



ANNUAL REPORT
AND AUDITED ACCOUNTS
FOR THE YEAR
1 JANUARY–31 DECEMBER 2016

This Annual Report has been
prepared by Staff and Directors.

CONTENTS

PART I ANNUAL REPORT

FROM THE PRESIDENT	1
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ABOUT THE SMSA

Our History	2
Our Patron.	4

MINUTES

Minutes of the Annual General Meeting held at 12.30 pm on Tuesday, 15 March 2016	5
Minutes of the Special General Meeting held at 4:00pm on Thursday, 1 December 2016	8

THE BOARD

The Board of Directors for 2016.	10
Committees of the Board.	12

OPERATIONS

Staff as at 31 st December 2016	13
Member's Services	14
Public Program (Talks and Events)	18
Building Management	22
Governance	24
Strategic Planning	27

TREASURER'S REPORT	28
--------------------	----

PART II FINANCIAL STATEMENTS 31 DECEMBER 2016

Auditor's Independence Declaration	31
Statement of Comprehensive Income.	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36
Responsible Persons' Declaration	47
Independent Audit Report	48
Compilation Report	50
Detailed Income Statement	51
Rental Properties Statement	52

IMAGE CREDITS	53
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FROM THE PRESIDENT

2016 has been an extremely busy year of consolidation for the SMSA as well as being a time for planning for the future.

None of our achievements could have been accomplished without the hard work of our staff under the direction of our Secretary, Brian Johnston. Many of our successes are a direct result of Brian's initiatives and his outstanding leadership qualities.

Kathy Sale & Erika Samonte and their loyal team have revitalised the library. The changes already made to the library, include Cuthbert's, the coffee area for members, and the reorganisation and display of books. Wendy Man, who is the face you normally see on the 3rd floor and is in charge of venue hire, has gone from strength to strength. The events team of Melanie Ryan and Kylie Campbell have worked successfully on expanding our range of topics and speakers. The Good Life talks have been a great success.

Some of the significant achievements of 2016 included:

- A revision of the By-laws. Besides tidying up the By-laws, pre-poll voting has been introduced to enable more members to vote as well as other changes providing for the gradual rotation of directors;
- The development of a Strategic Plan;
- The Board's continuing development program focussed on Governance and Financial Management;
- A restructure of the Standing Committees following a review of the Board's Corporate Governance;
- Maintaining 100% tenancy level, with an increase in rental return, in our well maintained and positioned building;
- An oral history project has been undertaken to allow for 15 members to record information about the SMSA. It is hoped that further interviews will be conducted shortly to include the recollections of other older members;
- Increased interaction with the WEA, the Royal Society of NSW and other like-minded educational bodies;
- An upgrade of the hardware and software components of our information management systems and the provision of more computers in the library for use by members;
- Cuthbert's, the library coffee area, has gone from strength to strength as increasing numbers of members use its complementary facilities, leading to more interaction between members;
- Implemented a progressive review of all policies; and
- An increase in our membership to over 1500 as of 31 December 2016, as opposed to 500 in 2002.

The Board does not intend to rest on its laurels. Some of the many things planned for 2017 include:

- An information session for potential new Directors;
- The introduction of a quiet room in the library where members can meet and hold meetings;
- Review of the foyer area and auditorium;
- Renovation of the 3rd floor to allow for more meeting space;
- Planning for our 185th year celebrations in March 2018. This will include exploring ways in which to recognise:
 - Our founder, Reverend Henry Carmichael, who was commissioned by Governor Bourke to create the SMSA; and
 - Possible affiliations with other like-minded groups and organisations.

The Board would welcome suggestions from members of how we can expand our activities to the benefit of members and non-members alike.

