RESEARCHED FACTS AND

RESOLUTION ARRANGEMENTS REGARDING

WESTERN CAPE DRESSAGE (WCD) PROVINCIAL DISCIPLINE BODY

AND

CAPE DRESSAGE EVENTS (CDE) SHOW HOLDING BODY (SHB)

Preamble

Events that have taken place over the last few years have lead to a situation in which CDE as a show holding body has deposited and managed funds, a portion of which, are subject to audit by Dressage SA (DSA) as they form part of the primary activities of the discipline as well as the NPO and at least in part, represent public monies. In essence, the provincial funding is provided out of a portion of membership fees and show levies and generally subsidised by provincial donors, patrons and fundraisers. Such funds, revenue and disbursements, being part of the monies that have to be accounted for under the DSA NPO number have to be accounted for.

Request for a refund from DSA to CDE

It would seem that, in 2016, due to the addition of the CDI portion to the 2016 SA Champs, additional expenditures were incurred by the show holding body, being CDE in order to meet the FEI standard. There has been a near complete change in the committees of both WDC and DSA and because no minutes of any arrangements were kept, the task of trying to establish a reasonable settlement was allocated to the DSA auditors as well as the WCD and CDE Treasurer, Mr C Manning.

The following are the findings of the parties engaged in finding a resolution:

1. CDE charged competitors amounts in lieu of **Levies** for SA Champs (as is customary at all shows) to the value of **R 28 324.54**[1] and delayed in making such a payment to DSA. Upon closer scrutiny by both parties, the 2016 amount was agreed to, and paid over to DSA during April 2018.
2. Other amounts seemingly claimed by CDE have been **paid to vendors by DSA** and therefore are not refundable to CDE. These amounts total **R 32 340.71** [2] It would seem that the question is only if such amounts should be carried by the DSA national account or the DSA indent account pertaining to WCD.
3. **DSA** has made very substantial **contributions** to the costs of the 2016 SA Champs and CDI and these represent on the face of it, substantially more than the evidence of a negotiated subsidy and total **R 89 068.07** [3] which is a substantial percentage of the additional CDI cost burden.

[1] Original Invoice Issues for Levies see Document A
[2] See attached Spreadsheet – Tab Marked CDE Outstanding
[3] See attached Spreadsheet – Tab Marked DSA Subsidy

4. A substantial **donation of R13 153.22**[4] was made from the Adriaan van Wyk fund.

Matters of Substance

CDE is a show holding body and is entitled to retain monies which reflect the surpluses from holding of Dressage Shows. The particular anomaly present in the Western Cape was that this SHB was indeed established and administrated by the WC provincial council and has unintentionally caused a potentially problematic related party arrangement that needs to be remedied in the near future.

Events such as Fundraisers, Seminars, Awards Events, Training events attract public monies especially and as they are advertised and marketed using the regalia, names, logos etc of DSA and WCD, the monies may not be used or deposited into the account of CDE as this would represent a legal dilemma.

The amounts requested by CDE to subsidise the additional costs required by the inclusion of the CDI2* to be added onto the event known as the SA Dressage Championships of 2016 (SA Champs 2016) has been analysed and, as many costs, such as the costs of the Judges, are spread over the two events, such costs need to be fairly allocated. It is the explicit purpose of this document to deal *inter alia* with this issue.

The Numbers

On the 1st Of September 2015 CDE had R 46 205.53 in the bank account from previous years activities.

The Total Net Revenues Earned by CDE during the last 32 months is as follows:

1. Activities Related to Show Holding events R 8 296.44[5]
2. Activities Related to Fund Raisers R 59 562.67[6] Including sponsorship
3. Expenses paid from Fund Raisers (estimate) (R 70 000)

Financial Resolution

It would seem reasonable that the contribution made out of the DSA National Account was a very large portion of the total expenses of the 2016 SA Champs and at least an amount proportional to the additional expenses added on as a result of the inclusion of the FEI portion to the show. It must be noted that the request for a subsidy was specifically related to the anticipated additional costs associated with the CDI2* event.

The amounts contributed from the WCD indent account at DSA were also proportional to the costs normally associated with the running of the DSA challenge, a national championship as well as normal day to day affairs and are in line with the income from membership fees and levies for the period.

Separately, the net result of fund raising, less the WCD expenses paid from such fund raising, should not form part of the CDE revenue and has been collected on behalf of WCD and should be transferred to DSA but must be allocated to the WCD indent account and will remain available to the Western Cape Provincial body as part of their budget. This payment of both amounts should be made to DSA by the earliest possible date in order to conclude

[4] See attached Spreadsheet – Tab Marked DSA subsidy
[5] See attached Spreadsheet – Tab Marked Show holding activities
[6] See attached Spreadsheet – Tab Marked Fund Raising activities

the transactions and restore both organisations to a workable, governable and compliant position.

