



Special General Meeting Minutes 2020

Date Saturday 12 September 2020

Time 3: 30 pm – 5.15 pm

Venue Via Zoom Video Conferencing

Attendees USMAA Management Committee (MC):
Falih Shums, Rizan Abdeen, Ruzna Shums, Seyad Azman, Zafar Issadeen,
Faariq Furqan, Shazia Faleel, Uzman Nazeem, Naushad Usoof.

House represented by;
Rizvie Mohideen, Fahmi Haniffa, Eddie Dole, Imtiaz Mohamed, Nazeem Yaqoob,
Nizar Haniffa, Yusuf Zarani, Miqsan Mohinudeen, Omar Haniffa, Fayaz Zurfick,
Asadh Yusuf, Zabid bin Hamid, Raashed Mohideen, Thaaqib Mohideen, Shimal
Zackariya, Hilmy Cader, Haneef Mohinudeen, Ali Haniffa, Ahmad Jahfar, Ammar
Jahfar, Karam Ashraff, Shakir Hashim, Ayoob Mohamed, M Farook, Bilal
Muhammed, Hanif Mohamed, Hathim Mowjood, and Abdullah

Sithy Marikar, Farah Dole, Nizra Haniffa, Adilah Haque, Safiya Amanullah,
Mumtaz, Khadija Haniffa, Shazra Issadeen, Fatima Abdulla and Manal Riza
Muhammad.

Apologies: None

1. Welcome and Introductions

We had a quorum of 50 people.

Rizan Abdeen, the Master of Ceremonies (MoC) for the SGM event, welcomed the members and informed them that the proceedings would be recorded and requested members to turn off their videos if needed.

The AGM was called to order at 3.30 p.m. and proceedings commenced with a recital of *qiraath* by Talia Shums.

2. Acceptance of minutes from previous Annual General Meeting 2019/20

Two Senior members pointed out that the decorum of the SGM predicated that only one matter at hand be dealt with when an SGM is convened. Further, they pointed out that the Minutes of an AGM can only be accepted at the next AGM.

The President, Falih Shums, confirmed that the Constitution allowed for the adoption of the said Minutes. In addition, he pointed out that waiting for a full year to adopt the AGM minutes would halt the progress of matters by not holding people accountable for the action items assigned to them at an AGM. Updating the membership on these action items at subsequent General Meetings would encourage the tasks to be attended to promptly instead of waiting for one whole year to receive an update on same. Bro Falih then promised to clarify this matter by referring to the relevant section of the Constitution.

Note: kindly refer to the addendum for an annotation by the President with regards to the above matter.



3. Update on action items

The President updated the House on the progress of the action items from the previous AGM. Some of the action items had been attended to and were closed off. Others are still in progress. Refer to the last page for the update on the action items.

4. Appointment of a new Chair and members to the Youth Committee for 2020/22

Position	Nominee
Chairperson	Raashed Mohideen
Secretary	Ayoob Mohamed
Treasurer	Thaqib Mohideen
Committee member	Ahmad Jahfar
Committee member	Ali Haniffa
Committee member	Bilal Muhammed
Committee member	Ammar Jahfar
Committee member	Karam Ashraff
Committee member	Safiya Amanulla
Committee member	Shakir Hashim
Committee member	Manal Muhammed

Proposed resolution: The above committee was elected as the new Youth Committee for 2020/22

- Moved: Eddie Dole
- Seconded: Hanif Mohamed

Sis. Sithy Marikkar queried if the new members of the Youth Committee were USMAA Members. Bro. Falih confirmed that they were and in line with the resolution passed at the AGM in July 2020, the members of the Youth Committee had been exempted from the payment of membership fee this current financial year due to the COVID 19 pandemic and economic slowdown/loss of jobs.

5. Treasurer's Report by Bro. Faariq Furkhan

The Treasurer for 2019/20, Bro. Faariq Furkhan, delivered the Treasurer's Report. He detailed some of the high-level movements in the financials for 2019/20. He touched on the history behind the journaling of the USMAA Centre donations account as a liability in the financials for 2018/19. Following the decision of the House at the AGM for 2018/19 to retain the funds collected within USMAA, this entry has now been treated as an asset in our financials for 2019/20. The liability of \$21,000 is now reflected under USMAA Centre passbook account which has a current balance of \$25,000 (inclusive of the transferred liability amount was \$21,000).

