

Martin Bucher (28 November 2022) Report to the Board of Directors
DRAFT – Thursday afternoon

We have made a lot of progress this year, despite several challenges, for example, the flooding in the Spring and the slowness of SARS in processing our application. The Global Grant was finally approved, despite the questions posed by the Rotary Foundation owing to the fact that our project did not quite fit into the mold of the usual Global Grant type of project. We were able to convince the Rotary Foundation to make an exception to their rules to accommodate our project.

Overall, we are overall in good shape financially, at least for most of 2023, and will be able to start paying the tutors stipends when we resume tutoring in late-February 2023. We will also be able to buy some books for the learners. With the funds at hand we can probably make it through to the end of 2023 without additional resources, but we must be careful not to overspend, and this will require careful and frequent monitoring of our expenditures.

The loss of the promised Atisa funding for 2022 has had two main consequences: (1) we had to drop most of the budget for the computer lab that we wanted to set up at Mariannridge, (2) we have had to borrow money to be able to pay into the UEF special GG account the R 25 000 Pinetown pledge and the R 16 600 pledge from the Rotary Durban Umhlatuzana Club. Peggie has generously extended to us (meaning the UEF) a R 12 000 interest-free loan, formally payable before the end of 2023, but we should try to repay this loan as quickly as possible. Originally, we had removed R 30 000 from the Atisa pledge contribution to the Global Grant in order to continue until the end of 2022 with our program, but this pledge has evaporated. According to the Global Grant rules, GG funds cannot be used to cover expenses incurred before the start of the global grant, meaning expenses incurred before 20 October 2022. This means that we have to establish an exact accounting of our financial situation on that date and figure out a way to pay off this debt. We cannot push this debt into the future, because with time people will be less and less interested in helping out with our old debts.

One of the lessons of 2022 was that there is a long lag between when funds are promised and when the money actually arrives. This is particularly the case with Rotary Global Grants. This means that we must start at the beginning of 2023 with our fundraising. The first step is to recruit new donors, both corporate donors and mainly Rotary donors to contribute to a new global grant, which we might foresee submitting around 30 June 2023. But before we do that we need to finish our reporting for 2022.

Doris Rojas and Alison Pannell have agreed to help with the reporting. One aspect of the annual report is the accounts, and for the report submitted to donors, we will want to give a complete picture of all spending on the maths project in 2022, in other words, with a balance sheet of all the maths accounts on 31 December 2021, which would include funds in the ring-fenced club maths account and a balance sheet on 31 December 2022, which would include three bank accounts, the UEF general account, the UEF special global grant account, and the Club ring-fenced maths account, which now that the UEF is in place, we should eventually close. Hopefully, we will have our deficit from pre-20 October figured out before the end of the year. It would be desirable to have no debt on the balance sheet at the end of this year.

Then we have to account for all the spending between these two periods. In addition to these reports, we must file a report on the activity of the UEF to CIPC and file a tax return to SARS, which monitors whether our activities are consistent with our approved public benefit activities.

Jan has been a great help in dealing with the finances of the maths project, which have become a lot more complicated than the RCDU finances. Presently, she is both UEF Treasurer and Club Treasurer. Jan is also Programme Director of a large AIDs prevention project with Lifeline, which seems like more than a full-time job. Jan has indicated that she would like to continue as RCDU Club Treasurer and she will see us through the audit of the UEF 2022 exercise, but she has indicated that because of time constraints, she would prefer not to continue as UEF Treasurer in 2023. A big thanks to Jan for all the help in getting us starting during this first year. Happily, Dorina Bowes has agreed to serve as UEF Treasurer in 2023. Dorina has been an immense help in setting up the UEF, most notably in carrying out the Community Needs Assessment for the Global Grant, in finding us the Chartered Accountant/Registered Auditor Ashvir Dhulki to help us with our registrations with CIPC and SARS, and serving as our Registered Auditor for a nominal charge, in finally getting us through our SARS PBO/Section 18a approval when everyone else had given up on pushing this through quickly. Dorina has extensive relevant experience, in particular running the financial management and administration of several projects in the Wits Education Department, in running her own business, and in the corporate sector. A big thanks to Dorina for her willingness to take on this responsibility.

I would like to spend the rest of this report discussing the future of the UEF, and of this project, because we are expanding, and this means that what worked when the project was smaller will not necessarily continue to work well as this project is scaled up in size.

When we started, Peggie and Thomas---and sometimes others----were at Mariannridge almost every Saturday, to make sure that things went the way they should, arranging the transport, assigning learners to classrooms, offering advice and mentoring on tutoring, etc. With time we saw that the tutors were very able and mature, and capable of taking on more and more responsibility. We also decided to engage Ms Nhlebela and Fareeda to help out on Saturdays.