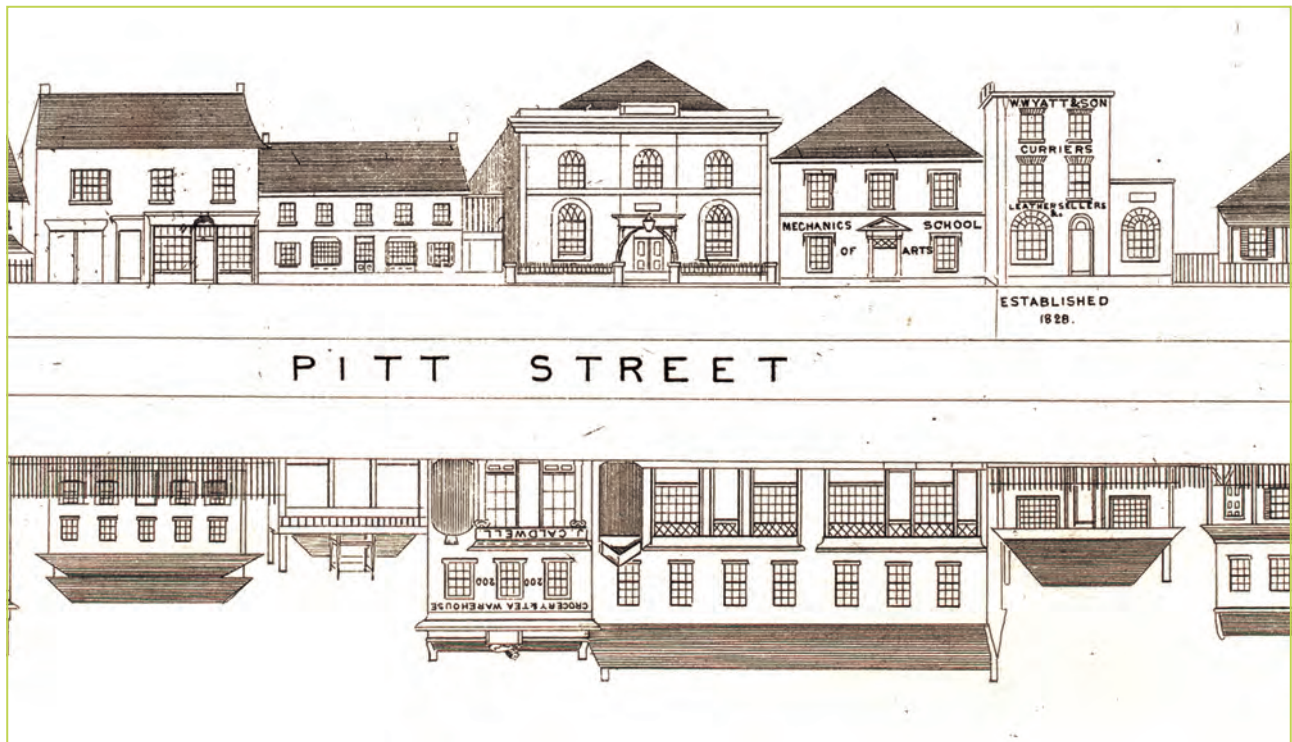
Special thanks to my fellow Directors for participating and supporting the activities of the SMSA so actively this year. They have given their time generously and have been a pleasure to work with throughout my time as President.



Denis Mockler
President

ABOUT THE SMSA

OUR HISTORY



Sydney Mechanics' School of Arts and surrounding buildings in Pitt Street in 1848 (detail) by Joseph Fowles from his book of copperplate engravings, 'Sydney in 1848'. Fowles was appointed drawing teacher at the School in 1854.

The Sydney Mechanics' School of Arts (SMSA) was established with the objective of the intellectual improvement of its members and the cultivation of literature, science and the arts.

A significant part of Sydney's history

Founded in 1833, the SMSA is the oldest operating School of Arts and has the longest-running lending library in Australia. Since colonial times, the Sydney Mechanics' School of Arts has made a major contribution to Sydney's culture, industry, society and politics.

In 2013, the Board commissioned *Sydney Mechanics' School of Arts: A History*, written by historian Garry Wooterspoon to commemorate the 180th anniversary that year. It is a beautifully illustrated volume that reveals how and why the SMSA was established and tells many fascinating stories about the people and events in our past. It was short-listed for the NSW Premier's History Awards in 2014.

Our Beginnings

In 1833, the Sydney Mechanics' School of Arts was founded at the request of artisans and tradesmen who had studied with the Reverend Henry Carmichael aboard the *Stirling Castle* on their voyage to Sydney. Carmichael drew on the model of the burgeoning Mechanics' Institutes and Schools of Arts movement—and with the enthusiastic support of Governor Bourke who became our first patron—his efforts resulted in the Sydney Mechanics' School of Arts being formed on 22nd March 1833 at a public meeting attended by around 200 people.

In November 2016, Henry Carmichael was inducted into the International Adult and Continuing Education Hall of Fame (which operates under the auspices of the University of Oklahoma) in recognition of his role as one of Sydney's pioneer colonial educators, most notably in the founding the Sydney Mechanics' School of Arts. Carmichael served as Vice President of the School for the first five years and as the principal lecturer in the early days.