Subject to the payment of the balance of the funds in the CDE bank account, which would be approximately R 20 000, to the WCD indent account at DSA, it would be agreed that the existing claims of R 32 340.71 be written off in such a manner that 50% be carried by the WCD in their indent account in 2018 and that the remaining 50% be written off against the provision for bad debts in the DSA National account.

CDE should in future strictly operate as a show holding body and the financials should be available to both WCD and DSA on an ongoing basis, or alternatively be wound up after receiving the refund of the Race Day deposit and transferring the bank balance over to the DSA account.

The DSA auditors have presented an account of R 6 612.50 related to their fees in attending to this resolution as per the DSA AGM instructions and it should be agreed that this cost be shared equally between the national account and the WCD indent account.

Further Resolution Suggestion

With CDE and WCD

The minutes of the 2018 Dressage SA (DSA) AGM record that Nolands is required to investigate the position regarding the WCD and CDE transactions and then to make recommendation. Mr Charles Manning as the Treasurer of both CDE and WCD has engaged positively with Nolands in reaching this resolution. The recommendations are contained in this settlement letter and we ask the matter to be placed before the DSA council for ratification and implementation.

With DSA

The Terms and conditions for Show Holding Bodies get redrafted to ensure that their revenue and expenses are limited to those related to the holding of Equestrian Shows and the profits and losses are for the account of the owners of the show holding bodies. The revenue streams of SHB must strictly exclude any revenue and Expenses related to any Fundraising and be limited to Sponsorship of show related costs. All Seminar and Training activities should be managed as either a club or a provincial body as these could include bespoke sponsorship or donations as well as members monies and as such these funds are deemed as public monies and should be audited and accounted for under the DSA. Fundraisers or Seminar or Training activities may be undertaken at Club Level but at no time may the logo’s or descriptions or names of FEI, SAEF, DSA or any DSA Provincial body be used in any way to market, advertise, attract revenue or run an event without a written agreement by the relevant body and endorsed by DSA. This is to avoid any confusion by collecting monies in the apparent name of an NPO and then banking it into another entities account.

DSA or Provincially owned SHB’s

Generally, it is discouraged that provincial bodies own and manage their own SHB due to conflicts of interest, competing with its own members and the potential of incorrectly accounting for Public and Private monies but there are specific circumstances such as a

national show that may motivate such a practice. Should DSA or a DSA Provincial body wish to own and manage a SHB for the purpose of facilitating DSA sanctioned provincial and national shows, then, such a SHB shall have an obligation to ensure that they disclose their financials annually to DSA and that such financials are independently verified by a suitably qualified person. A detailed budged must also be submitted to DSA 30 days before the commencement of any show to ensure that DSA is not exposed to any risk related to the show realising a unaffordable loss. In addition, as is the case with for instance the DSA challenge, upon completion of the show in any province, the certified financials are returned to the DSA treasurer.

No council member (or a directly related person) of DSA or any provincial body who simultaneously serves or has served as an office bearer or owner of a SHB shall be entitled to receive any remuneration, gratuity, bonus or stipend for their work done for the SHB.

No Merger of Dissolution of the SHB may be contemplated unless the explicit terms of such an event have been agreed to by DSA.

Standard Bank
Alberton
Br 012342 or 002342
Account 3700 474 78

Dressage SA
P O Box 30875
Kyalami 1684
NPO - 133-147
VAT # 4710 268 378

Copy Tax Invoice

Date	15/11/16
Page	1
Document No	IN004314

Cape Dressage Events

Deliver to

Account	Your Reference	Tax Exempt	Tax Reference	Sales Code
CAP001	LEVIES SA CHAMPS NOV 2016	N		Exclusive

Code	Description	Quantity	Unit	Unit Price	Disc%	Tax	Nett Price
1004016	Levies SAC Cape Dr 351 Adults @ R45					14.00%	15,795.00
1004016	Levies SAC Cape Dr 10 Unaffil @ R10					14.00%	100.00
1006000	EDS SAC Cape Dressage 361 @ R4.50					14.00%	1,624.50
1000032	Prize Money SAC Cape Dr R54271					14.00%	7,326.59

Standard Bank
Alberton Br 012342
Acc # 3700 47 47 8

Received in good order

Signed_____ Date_____

Sub Total		24,846.09
Discount @	0.00%	0.00
Amount Excl Tax		24,846.09
Tax		3,478.45
Total		28,324.54