In 2023 we will have three grades rather than two as in 2022 and one in 2021. Consequently, we would like to figure out how best to give more responsibility to the tutors. This is why we created the post of Chief Operating Officer and recruited Precious to coordinate and figure out how best to organize the tutors. Beyond the remarkable qualifications of Precious, it is best that this task be taken on by someone intermediate in age between the tutors and the Full Professors like myself and Thomas, and in this respect I note that despite being in the medical profession, Peggie probably comes off as very professorial as well!

Our conception of the UEF has evolved as a result of our interactions with the Rotary Foundation, which at first told us that our grant application was not within the rules. We were told, however, that every now and then the Rotary Foundation upon the presentation of a strong case makes an exception to their rules. This is what happened. We were encouraged

to present a case to the Rotary Foundation management for consideration, and happily the exception was granted.

There were some problems with our financial management, which we rather straightforwardly resolved by having our international partner, the Los Alamos Club take on the financial management, but the main obstacle was “sustainability”, which is one of the requirements for a global grant being approved.

It is worth going over these details, so that we understand what we can expect from Rotary and what we will have to do otherwise. At heart, the Global Grant programme is intended so that Rotary Club and Districts from rich countries can support projects run by Rotary clubs in the developing world in such a way that funds are used effectively and honestly and that projects are successfully delivered as promised. The Rotary Foundation, in Evanston, Illinois, serves as an intermediary, vetting projects to make sure they are solid and providing financial and other oversight.

One of the requirements for a project to be accepted is that be “sustainable.” Rotary sees itself as seeding projects that will continue after the involvement of Rotary ends. Recurrent support must come from elsewhere. How “sustainability” is defined in practice is not entirely obvious from the global grant documentation, but in the discussions with the RF it became clear how it would work for our project.

We were asked whether we could identify verified sources of funding for the project for 2026 and beyond, whether there was an organization ready to take over the project at the end of the global grant support.

The vision put forth in our submission petitioning for an exception was along the following lines:

- Corporate funding would fully replace Rotary funding by 2026.
- The UEF would become the organization that would run the project and we would recruit and mentor older former tutors and members of the community to run the UEF.
- Whereas the UEF would deal with the financial management, fundraising, and oversight of the project, the actual everyday operation of the project would be largely entrusted to the tutors, who would be encouraged to organize themselves and play an increasingly active role in the project.

With respect to the first point, we are now well positioned to seek corporate funding. All the registrations have been successfully completed, and we have a registered auditor in place (or will have at the end of this meeting). We also have learned what we have to do for donations to our organization to be eligible for B-BBEE Socio-Economic development credits, which is a major motivator of most South African corporate giving. In this sense, our interactions with Atisa have been very beneficial, in teaching us how the game is played. We must ensure that the beneficiaries are at least 75% Black South African, be able to demonstrate measurable outcomes to show the effectiveness of our program, and ensure that appropriate health and safety measures are in place. This is why we entered into a contract with the school, which you can find on the Board documents webpage, and when we take on additional schools we

would need to enter into similar formal agreements. We need to ensure that the school takes explicit responsibility for safety and discipline, because these are not functions in which we have the necessary competence.

The annual report that we intend to complete by the end of January 2023 will serve as an important tool for our fundraising, in particular beyond the Rotary ecosystem, which has been so generous to our project. But we must understand that Rotary cannot be looked to for recurrent funding.

The idea is to start fundraising immediately after the report has been completed. On the one hand, we will seek another Global Grant, much like the one we put together last year and that has been successfully approved, not without some difficulty. We will need to put together at least 30 000 USD of pledges as this is the minimum for which a global grant can be approved. We can look to the clubs and districts that have already pledged in 2022, but it is not unlikely that their donations will be less generous, so we will have to look toward new clubs. I will be in Santa Barbara, California in January, and will make contact with the club there. Alison Pannell has kindly arranged for me to speak at one of the Santa Fe clubs in December, and she has also presented our project to a club in Honolulu, Hawaii, which has in principle shown interest. Perhaps Thomas can make contact with clubs in Germany, and Marco can do the same in Italy. We need to brain storm collectively. According to our framework budget of 150 000 ZAR per grade per year, 2024 will cost about 600 000 ZAR per year. This is the order of magnitude of what we need to raise. It is a daunting goal, but given our success in fundraising for 2023, this should be feasible.

In parallel, we need to pursue funding from corporate donors. Atisa has indicated that in “early 2023” we can re-apply for 2023, and suggested without commitment that they are willing to give a similar amount to what they had pledged for 2022----that is, 150 000 ZAR. This means that we must prepare our Annual Report on the results of 2022. Peggie has some ideas of how to engage Spar, and Richard has made some initial contacts with the Sibaya Community Trust. Happily, now we satisfy all the financial requirements to be eligible to receive funding from them. The audited accounts are an important component. Corporate donors do not want to look over our receipts and verify that funds are not being misused. They want a professional licensed auditor to carry out that role. This is quite unlike the Rotary Foundation, which has its own auditing system for global grants.