Bro. Faariq also flagged the extra-ordinary additional expense, incurred during the financial year under review, being specifically the website development cost of \$3,100 which covers a three-year period and has been recognised as a lump sum expense during the said year. He also detailed the lack of events due to the COVID lockdown during the second half of the year and the non-receipt of the Council cash grant of \$8k as the main reasons for the net loss of approx. \$4k recorded for this financial year.

6. Acceptance of financial report/s

Proposed resolution: That the financial reports for 2019/20, tabled at the SGM, be accepted.

- Moved: Nazeem Yaqoob
- Seconded: Nizar Haniffa



7. Adoption of financial principle 1: continued use of depreciation

The president pointed out that the task of completing the financial reports annually needs to be simplified in the interest of making it less onerous on the Treasurer. Further, simplifying the process will ensure that the role of Treasurer is not confined to only an Accountant. This will make it easier for USMAA to fill up the positions in the Management Committee and not struggle as in the past. In addition, he asserted that as an organisation matures, it is healthy for the members to reflect on these matters to "correct our course" from time to time.

To facilitate this, some of the commonly used practices in the preparation of the financial reports need to be simplified. To this end, the House needs to discuss the implications of the adoption of certain practices before any resolution is made.

The first principle is the continued use of depreciation. The president pointed out the following:

- 1) USMAA is a not-for-profit organisation and hence is not required to pay tax. Hence the benefit of including depreciation as a non-cash expense to reduce the income for the period is futile.
- 2) USMAA has a very low value asset base not exceeding \$2,000, (excluding burial plots, which do not accrue depreciation anyway) which does not justify the time taken to compute this non-cash expense.
- 3) The accounting package used by USMAA does not compute depreciation automatically. It has to be manually calculated via a depreciation schedule which sits outside the accounting package.
- 4) Since USMAA has many low value assets, manual calculation has to be made for each and every one which amounts to a negligible figure.
- 5) The decision of the House can be re-visited if and when USMAA does invest in significant assets.

Bro. Falih presented some of the arguments for and against the above matter via the table below, which was also circulated to the members prior to the SGM.

	Pros	Cons
a	USMAA does not pay tax so the depreciation expense makes no difference to reduce the income	The small assets we have, do reduce in value year after year. By not calculating depreciation it will overstate the assets (by a small value compared to its equally small purchase value)
b	USMAA is not required to even get its accounts audited as it is a small organisation as per ACNC, our governing body	"It is good accounting practice to calculate depreciation"
c	The current accounting package (QuickBooks) does not have a module to calculate depreciation, meaning it has to be done separately in spreadsheets, which in turn adds to the workload of the Treasurer. This makes him/her not want to return to that position again	
d	Further, purchase dates of any new assets need to be added to the depreciation spreadsheet	
e	Makes the Treasurer's job limited to an Accountant, thereby making the task of filling MC roles more difficult (Qualification vs Commitment to the role)	
f	By simplifying MC roles we get more than a single year's commitment from individuals, making USMAA more sustainable	

Bro. Falih then opened the floor and requested the House to express their opinion on whether USMAA should calculate depreciation on the small assets base. The decision points included:

- Continue to calculate depreciation
- Continue to calculate depreciation by bringing in all the asset accounts under one 'Net Fixed Assets' account and calculate depreciation on it



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PO Box 5194 Brandon Park Victoria 3150

E-mail: info@usmaa.org.au

ABN: 16 2071 753 19

- Discontinue the calculation of depreciation and produce the SGM minutes as evidence to the Auditor

Bro. Rizvie Mohideen presented the following points:

- USMAA constitution stipulates that USMAA accounts need to be audited, so we have to follow it, even if ACNC gives us the option of lodging unaudited financials
- Check with the Taxation Office if the non-inclusion of depreciation in the USMAA financials will have any negative implications as Auditors follow Tax Office guidelines
- The minor assets owned by USMAA and handed over from one President to the next each year do not need to be depreciated
- Burial plots do not need to be depreciated as per the current practice

Bro Yusuf Zarani suggested the following:

- Calculate depreciation only on assets over \$1,000 in value
- Use the straight-line method of depreciation to make it easier

The Treasurer, Bro. Faariq Furkhan, pointed out:

- USMAA currently does use the straight-line method of calculating depreciation
- We currently hold 6 main assets, excluding the burial sites. All the assets have a total book value of under \$ 2,000. USMAA has a blanket rule that each asset is depreciated over 10 years using the straight-line method. Since USMAA's accounting package does not have a Fixed Asset depreciation module, manual calculation has to be performed for each asset e.g. USMAA plates totalling \$200 need to be depreciated by \$20 p.a
- Further, the practice of calculating depreciation may be handed down from one MC to the next, but may get lost down the track leading to depreciation not being calculated a particular year
- This time-consuming process also questions the purpose of having an accrual based accounting system for an organisation that does not have any dealings on an accrual basis. USMAA's income and payments are on a cash basis. Therefore, calculating depreciation annually and recording it on our financials has no value-added benefit to USMAA
- On a similar note, therefore if a particular MC has incurred an expense during their year, then it should be shown as an expense during that particular year without it being carried over to the next MC's financials
- We undertook a clean sweep of the accounts from 2015 when USMAA moved to this new Accounting software and noted some discrepancies in the calculation of depreciation in certain years. The discrepancy figure totalled \$891 and we addressed it by reducing the profit brought forward figure as it should have been done and increased the accumulated depreciation amount
- The assets recognised on the financials does not reflect all the physical assets owned by USMAA due to the absence of an Asset register
 - Burial sites will always remain separate from the other low value assets and will be treated as non-depreciated assets with movements recorded based on net additions/sales

Bro. Fahmi concluded the discussion by re-iterating:

- We shouldn't overly complicate matters by trying to calculate depreciation on low-value assets
- Burial plots are the only significant asset and depreciation does not apply for this
- The Management Committee to decide which assets need to be depreciated/appreciated
- Keep the process simple

Proposed resolution: That depreciation not be calculated for the small asset base owned by USMAA.

- Moved: Yusuf Zarani
- Seconded: Sithy Marikkar



8. Adoption of financial principle 2: use of Consumer Price Index (CPI) or Market Values to record the price of the burial plot asset on the Balance Sheet

Bro. Falih explained to the House that the process of getting updated prices for the burial plots currently owned by USMAA annually for the preparation of the financials is a cumbersome task for the Janaza Subcommittee (JSC). There is a time lag in the receipt of this information from the different cemeteries which holds up the finalisation of the financial reports. The MC does not have any preference with regard to either method being used as the task sits with the JSC. However, in the interest of simplifying everyone's task, bro. Falih maintained that it would be beneficial to adopt the CPI method to record the price of the burial plot asset on the Balance Sheet as the different cemeteries also adopt this method in calculating the price increases for their respective sites. Further, since USMAA releases the burial plots to grieving families at current market prices, we don't get short-changed by reflecting the burial plots on the Balance Sheet using the CPI method.

Bro. Falih detailed the pros and cons of the above matter via the below table, which was also circulated to the members prior to the SGM:

	CPI method	Actual market value method
g	It is an industry recognised method	It's a more accurate method and gives a true indication to the price increase or decrease to grave sites
h	Can be done with ease without the overhead of Janaza SC members calling/emailing each cemetery to determine the price of each grave site	
i	Takes little or no time to calculate the price increase or decrease as opposed to waiting on info from the Janaza SC, who in turn await info from the cemeteries	
j	Simplifies the Treasurer's job resulting in an ongoing commitment due to less arduous end of FY duties	
k	Grave sites are sold at market value when required anyway, making the recording of grave site price increase a good accounting practice, but none the less 'a nice to have'	

The decision points with regard to this matter were:

- Use the Actual Market Value method
- Use the CPI method, but conduct actual market valuations every three years
- Use the CPI method

Bro. Falih then invited the House to share their thoughts on the matter.