Carmichael's Hall of Fame Class of 2016 profile provides further details of his career and significant contributions to adult education. It can be found online here:

<http://halloffame.outreach.ou.edu/2016/Carmichael.html>

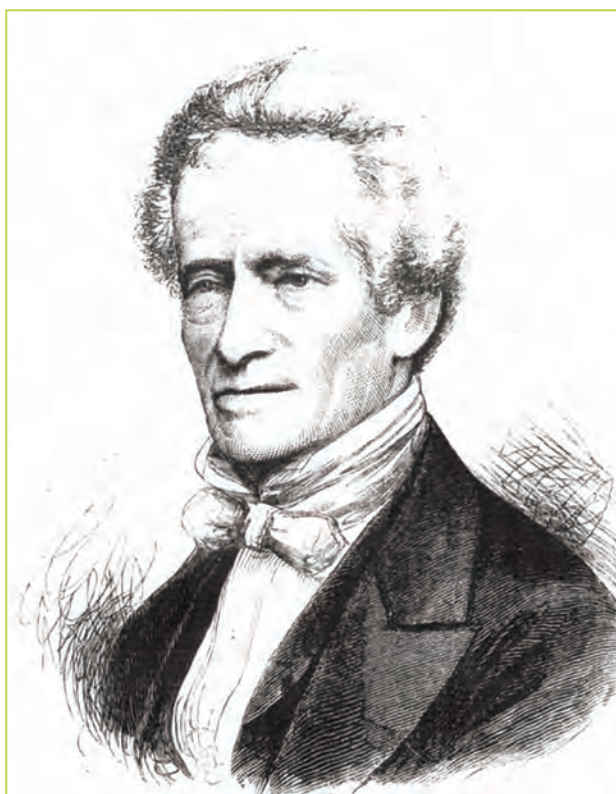
SMSA's Historical Significance

Right from its founding in March 1833, the Sydney Mechanics' School of Arts was the leading provider of adult education in the colony, running a lending library, conducting classes and holding lectures on everything from phrenology to chemistry and the poems of Lord Byron. There were even classes on 'Simple Surgery'! The SMSA quickly became the centre of colonial Sydney's intellectual, cultural and political life.

Filling a vital niche in adult and vocational education, the SMSA made a major contribution to the colony's economic development by providing the first technical education in Australia for trades in 1865 and establishing the Working Men's College in 1878. These technical classes were so successful that the School negotiated their transfer to the colonial Government in 1883, forming the precursor to TAFE as we know it today and, ultimately, to both the University of New South Wales and the University of Technology, Sydney.

Famous Members

The Surveyor-General, Major Thomas Mitchell, was the SMSA's Founding President and many other prominent citizens of Sydney have been members, including explorer



The Reverend Henry Carmichael (1796–1862) was instrumental in founding the Sydney Mechanics' School of Arts and served as Vice President for the first five years.

Ludwig Leichhardt; journalist and activist for women's rights Louisa Lawson; poets Henry Lawson and Henry Kendall; Federationist Sir Henry Parkes and many other political and cultural leaders.

SMSA's Debating Club discussed the 'hot' issues of relevance to the time, and the debates were widely reported in Sydney's journals including the Sydney Morning Herald. Members who participated in these debates included future NSW Premier William Holman, and Prime Ministers Edmund Barton, George Reid and Billy Hughes, as well as leading figures in the Federation and suffrage movements.

As a young man, Billy Hughes valued the educational opportunities afforded to him by the School so much that he went without meals and wore threadbare clothing so he could raise funds to join. He later recalled, the 'great awakening' that had prompted him to politics was 'a bit highbrow and smelling of the lamp' — using the School's library at night.

Women in the SMSA

The first women were admitted as members in August 1833—just 5 months after the School's founding—and women's names appear in class rolls from the 1860s, providing an alternative for women who were disenfranchised from traditional education. In 1891, Louisa Lawson broke a significant glass ceiling when she overcame opposition to become the first woman in the SMSA's Debating Club, and more women quickly followed. She later went on to become the first woman on the Management Committee in 1893.

The SMSA Today

Today, the School continues to operate the longest-running lending library in Australia and a robust public program of talks, readings, seminars and screenings which are free and open to both members and the general public. The School also opened the Tom Keneally Centre in 2011, forming Thomas Keneally's living legacy to Australia and a venue for literary activities such as writing classes, readings and author talks. The SMSA's venue hire floor boasts a large theatre as well as flexible and affordable meeting rooms that can be configured according to the needs of the hirer.