© Sage South Africa (Pty) Ltd 2013

Settlement Resolution Breakdown

BREAKDOWN OF AMOUNTS OUTSTANDING TO DSA BY CDE

Details		Amount	Paid By	Paid To	Paid For	Claim raised against	Backing document
Dressage SA Vet Fees	R	18 240.00	DSA	Paid to Vet	SA Champs 2016	CDE	DSA Invoice
SA Vet Car Hire	R	1 515.00	DSA	Paid to Vet	SA Champs 2016	CDE	DSA Invoice
Dressage SA FEI Organising Dues	R	12 585.71	DSA	SAEF for FEI	SA Champs 2016	CDE	DSA Invoice

TOTAL COSTS CLAIMED	**R**	**32 340.71**

BREAKDOWN OF AMOUNTS PAID BY DSA AND NOT ALLOCATED THE WCD ACCOUNT

Details		Amount	Paid By	Paid To	Paid For	Claim raised against
Airfare for J Harrison	R	2 073.36	DSA	Club Travel	SA Champs 2016 & CDI	None
Accomodation for J Harrison	R	3 750.00	DSA	Club Travel	SA Champs 2016 & CDI	None
Additional Airfaire cost for J Harrison	R	500.00	DSA	Club Travel	SA Champs 2016 & CDI	None
Judge K Wuest per diem for 3 days €120	R	8 976.00	DSA	Club Travel	SA Champs 2016 & CDI	None
Judge M Rhode per diem for 3 days €120	R	7 798.95	DSA	Club Travel	SA Champs 2016 & CDI	None
Judge K Wuest per diem for 1 days €120	R	1 838.65	DSA	Club Travel	SA Champs 2016 & CDI	None
Judge Joanne Graham £492	R	8 767.64	DSA	Club Travel	SA Champs 2016 & CDI	None
Judge K Wuest local costs	R	2 400.00	DSA	Club Travel	SA Champs 2016 & CDI	None
Travel reimbursement Sharon Rode	R	25 000.00	DSA	Directly to Sharon	SA Champs 2016 & CDI	None
Prestige Awars engraveing SAC trophi	R	3 020.36	DSA	Prestige Awards	SA Champs 2016 & CDI	None
Trophy & Medal Bout SAC	R	2 446.00	DSA	Trophy & Medal Bou	SA Champs 2016 & CDI	None
Katrina Wuest judge CDI2* SDRC Travel 50%	R	28 597.11	DSA	Wuest	SA Champs 2016 & CDI	None
TOTAL SUBSIDY	**R**	**95 168.07**				

Less Cost Recoveries for post event seminaars

K Wuest recovery	R	(5 800.00)
K Wuest recovery	R	(300.00)
TOTAL SUBSIDY	**R**	**89 068.07**

Notes extracted from email

1) Air ticket - Sharon Rode R25 000 (DSA will pay directly, Ingeborg will follow up with Sharon)
2) Daily Rate x 3 overseas Judges R30 160 (R2 240 x 3 judges x 3 days) (DSA will pay each Judge directly)
3) Accommodation (Overseas Judges) R10 200 (OC responsible - I believe that this was sponsored – please check with Anna)
4) Chief Steward R 2 500 (OC responsible)
5) 2 Additional Stewards R 4 000 (OC responsible)
6) Veterinary Delegate (Sheelagh Higgerty) R30 000 (OC Responsible - The veterinary delegate only has to be there from the trot up, maybe you can relook at the exact dates required)
7) Treating Vet (Lauren Brewis) R25 000 (seems very high, only has to be there at the clinical exam and on call for treatments or the vet can set specific times for treating? E.g. after the last class or first thing in the morning. The OC is responsible for their portion but the vet will invoice the athletes directly for all treatments supplied)
8) FEI Security Fencing R 8 000 (OC/Venue responsible – covered in stable receipts and levies)
9) FEI Calendar Fees R 5 000 (OC responsible)

ADDITIONAL SUBSIDY

Adriaan van Wyk Fund

Details		Amount	Paid By		Paid For	Claim raised against
Paid Sharon Rhode Airticket	R	13 153.22	AVW Fund	**Paid To**	SA Champs 2016	None
	R	**13 153.22**		Micheal Rhode		