Bro. Rizvie Mohideen noted the following:

- All cemeteries update their price list on 1 July of every year. Hence getting the prices from the three cemeteries should not have a big-time impost as financials are finalised post-July 1

Bro. Fahmi agreed with Bro Rizvie and also added the following:

- The only major asset USMAA owns is the burial plots. Hence it is prudent to reflect its current market value in our books
- He suggested referring to the websites of the cemeteries which may carry the updated price list on them. This will reduce the time and effort required in following up with the individuals at the cemeteries



Bro. Imtiaz Mohamed also agreed with the points raised by bro. Rizvie and bro. Fahmi and made the following comments:

- When a janaza occurs, the JSC calls the relevant cemetery to obtain the current price so that the burial plot can be released to the grieving family at the market price. Hence, it would be a similar process when updating the values to be reflected in the financials

Bro Eddie flagged the following:

- That USMAA should adopt the CPI method as it is more simplified
- CPI is an easier and widely accepted method of calculating the burial plot prices annually for the purpose of updating the financials
- Despite creating an admin and operational arm for the JSC, the task of obtaining the prices falls on bro. Eddie who is already very busy heading and actioning the operational aspects of the JSC

Bro. Imtiaz Mohamed, as a representative of the admin arm of the JSC, agreed to take over the task of furnishing the current market prices for the burial plots annually to the MC to enable them to update the financials.

Proposed resolution: That Market Values be used to record the price of the burial plot asset on the Balance Sheet

- Moved: Rizvie Mohideen
- Seconded: Yusuf Zarani

9. Resolution to be adopted regarding use of Internal Vs External Auditor to audit USMAA annual financials

Bro Falih informed the House that historically USMAA has relied on internal member Auditors who perform the task free of charge, however, due to their own work and personal commitments, sometimes they are unable to perform the audit in time for the AGM. This has meant that an SGM had to be convened to appoint another Auditor to finalise the accounts for the year. The other option that was trialed last year was to have a paid non-member external Auditor. The current Auditor is paid \$350 for the service, but the scope of work covered for this amount of money is limited. If we wanted to broaden the scope to include everything that needed to be overseen, then the cost would be in excess of \$1,000. Even the current Auditor's original price of \$800 was reduced to \$350 due to the relationship with our previous Treasurer, bro. Hishan Naufal.

At the recently concluded AGM, the House moved to appoint the same Auditor who was responsible for auditing the financials for 2018/19 and 2019/20. However, bro. Falih informed the House that due to some of the members challenging the current Auditor, about not performing his fiduciary duty by not identifying some minor discrepancies in the financials, at the time of this year's AGM, we are now compelled to appoint a new Auditor for the 2020/21 year, due to the strained relationship.

Bro Falih suggested that it was time to discuss the best course to adopt with regards to appointing a new Auditor for the forthcoming year: Should USMAA use an Internal Member Auditor or an External Auditor for the annual audit of the financials?

Bro Falih pointed out the pros and cons of same via this table, which was also circulated to the members prior to the SGM:



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E-mail: info@usmaa.org.au

ABN: 16 2071 753 19

	Internal Member Auditor – Pros	Internal Member Auditor – Cons
L	Good and thorough job	Could be unavailable due to other commitments, need an SGM to appoint a new Auditor
m	Able to assist Treasurer with the accounts	Conflict of interest
N	Reasonable fee or pro bono	Scare resource and hesitant to commit
O	Vested interest in good record keeping	
P	Minimal due diligence to be done	
	External (paid) Auditor – Pros	External (paid) Auditor – Cons
Q	Contractually obligated to perform task	Could be costly
R	No conflict of interest	Unable to assist Treasurer with accounts
S		Limited scope to the audit

The decision points for this matter were as follows:

- Use an Internal Member Auditor
- Use an External (paid) Auditor

Bro. Fahmi clarified what was meant by an Internal Member Auditor and Bro. Falih confirmed that it referred to an USMAA member who was an Auditor by profession.