I think that another group of potential funders is technology companies in South Africa, which will typically be in a situation similar to Atisa in needing Socio-Economic Development credits for their B-BBEE scorecard. Moreover, there is a natural connection between pre-university maths education and their core activities. I am hopeful that some of my connections with the Academy of Science of South Africa and with engineering departments in South Africa will be useful in recruiting such sponsors. There is no guarantee of success, but it is worth a try. We should also look at private foundations based in South Africa and operating in South Africa as possible sources of funding.

I should also mention that thanks to the efforts of Alison, we can fundraise in the United States through the Foundation of the Rotary Club of Los Alamos, which is a US 501(c)(3) organization--in other words, the equivalent of a PBO/Section 18a organization but for donors seeking an

exemption from US taxes on their donations. In practice, this status has an importance that goes beyond the tax break. It is a guarantee of some degree of governmental oversight that donations are being used correctly.

We cannot know exactly how we will fund the future activities of this project. Above we have outlined some promising sources of funding, but likely there will be some surprises, and we must be flexible, exploring several options in parallel. We need to define a budget and be able to explain how much we need. We also need to be able to demonstrate that our interventions are cost effective, and this is why keeping a reasonable, not too low and not too high, student-to-tutor ratio is extremely important. The cost effectiveness and measurable results need to be highlighted in our 2022 Annual Report.

Let us turn to another subject, as money is not the only challenge. In the beginning most of the on the ground management of the project was provided by Peggie and Thomas who were at the school almost every Saturday, and without this contribution the project would never have gotten off the ground and grown to the point where it is now. We owe an enormous thanks to both of them, and also to others. However, the recipes that worked in 2020, 2021 (when we served only the 8th grade), and 2022 (serving 8th and 9th grades) are not scalable arbitrarily far in the future. In 2023 we will be serving three grades at the same time, an increase of 50%. In 2024 with yet another grade, our operation will be double the size compared to 2022. And these figures do not account for the expansion to other schools that we are contemplating for mid-2023.

In order to expand, we must organize the tutors to take on an increasing level of responsibility. This is why we have recruited Precious as Chief Operating Officer of the UEF. Her primary role will be to organize the tutors, so that Peggie, Thomas, and herself will gradually serve more to supplement the tutors and see how things are going, rather than being indispensable to the day-to-day operation of the project. This is necessary to avoid burn-out and enable growth and must be put in place gradually.

There is one restriction followed in practice and now explicitly enshrined in our Founding Document, which restricts how much we can grow. There is a clause added prohibiting remuneration of the Directors and Officers of the UEF. (I note that other than this point, all the other additions are clauses required by SARS.) While we provide that the tutors can and will be remunerated, no one involved with the Company can receive any remuneration and must serve on a purely voluntary basis. It has been the observation of many of us that non-profit organizations that pay its officers sometimes tend to turn into for-profit companies in disguise, and that the interest of perpetuating staff positions can take priority over serving the beneficiaries. This prohibition is a choice we have made, and is consistent with the spirit of Rotary, whose projects are by and large more cost effective than those of other non-profits.

It should be realistic eventually to serve several high schools in the Mariannridge and KwaNdengezi offering maths instruction and enrichment to five grades at a time, but I doubt that we can or would want to grow beyond that. A better solution would be that other projects are founded copying our model and operating independently, retaining the same all-volunteer model. We would definitely be willing to share ideas and help informally, but a single organization that does everything is probably best to be avoided.

That said, I think we should expand to other schools this coming year, and in our fundraising literature we should express the hope that others initiate similar independent projects elsewhere. At Dassenhoek High School the principal has indicated that he is willing to be personally present on Saturdays to help with the project together with some teachers, and the principal of Ndengezi has likewise offered to have teachers present to help out. The priority when we restart in late-February should be expanding to three grades at Mariannridge, so we should not expand till a least a little bit later on, but we should start exploring how such an expansion would work. It will probably take a bit of time to recruit new tutors in 2023, so the numbers may be a bit lacking in the first few weeks.

In terms of the operations, everyone will be working together, and there has been a lot of discussion between Peggie, Precious, and Thomas on how to organize 2023 with basic agreement on how to proceed. Nevertheless, it is good to have a division of responsibility, so that nothing falls between the cracks, and the basic outline is that Precious take primary responsibility for organizing the tutors, Peggie take primary responsibility for relations with the schools, and Thomas takes primary responsibility for the recruitment of the tutors. This does not suggest compartmentalizing, but it is important to define responsibilities, so for each function, someone can take there is a unique person who can say "The buck stops here." This is famous quip of Harry S Truman, one of the more colourful US presidents.