The SMSA also continues to contribute to the local community through grants and donations to worthy organisations, and endowments to the University of Western Sydney, University of Technology, Sydney and University of Sydney. Through other activities, the School also supports a broad range of Not-For-Profit and community organisations in the local Sydney region.

Written with reference to:

***Sydney Mechanics' School of Arts: A History*
by Garry Wotherspoon, 2013.**

OUR PATRON

The history of our Patronage

Governor Bourke was an enthusiastic supporter of the Sydney Mechanics' School of Arts from its earliest stages. In fact, one of the first orders of business of the newly formed School was to thank the Governor formally for his 'kindly interest' and to petition him to become our first Patron (*The Sydney Herald*, Monday, 25 March 1833, page 2).

The SMSA continued to enjoy the unbroken patronage of successive Governors of New South Wales until 1935 when Air Vice-Marshal Sir Philip Game GB GCVO GCB KCMG DSO ceased to be Governor.

In 2008, the Governor of the time, Professor The Honourable Dame Marie Bashir AD CVO kindly agreed to become Patron in honour of the 175th anniversary of the Sydney Mechanics' School of Arts. This renewal of Vice Regal Patronage took place after a gap of 53 years.

Our Current Patron

In 2014, His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales kindly consented to become the Patron of the Sydney Mechanics' School of Arts.

Prior to his appointment as Governor, His Excellency served for 42 years in the Australian Army, concluding his service as the Chief of the Defence Force. His Excellency was awarded a Companion of the Order of Australia in 2010 for eminent service to the Australian Defence Force, and a Distinguished Service Cross for his leadership during Operation SOLACE in Somalia in 1993.

We are honoured and delighted that His Excellency the Governor has continued the Vice Regal Patronage of our historic School and wish him well in his tenure.



The SMSA's patron, His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales.

MINUTES

MINUTES OF THE ANNUAL GENERAL MEETING HELD AT 12.30 PM ON TUESDAY, 15 MARCH 2016

Present

Arthur Alibrandi	Allyson McKenzie
Winsome Allen	Graeme Miller
Golda Baker	Robyn Miller
Nola Barkl	Denis Mockler
Frances Barton	Pamela Morris
Larry Billington	Donald Mulligan
Gordon Blythe	Carole O'Brien
Merilyn Bryce	Michael Packer
Barbara Carrard	Margaret Ann Palmer
George Carrard	Phillip Pluck
Rae Colman	Peter Rainey
Cecile Cornford	Noelene Rannard
Valerie Davidson	Margaret Rapsey
Beverley Dunstan	John Michael Robinson
Anne Margaret Evers	Ling Ronnebeck
Peter B. Fischer	Reinhard Ronnebeck
Christine Gash	Sunflower Seagull
Kay Godfrey	Eugene Stawski
Lionel Green	May Steilberg
Margaret Heys	Rosalind Strong
Shirley Hunt	Tony Strong
Peter Hutchison	Kay Templeton
Marilyn Jenner	Norma Thorburn
Michael Johnston	Thomas Thorburn
Colin Kay	Thomas Thorpe
Narelle Kay	Gordon Walker
Thomas Keneally	Geoffrey Webb
Reginald Lobb	Maxwell J. Williams
John Masters-Brown	Alister Wong

Observers (non-voting)

Anthony Ellis

Guests

Alison Lyons

Paul Scott Williams

Goulburn Regional
Conservatorium (Speaker)

Also in attendance

Ben Hodgkinson	Representing Auditors, Manser, Tierney & Johnston
Brian Johnston	Secretary
Melanie Ryan	staff
Wendy Man	staff
Kathy Sale	staff
Alan Reade	staff
Kylie Campbell	staff

1. Welcome and Acknowledgement of Traditional Owners

Members and guest were welcomed to the meeting and the traditional owners of the land on which the meeting was held, the Gadigal people of the Eora nation and their elders past and present, were acknowledged.

2. Conduct of the Meeting

The Secretary noted that the meeting had been convened in accordance with the requirements. Members were provided with advice as to the conduct of the meeting and personal safety arrangements in the event of an emergency.