Bro Ritzvi informed the following:

- The Auditor needed to be appointed at the AGM for the forthcoming year by the House
- The matter of the Auditor had to be sorted by the outgoing MC at the AGM
- It is not the MC but the House that decides on the Auditor
- If this has not been done so, the MC should have a name at hand to present to the House so that the said person could be appointed by the House
- The MC should have liaised with the Auditor-to-be appointed prior to presenting the name to the House to ensure that the Auditor was aware of his commitments and availability in July next year to ensure that the financials would be finalised in time for the AGM
- The Auditor needs to be CPA certified
- If the Treasurer maintains proper book-keeping and accounting processes, the matter will not be too difficult

Bro. Falih confirmed that an Auditor had been appointed at the AGM in July thus year but as the said Auditor failed to identify certain discrepancies in the financials for 2019/20 which prevented the MC from tabling them, it had soured the relationship that USMAA has with the Auditor. Hence, going forward USMAA would not be able to rely on the same Auditor for the FY 2020/21.

He also stated that an MC is reluctant to put forward an Auditor name due to the membership questioning the quality of the service and hence the reason this MC wanted a decision by the House as then the MC cannot be blamed for any oversights by an Auditor.

However, bro. Falih mentioned that coincidentally, one of the members, Reza Jamal, had approached him to advertise on the Trades Page which was recently launched by USMAA. This member has an accounting practice as well and upon an MC suggestion had agreed to facilitate the Auditor services to the USMAA for a heavily subsidised price and in addition, provide assistance to the Treasurer in preparing the financials and responding to queries at the AGM.

Bro. Reza Jamal has the following qualifications: ACA (Australia) and ACMA (CIMA), CGMA (UK).

Bro. Falih concluded that Reza Jamal would enable USMAA to reap the best of both worlds i.e. he would bring in the benefits of an internal-member Auditor and an external Auditor.

Bro. Imtiaz Mohamed mentioned that Reza was an ex-CFO and he had no issue in recommending that the House appoint him as the Auditor.



Bro Fahmi Haniffa re-iterated the following:

- That bro. Reza Jamal was a qualified accountant
- The fact that USMAA is offering a stipend for his services will contractually bind him and make the task official
- That bro. Reza is a professional and hence Bro. Fahmi has no problem recommending him

10. Appointment of an Auditor

Proposed resolution: That Yure Business Solutions (YBS) has been appointed for the audit services to be provided for financial year 2020/21. YBS is owned by Reza Jamal (a member of USMAA) who is ACA (Australia) and ACMA (CIMA), CGMA (UK).

- Moved: Fahmi Haniffa
- Seconded: Imtiaz Mohamed

11. General Matters

Bro. Rizan highlighted the upcoming events in the calendar and requested that members register their teams for the Virtual Spectacular to be held next on 19 September and the children for the Debating workshop to be held during the school holidays.

Sis. Sithy requested the members to register for the 'Electricity Simplified' information session organised by the Positive Ageing Subcommittee to be held in a few days. The event is open for the General Membership and not just to the Seniors.

Bro. Fahmi also flagged that the MC does not need to convene an SGM to get House approval for matters that don't impact the entire Membership. He quoted the example of appointing a Youth Committee which could be done by the MC and then ratified by the House the next time they met. He noted that for a small organisation such as this, it would not reflect well to have SGMs for straightforward matters.

Bro. Imtiaz agreed with Bro Fahmi and elaborated that the MC had the power to make decisions on certain matters and then formulate a resolution on same which could be passed at the next General Meeting by the House. This will ensure SGMs are convened only for high priority subject matters.

Bro. Ritzvie M informed that SGMs are different to General Membership meetings. SGMs are governed by specific requirements like 21-day notice being given to the Membership of the meeting etc. SGMs are sacrosanct.

Bro. Falih reaffirmed that the MC has played everything by the book and in this case by the Constitution, firstly by giving 21 days' notice for this SGM and also circulating all the discussion points in the agenda prior to the meeting.

Bro. Fahmi invited the youth to voice their opinions on this forum as the older generation had been dominating the conversation today.