We should also hold regular monthly meetings of the UEF Officers to coordinate, to monitor progress, and review the financial situation. Alison Pannel and her colleagues are also invited to attend on an as needed basis, and whenever they would like. These meetings will be open to everyone. Monthly bank statements of both the UEF accounts and a summary of the financial situation should be presented on a monthly basis, and should also be posted on the Board website, so that Board members can follow and provide oversight.

We have also tried to clarify procedures relative to finances, so there is clarity on how things are paid and what documentation must be produced. In South Africa there is a tradition of informality that has some strong points, but may bring us problems with funders, audits, and reporting for the global grant. The purposes of these explicit policies is to prevent such difficulties and facilitate the tasks of the incoming Treasurer through clear procedures. All payments whenever possible should be made directly in the bank account of the vendor, and a system needs to be set in place for the payment of the tutors. A set of written policies will be submitted to vote at this meeting.

Importance of relations with schools and parents.

One of the areas where there could be improvement is strengthening the relationship with the parents of the children taking part in the programme. One of the challenges at Mariannridge is the sporadic attendance of many of the learners, with great fluctuations in the numbers turning up. In order to get the maximum benefit from this programme, regular attendance is needed, and parental support is an important ingredient toward achieving such consistency. Lucky probably will have some ideas on how to improve in this area.

Pinetown Trust's interest in serving KwaNdengezi.

The Trust of the Pinetown Rotary Club has been a generous contributor to our programme, giving R 25 000 to our global grant, and then R 10 0000 to help with the deficit for pre-20 Oct expenditures that arose from the loss of the Atisa pledge for 2022. This Trust was set up to further education in the KwaNdengezi community. It was tacitly assumed, or at least strongly encouraged, that we expand to other schools in that nearby community. This makes a lot of sense. The same taxis used to bring tutors to Mariannridge could go further dropping some tutors at other schools such as Dassenhoek. This would strengthen our programme and also has the prospect of securing possibly recurrent partial financing from the Trust. This is something we should consider.

Curriculum committee

We should also establish a curriculum committee, perhaps early next year, consisting of a subset of the Legends, Precious, Thomas, and perhaps a few foreign members with expertise in mathematics education. I would be interested in taking part as well. One of the first tasks will be deciding which books to buy, and organizing what is taught in a more thought out way. We could also a bit later look at defining a computer curriculum and defining better the enrichment aspect of the project.

New Board Members --- Possibility of US board members

We should also, not at this meeting, consider the composition of the Board, and the role of the Board. It would be good to identify new Board members with a South African local connection, and we should also consider diversity as a criterion. We may also consider recruiting some foreign board members, with a view toward fundraising, particularly in the United States. Yong Zhu and Mohan David Boodram are two people who might be natural candidates. I suggest that we discuss what kinds of members we would want to recruit at perhaps the next meeting in May 2023. It is better that a general discussion precedes consideration of particular candidates.

Computer Curriculum

As is well known, we had to cut our budget for 2022 as a result of losing---temporarily, we hope---the Atisa gift, and the global grant budget did not have the leeway to deliver everything we wanted to on the smaller budget. Consequently, much of the computer lab, in particular the new computer had to be cut. We would like to restore this item, so that a computer lab can be put in place. In our Community Needs Assessment interviews, that lack of computer education and access to the internet was repeatedly highlighted as being extremely important. Computer literacy is essential in today's world, both for those going on to university and those choosing other careers.

In closing a few words about the role of the Board of Directors. The Directors are charged with overseeing the work of the Officers of the Company and its finances and operations. When the Company was set up there were many questions, and worries on the part of some, concerning the meaning of the "fiduciary responsibility" of the Directors and Officers. As

explained last February, fiduciary responsibility is not the same as strict liability. Rather it is a responsibility to remain actively informed about the affairs of the company, its finances and compliance with South African law. You must ask questions and make an effort to remain abreast with what is going on and act in the best interest of the Company and its beneficiaries.

In the agenda there is a link to a webpage labelled Board Documents, which you are requested to read and which will be updated periodically. There you should be able to find all the relevant documents going back to the Founding Documents of the Company.

We also need help from the Directors with fundraising. Each of you has different connections, and together we should be able to achieve our fundraising targets.

For the time being, the global grant budget should serve as a framework defining what is allowed in terms of spending, and if significant gifts occur in the course of the year, the Officers shall submit a proposal to the Board for approval. Nevertheless, expenses with putting in place the computer lab as originally planned in the GG budget shall be allowed. We should also consider putting aside part of any additional money raised in order to allow the project to continue without interruption should we again experience delays in money arriving, as occurred in the latter part of 2022.

We look forward to another year of success and growth, and I would suggest we hold the first of our two required meetings in May 2023, to review progress, and the second perhaps in late 2023, around November, to wind up 2023 and plan for 2024.