3. Apologies

The following apologies were received and noted:

Victoria Allen	Geoffrey Long
Patti Bertram	Pamela Neville
Belinda Coombs	Beryl Novice
Joyce Craig	Paul Reid
Gwen Crowe-Mai	Jennifer Robyn Mattock
Ginette Garrard	Paul Trebilco
Naomi Garrard	Raema Walker
Astrid Lodens	Susan Webb
Ann Long	Peter Weitzel

4. Confirmation of the Minutes of the previous Annual General Meeting

The minutes of the meeting held on 10 March 2015 were confirmed as true and correct record.

Moved John Robinson
Seconded Reg Lobb
Carried on a show of hands

5. Election of Directors

5.1 Introduction of Candidates

The Secretary, Brian Johnston, in his capacity of returning officer confirmed that seven nominations had been received in respect of the eight vacancies. All nominees were current Directors:

1. Winsome Allen
2. Shirley Hunt
3. Carole O'Brien
4. Reinhard Ronnebeck
5. Eugene Stawski
6. Geoffrey Webb
7. Alister Wong

Accordingly, no ballot was required, as provided in the By-laws, and all seven were declared elected.

In response to a question from Michael Johnston, who asked whether the resulting casual vacancy could be filled by a nomination from the floor at today's meeting, the Secretary advised that the filling of that vacancy would be a matter for the Board at its next meeting. He said that to accept a nomination from the floor was not possible pursuant to the By-laws and that would be to deny the possibility of another member, not able to be present at the meeting, to have their nomination considered.

6. President's Address

Denis Mockler spoke briefly to his report and acknowledged the attendance of Tom Keneally. He commented it had been a successful year overall and that the organisation is continuing to evolve to meet the challenges of a changing environment. He indicated the Board was to look at further opportunities for members to participate in the running of the organisation through its strategic planning activities and a possible review of the By-laws.

The details of the year's achievements were summarized in the Annual Report. The members' coffee lounge was now a reality and the program of awarding grants to appropriate projects was very noteworthy and an important part of the School's activities. He referred to the guest speaker, Mr Paul Scott-Williams from Goulburn Regional Conservatorium who was to provide further insight into how the grant provided to his organisation was to be used for valuable educational and community development purposes.

He thanked most sincerely the contribution of his fellow directors and the collegial manner in which they had carried out their roles, in particular, the contribution of retiring Director John Robinson who had not sought re-election this year. Also, he acknowledged the contribution of Stratachoice the School's building managers, represented at the meeting by Mr. Arthur Alibrandi, and all members of staff.

7. Treasurer's Address

Alister Wong briefly addressed the financial result for the year. A surplus had been achieved despite the need to make a substantial adjustment to depreciation on the recommendation of the auditors.

He noted that the building was fully tenanted which was a very pleasing situation.

8. Presentation of the Annual Report for approval

The annual report was submitted in its entirety for approval.

Moved Alister Wong
Seconded Tom Thorburn
Carried on a show of hands.

The meeting also acknowledged the contribution of the previous Secretary, Mr Grahame Marks.

Moved Michael Johnston
Seconded Reg Lobb
Carried on a show of hands

9. Guest Speaker: Paul Scott-Williams, Goulburn Strings Project

Mr. Scott-Williams, Director of the Goulburn Regional Conservatorium gave a most stimulating description of the Goulburn Strings Program, which the Board had recently determined to provide an initial grant. The program provides musical instruction in schools in the Goulburn area, which is on a number of measures socially deprived. The results are extremely encouraging in terms of both the educational achievements of the children, but also because of its very positive community impact. There were many questions raised by the audience and the SMSA has undertaken to provide more information to its members and will watch the program's continuing development with great interest. The Director will also report on the results achieved by the grant in accordance with our usual requirements.

The presentation was warmly applauded by all those present.

10. Appointment of Auditors for 2016 year.

The Board, following a selective tender process, recommended the firm Watson Erskine P/L be appointed the auditors for 2016. This was a change as the firm of Manser Tierney and Johnston had provided the audit services for more than a decade. There was no criticism of the professional services provided by the previous auditor. Rather, the Board considered that in the interest of good governance practice it was time for a different perspective on the financial accounting and management practices.

Moved Max Williams
 Seconded John Masters-Brown
 Carried on a show of hands

11. Nomination for Life Membership

A nomination for the awarding of Life Membership to Ms Marilyn Bryce was submitted for consideration. John Robinson spoke of the very substantial contribution made by Marilyn particularly as a Board member and the establishment of the Thomas Keneally Centre.

Moved John Robinson
 Seconded Shirley Hunt
 Carried by a show of hands

12. Meeting closure

The Secretary advised that no formal notices of motion had been received. The meeting closed at 1.40 pm.

