorizations solicited. On 3 September 2022, after the last authorization was obtained, the application was submitted to the Rotary Foundation for approval. On 20 October the grant was finally approved by the Rotary Foundation and on 27 October our request to remove the Atisa gift from the funding was granted.

On 14 August, I sent an email to Bill, Dorina, and Laurence with the following request:

“The global grant has been submitted and we are still waiting for some of the authorizations from the various districts after which point approval by RF will be considered. Attached is a copy of the final submission. Happily, the District of the Los Alamos Club has come through and is contributing 4 000 USD (which gets matched at 80%) and the Los Alamos Club has raised their contribution from 2500 to 4000 USD. Their district said they would match 1:1.

“As we discussed at the Board meeting at which Dorina and Laurence were present, GG funding can only be applied for expenses incurred after the grant has been

approved by the Rotary Foundation. **To solve this problem, we took 30 000 ZAR out of the 150 000 ZAR promised out of the Atisa gift, so that this money can subsequently be used to cover expenses prior to approval. But the Atisa money will only arrive once the pending SARS Section 18a approval comes through.** They are quite adamant regarding this point.

“I would therefore like to propose if this is OK with you, if you could transfer the 25 000 ZAR into our Umhlatuzana Education Fund account now and we could use this as cash, and then once the Atisa money arrives we will pay the 25 000 ZAR into the GG account for the Pinetown contribution to the GG. This would be very helpful in allowing us to meet our expenses of continuing the tutoring without interruption. The funds from previous gifts are running out and we could like to continue in the present mode until the other promised funds actually arrive. This involves covering transport and the stipends of Fareeda and Ms Nhlebala.” [Emphasis added.]

At this time we had assumed that the SARS approval was imminent and that we probably had until the close to the end of 2022 to provide the necessary documentation to Atisa. We received the Pinetown advance of R 25 000 on 4 September.

On 8 September, the BBBEE consultant of Atisa sent us an email informing us that if we were unable to provide Atisa with the SARS Section 18a certificate by 14 October, the 2022 gift would be reallocated to another charity. Despite efforts by ourselves and by our accountants Strategic Audit, we were not able to secure the certificate by this deadline. We requested an extension, which was denied. The delays were largely due to a backlog caused by the SARS strike. When we finally received the certificate on 28 October, we wrote to Atisa asking whether it would still be possible to receive the gift for 2022, but we were told it had been already reallocated and that we should re-apply in early 2023.

If I look at the accounts up to 1 October, there is a 13 800 ZAR deficit in the maths account after the 25 000 ZAR pledge (from the Pinetown Club) and the 1000 USD pledge (from our Club) will have been paid into the global grant account. This does not account for spending between 1 October and 19 October, for which I do not yet have figures. The Rotary Foundation Global Grant rules provide that no global grant money can be spent on expenses incurred prior to formal approval of the grant. Since the grant was approved on 20 October, any spending on the maths project on or after that date is not problematic, as it can be charged to the global grant.

Summary

Although this project has been funded at the targeted level for the period subsequent to the approval of the Rotary Global Grant (20 October 2022), because of unexpected circumstances, we are faced with a shortfall for the funds spent on the project prior to that date. The RC Pinetown provided us with an advance of R 25 0000 (paid on 4 September into the UEF account) and it was anticipated that the R 30 0000 from the Atisa pledge not included as part of the GG would more than adequately cover the expenses paid from this advance. We had believed that there was a high degree of certainty that this money would eventually arrive. We had underestimated the time that the SARS

approval would take, and we had hoped that we would have been given more time to produce the SARS certificate.

A bridge allocation from the Trust would be of invaluable help toward bridging the gap and paying off the debts incurred from continuing instruction at Mariannridge prior to approval of the GG.

Please let me know if you have any further questions.

Sincerely,

A handwritten signature in black ink that reads "Martin A. Bucher". The signature is written in a cursive style with a clear, legible font.

Martin Bucher
President, RCDU