Bro Falih noted that he was happy that the current YC had members that were full of energy and enthusiasm. He flagged that they are next cab off the ranks in terms of the line of succession, so it was important that they stepped up and upskilled themselves so that they can step into the MC positions down the track.

Bro. Ammar Jahfar and Karam Ashroff thanked the members for the opportunity given to them in reviving the Youth Committee. They hoped to bring the YC back on to the spotlight again and were looking forward to working with everyone.



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Bro. Fayaz Zurflick noted that while it was applaudable that the MC wanted to bring about a better way of working but it was important to adhere to the rules and regulations specified. He maintained that the older generation's insight and knowledge is greatly appreciated and is willingly shared by them. He sincerely thanked them for it.

Bro. Ritzvie informed the House that ICV was conducting a Leadership Summit for the youth and invited the USMAA Youth to apply for it. He also invited the Membership to join the fortnightly zoom meeting organised by ICV to update the Community about the COVID pandemic situation.

Bro Falih concluded that despite the lockdown, the MC was not taking the time to relax but was busy with several different initiatives namely the Matrimonial webpage, Trades page, Mentorship program and documentation of processes for future committees.

12. Close of Proceedings

- The meeting came to a close at 5:15pm with the recital of qiraath by Zacky Shums.

Conclusion of AGM

Action Items

No	Action	Progress	Who
20/07/1	Setup SGM	Complete	Ruzna S
20/07/2	Appoint new auditor	Complete	At SGM
20/07/3	Bro Yusuf to liaise with Bro Imtiaz for grants	Ongoing	Yusuf Z
20/07/4	Continue purchasing grave sites in line with Members' instructions	Ongoing	Eddie D
20/07/5	Documenting instructional procedures for JSC. Note: The ICV Janaza procedural document has been saved to the USMAA website furnished by Bro. Eddie D authorised by the ICV president	Complete	Imtiaz M
20/07/6	Journal USMAA Centre donations to as asset account	Complete	S Azmaan
20/07/7	Students to be given free (Hardship) memberships	Complete	Ruzna S
20/08/1	The admin person of JSC to obtain all the current market values of the USMAA owned plots and provide to the MC prior to 30 June 2020	New	Imtiaz M

Acronyms Used

Name	Description
MC	Management Committee
USMAA	United Sri Lanka Muslim Association of Australia Inc.
AGM	Annual General Meeting
SGM	Special General Meeting
Bro	Brother
Sis	Sister
JSC	Janaza Subcommittee
SB	Subcommittee



Addendum

Presidents note to Agenda Item: 2

I raise this point reluctantly, but respectfully after much deliberation.

The house unconstitutionally blocked the acceptance of the previous AGM minutes, possibly due to an erroneous practice all along. As promised at that time, I present my case to clarify the matter.

Below are the reasons as to why it should have been allowed to be moved:

- Refer page 26 of the Constitution, Appendix A: “Standing Orders for **all** Meetings of the Association”, point b) says: ‘**Confirmation of Minutes of previous meeting**’. The previous meeting was the AGM in this case
- The MC distributed the SGM agenda to the membership prior to the meeting via email and WhatsApp. It was articulated under point ‘2. Adoption of Minutes of the AGM 2019/20’
- The SGM was as a result of the immediately prior AGM, making it almost an extension of that AGM, as opposed to being totally unrelated
- It is commonplace for AGM minutes to be adopted at SGMs and vice versa. As per the constitution page four (4), a ‘General meeting shall mean the Annual General Meeting or a Special General Meeting’, meaning an SGM is equally important. Although irrelevant, a google search states the obvious. e.g. <https://davidprice.com/meeting-mastery-posts/which-minutes-are-approved-at-a-special-general-meeting-or-an-agm-when-there-has-previously-been-an-sgm/>
- Finally, the Constitution is our primary guide and should be applied along with common sense

I thank all members for their time in participating at the SGM and I know members show passion as they love USMAA, and they want it to succeed. The above is not written to offend any member, but simple to “course correct” ourselves.

Jzk,..Falih S