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 Australian Homespun
 Australian Womens' Weekly
 Australian Readers' Digest
 Better Homes & Gardens Aust
 Blue Mountains Life
 Country Homes & Interiors
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Dreamscapes
 Esquire
 Gardening Australia
 Gourmet Traveller
 GQ Australia
 Harpers Bazaar Australia
 Health & Fitness
 Homes & Gardens
 Inside History
 Inside Sport

Marie Claire Australia
 Money
 National Geographic
 New Scientist
 New York Review of Books
 Newsweek
 O, The Oprah Magazine
 OK! Magazine
 PC & Tech Authority
 Reader's Digest

Real Living Australia
 Rolling Stone
 Smithsonian Magazine
 Taste.com.au
 Vogue Australia
 WellBeing
 Woman's Day (UK)
 Woman's Weekly (UK)

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MINUTES OF THE SPECIAL GENERAL MEETING HELD AT 4:00PM ON THURSDAY, 1 DECEMBER 2016

Present

Arthur Alibrandi	Carole O'Brien
Winsome Allen	Peter Rainey
Stephen Bingle	Paul Reid
Mark Brandon	Sunflower Seagull
Merilyn Bryce	John Sheeran
Anne Devrell	Eugene Stawski
Anthony Ellis	Thomas Thorburn
Ken Hall	Jan Treharne
Shirley Hunt	Rob Treharne
Colin Kay	Steven Warren
Reginald Lobb	Maxwell J Williams
Astrid Lodens	Alister Wong
Grahame Marks	Russell Workman
Denis Mockler	

Observers (non-voting)

David Hibbert	Non-Voting Member
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Also in attendance

Brian Johnston	Secretary
Michael Ludowici	staff
Brian P Wise	Auditor (Watson Erskine P/L)

The number of members present exceeded that required for a quorum.

1. Apologies

Patricia Burtram, Cecile Cornford, Gwen Crowe-Mail, Narelle Kay, Geoff Webb and Victoria Whiteman.

2. Notice of Meeting

It was noted that notice of the meeting had been given in accordance with the Act of Incorporation both electronically (email, website and newsletter) and advertisements placed in two daily newspapers.

3. President's Introduction and Purpose of the Meeting

The President reiterated the purpose of the meeting was to consider changes to the current By-laws. Those changes covered, firstly, the removal of those clauses that are covered in the Act, are inconsistent with the Act or cover a range of relatively minor administrative alterations. Secondly, some significant structural changes:

- to increase the term of office for Directors;
- to limit the term of a Director to 3 x 3 years (9 years) when they must stand aside;
- the election process to allow for pre-polling by members; and
- the length of the qualification period for members to be eligible to stand for election as a director.

He commented that for the information and guidance of members the documents circulated have been presented as follows:

- The insertion of a preamble (marked in blue) which would link the By-laws with the Act of Incorporation as amended.
- Removal of those clauses that are covered in the Act, inconsistent with the Act or cover a range of relatively minor administrative issues (marked in green); and
- Changes in processes (marked in red).

By-laws have been subject to review regularly over the years and the last occasion was in 2012.

He further commented that some difficulty had been encountered in attracting nominations for Directors in recent times. There was a need to facilitate the nomination of those interested in seeking office and possessing the appropriate skills and knowledge to be able to nominate as Directors of Not-For-Profit organisations. He also indicated that an information session for potential directors would be held in February next year that would provide an opportunity for potential nominees to be informed as to the role and responsibilities involved. It is to be coordinated by Winsome Allen.

On behalf of the Board he commended the changes to the meeting and invited any questions or points on which members sought clarification. It was noted that if a ballot was required a representative of the School's auditors, Mr Brian Wise of Watson Erskine P/L, would be the returning officer.

4. Questions and Answers

Several members expressed concerns about the reduction in the qualifying period to be eligible to nominate for office.

Clarification was provided that members would be able to vote for the election of Directors for 15 minutes after the commencement of an annual general meeting.