Total subsadies incl FEI costs of AS Champs R 102 221.29

Settlement Resolution Breakdown

BREAKDOWN OF SHOW HOLDING BODY ACTIVITY RELATED TO SHOWS BY CDE

Activities related to Dressage Shows

Activity	1 Sep 2015-30 Aug 2016 (12 Months)	1 Sep 2016-30 Aug 2016 (14 Months)	Totals
SA Champs 2016	R 69 200.00	R (55 548.98)	
Less Dressage SA Levies Now Paid		R (28 324.54)	R (14 673.52)
Omnibus '15	R (2 989.00)		R (2 989.00)
Omnibus '17	R -	R 1 986.10	R 1 986.10
Young Horse '15	R (958.74)		R (958.74)
Young Horse '16	R 4 928.89		R 4 928.89
Young Horse '17	R -	R 17 153.26	R 17 153.26
Freestyle Show '15	R (2 078.36)		R (2 078.36)
Freestyle Champs '17	R -	R 30 355.79	R 30 355.79
WC Dressage Champs '15	R (29 498.16)	R -	R (29 498.16)
WC Dressage Champs '16	R 52 384.00	R (50 697.44)	R 1 686.56
WC Dressage Champs '17	R -	R (9 466.56)	R (9 466.56)
Lower Novice Champs '15	R 1 712.88		R 1 712.88
Ride and Go CVRC	R 2 920.00		R 2 920.00
Dressage Challenge '16	R (10 372.70)	R -	R (10 372.70)
Dressage Challenge '17		R (6 743.21)	R (6 743.21)
Dressage Challenge '18		R 7 740.33	R 7 740.33
		TOTAL	**R (8 296.44)**

Settlement Resolution Breakdown

BREAKDOWN OF AMOUNTS REPRESENTING FUND RAISING ACTIVITIES

Details	Amount	Paid By / Received By
Awards Evening 2016	R (6 245.52)	CDE
Race Day Fundraiser Kenilworth	R 65 808.19	CDE

TOTAL SUBSIDY	**R**	**59 562.67**
Less Estimated Direct Expenses funded by Fundraising Activities	R	(70 000.00)
Net result of Fundraising Activities	**R**	**(10 437.33)**

Settlement Resolution Breakdown

BREAKDOWN OF ALL AMOUNTS PAID BY WCD ON BEHALF OF THE SHOW HOLDING BODY

Details	Amount	Paid By	Paid To	Date	Reference
Katrina Wuest judge CDI2* SDRC Nov	28 597.11	WCD Acc at DSA	Wuest	22/03/16	31614
Participation fees pd by prov	3 600.00	WCD Acc at DSA	Journals	31/03/16	16037
Joanne Graham	9 148.64	WCD Acc at DSA	Graham	09/05/16	51634
SAEF inv calendar fees Stell 2*	5 241.00	WCD Acc at DSA	Journals	31/05/16	16047
Cape Dress accom DSA Challenge	4 600.00	WCD Acc at DSA	Serv Prov	04/07/16	71603
Cape Dressage 50% airfares DSA Ch	2 524.88	WCD Acc at DSA	50% Airfaires	04/07/16	71606

TOTAL COSTS CLAIMED	**R 53 711.63**

UNIT A | 363 Surrey Ave | Ferndale | Randburg | 2194 | South Africa
PO Box 2971 | Pinegowrie | 2123 | South Africa
T (+27) 11 789 4966 F (+27) 11 787 8136 E enquiries@nolandsjhb.co.za
W www.nolands.co.za Offices nationwide

Nolands
NOT YOUR ORDINARY AUDITORS

DRESSAGE SOUTH AFRICA NPO

P O BOX 30895
KYALAMI
1684

Invoicee's VAT number:

TAX INVOICE

Invoice Number: 57566
30-Apr-18
Account: DRE540
VAT Registration No.: 4620230526

	AMOUNT	VAT	TOTAL
'Time applied by Darryl Fordham to consultations & mitigation to resolve disputes between the DSA & Weastern Cape Dressage'	5 750.00	862.50	6 612.50
TOTAL : Due And Payable On Presentation	**R 5 750.00**	**R 862.50**	**R 6 612.50**

Bank Details: Nedbank Greenside, Branch Code: 197505, Account Number: 1975019865

AUDITING & INSIGHT

CHIEF EXECUTIVE OFFICER: DARRYL W FORDHAM CA (SA) **DIRECTORS:** RYAN L SMITH CA (SA), ANTONIO CIANFANELLI CA (SA), ROMY S COPE CA (SA), NIZAAM R BAKER CA (SA), PORTIA M NTLATLENG CA (SA) **SENIOR ASSOCIATE:** DAVE OSHRY CA (SA)
Chartered Accountants (SA) Registered Auditors. Geneva Group International (GGI), Independent Member Firm. Nolands Jhb Inc. Reg No 2006/008947/21.
All professional firms practising in the Republic of South Africa under Nolands ("Member Firms") are licensed by Nolands South Africa (Pty) Ltd (Registration number: 1997/006839/07) ("Nolands SA") save for member firms practising outside of the Republic of South Africa which member firms are licensed by Nolands International Ltd (Company No: C141706) (BRN No: C16141706) (FSG No: C116016185). Each Member firm is an independent contractor practising for its own risk and benefit. No member firms are partners, agents, representatives, joint ventures, fiduciaries or the like (collectively "Associates") of each other. Likewise, no member firms and Nolands SA or Nolands International Ltd are Associates of each other. If any further information is required, kindly contact us. See www.nolands.co.za/nolandssa/disclaimers/