5. Recommendations

The Board recommended all the proposed changes:

1. Those changes to the By-laws that remove those clauses deemed unnecessary as they are included in the Act of Incorporation or are inconsistent with the Act and to give effect to a range of relatively minor administrative alterations.
2. The change in the term of office for Directors from two to three years.
3. The change in the voting process for the election of Directors to allow for casting of votes for seven days up to an annual general meeting.
4. The reduction in the qualifying period for members to be eligible to stand for election as a Director from two to one year.
5. Subject to the meeting approving the new terms of office for Directors, the transitional arrangements for the election of Directors to apply are:
 - a. Prior service as a Director will not be taken into account when determining time served as a Director under the new By-law provision;
 - b. All Directors whose current terms expire at the 2017 Annual General Meeting may submit themselves for re-election;
 - c. Following completion of the election process the Board will determine the length of the term for each Director by the drawing of lots, unless otherwise agreed by Directors. In the drawing of lots those names drawn first to be elected for the longer period until approximately a one third quota is achieved, subject to the acceptance of each Director. This process is to continue until each quota is filled, recognising this will take several years.
6. The new election process coming into effect with the election of directors at the 2017 Annual General Meeting;
7. All other changes to the current By-laws to apply immediately following the conclusion of the Special General Meeting.

The meeting was advised by the Secretary that the manner in which voting could be conducted by those eligible to vote was a show of hands holding their ballot paper.

Resolution

It was resolved unanimously to accept all proposed changes other than the recommendation relating to the qualifying period required to be eligible to stand for office and to consider that issue separately.

<i>Moved</i>	<i>Peter Rainey</i>
<i>Seconded</i>	<i>Max Williams</i>

In discussion the concerns around the changes to the qualifying period related to a perceived need not to facilitate sectional interests exerting an unwanted level of influence over the School's affairs. In response the comment was made that the staggering of the elections over a three-year cycle was partly to counter any such attempts. The longer time scale meant that such moves would take longer and be more likely to come under scrutiny.

The other point raised concerned the view that the longer qualifying period was regarded by some as stronger evidence of a members' commitment, but this view was not supported by others. An amendment to the recommendation was proposed.

Recommendation

The recommendation be amended to show that the qualifying period for eligibility to nominate for office be retained as two years.

<i>Moved</i>	<i>Peter Rainey</i>
<i>Seconded</i>	<i>Reg Lobb</i>

The recommendation was defeated by a majority and the original proposal remained the substantive motion.

Resolution

The meeting approved by majority the reduction in the qualifying period for members to be eligible to stand for election as a Director from two to one year.

<i>Moved</i>	<i>Tom Thorburn</i>
<i>Seconded</i>	<i>Merilyn Bryce</i>

A suggestion was also made that a discussion at the annual general meeting on the School's strategic directions in the future would be valuable.

6. Close of meeting

The President thanked all for their attendance and participation and declared the meeting closed at 4:40pm.

THE BOARD

THE BOARD OF DIRECTORS FOR 2016



The SMSA Board and Secretary for 2016

Standing: Denis Mockler, Max Williams, Carole O'Brien, Paul Reid, Tom Thorburn, Eugene Stawski, Geoff Webb, Brian Johnston (Sec.), Alister Wong.
Seated: Shirley Hunt, Winsome Allen, Cecile Cornford

Denis Mockler — President

Serving President (elected 2015)

Denis is the principal of a small legal firm and is a former Acting District Court Judge, Arbitrator in the District and Local Courts and Assessor for the Motor Accidents Authority. As a long-standing member of the SMSA and board member, Denis has held a number of positions including President, Treasurer and Vice President. Denis remains a strong advocate for the library and for the provision of increased services for members of the SMSA. He is also an advocate for strengthening our Governance and working with the board and staff to ensure that the SMSA can impact on and reach a greater number of people.

Winsome Allen — Vice President

Re-elected 2016. Re-appointed VP 2016.

Winsome is a former Chairperson of the fundraising committees for the Cerebral Palsy Alliance (formerly known as The Spastic Centre of NSW) and The Benevolent Society of NSW for whom she is also a Life Governor. She is Vice President of AMISA (Association of Mechanics' Institutes and Schools of Arts), and an active member of Toastmasters International, serving as Education Pathways Ambassador. Winsome has owned several successful businesses which have provided her with opportunities for community involvement. A passionate supporter of the SMSA, Winsome enjoys getting to know our members at Cuthbert's and at events, and coordinates the volunteer program. Winsome also promotes the School through talks to community groups about its history and significance.

Paul Reid — Vice President

Serving (Re-elected 2015). Appointed VP 2016.

Paul is the father of three adult children, as well as the very proud grandfather of four grandchildren. Paul works as a Training and Educative Services Manager, delivering industrial relations-based training to people from diverse educational and employment backgrounds. He is a strong advocate of human rights and has been a past Secretary of an NGO. Paul has served on the Public Sector Industry Advisory Board as Director for over 10 years, and as a Trustee and member of the Finance and Governance Committee of Unions NSW for 2 years. Paul's varied interests include theatre, cinema, art, cooking and travel. Paul served as President of the Sydney Mechanics' School of Arts for 4 years, where he was previously a Vice President and a Director. He is very proud of the history of the SMSA and strongly supports its vision.

Geoff Webb — Vice President

Re-elected 2016. Re-appointed VP 2016.

Geoff has been a member of the SMSA for over 30 years and has served on the Board since 2009. He is a professional engineer with broad experience in engineering work with particular emphasis on project management and documentation. Geoff is interested in family and local history and enjoys reading science fiction and mystery books. He also enjoys travelling.

Max Williams — Vice President

Serving (Re-elected 2015). Re-appointed VP 2016.

Max is semi-retired following a career in Public Health, Administration and Insurance. Max was Company Secretary and Financial Controller to a Computer Company servicing a major Insurance Provider and has brought financial and information technology experience to the SMSA. Max has a continuing interest in Information Technology and is currently the Chair of the Building Committee.

Alister Wong — Treasurer

Re-elected 2016. Re-appointed Treasurer 2016.

Alister has been on the SMSA Board and its Treasurer since 2005. A member of the CPA (Certified Practising Accountants) Australia with IT qualifications from the UK, Alister works in the Department of Education as a Project Manager. He is a JP and was a Board member and Treasurer of the Sydney Gay and Lesbian Business Association as well as an independent member of the Finance and Audit Committee of ACON. Alister brings broad management and financial skills to the SMSA. His interests include reading, classical music, theatre, travel and good food.

Eugene Stawski — Assistant Treasurer

Re-elected 2016. Appointed Assistant Treasurer 2016.

Before retiring a number of years ago, Eugene was the Financial Controller of Carpet Court Northern. Following his retirement, he held a part-time position with SMSA several years ago as Accounting Officer, making changes, contributions and suggestions for the improvement of the accounting system. His interests include tennis, skiing, canoeing, travelling, reading, family and friends. As director of the SMSA, Eugene focuses on continued success of the School financially.

Cecile Cornford — Director

Serving (Elected 2015).

A former SMSA Librarian, Cecile had previously been a member of the School for many years. Cecile has always worked in Customer Service and related roles in banking, as a medical secretary and an air hostess. Cecile is passionate about the School and, as an avid reader and lover of literature, she is interested in maintaining the quality of good reading that we now have in the Library. A new grandmother, Cecile enjoys travel, history, theatre, film, science, cooking and all things French, archaeology, cats and other animals.

Attendance at Board Meetings — 2016

Board Member	Attended	Jan	Feb	Mar	AGM	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	SGM
Allen, Winsome	14 of 14	✓	✓	✓	Re-elected	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cornford, Cecile	9 of 14	✓	✓	✓	Serving	✓	apol	✓	✓	✓	✓	apol	apol	apol	apol
Hunt, Shirley	11 of 14	apol	✓	✓	Re-elected	✓	✓	✓	✓	✓	✓	apol	✓	apol	✓
Mockler, Denis	14 of 14	✓	✓	✓	Serving	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
O'Brien, Carole	14 of 14	✓	✓	✓	Re-elected	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Reid, Paul	12 of 14	✓	✓	apol	Serving	✓	✓	✓	✓	apol	✓	✓	✓	✓	✓
Robinson, John	4 of 4	✓	apol	✓	Retiring	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓
Ronnebeck, Reinhard	6 of 6	✓	✓	✓	Serving	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	apol
Stawski, Eugene	12 of 14	✓	✓	✓	Re-elected	apol	✓	✓	✓	✓	apol	✓	✓	✓	✓
Thorburn, Tom	13 of 14	✓	✓	✓	Serving	✓	✓	✓	apol	✓	✓	✓	✓	✓	✓
Webb, Geoff	11 of 14	✓	✓	✓	Re-elected	✓	✓	✓	✓	✓	✓	apol	apol	✓	apol
Williams, Max	14 of 14	✓	✓	✓	Serving	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wong, Alister	12 of 14	✓	✓	✓	Re-elected	✓	apol	✓	✓	apol	✓	✓	✓	✓	✓

Shirley Hunt — Director**Re-elected 2016.**

Shirley has been a member of the Sydney Mechanics' School of Arts for over 15 years and was first elected to the Board in 2012. An avid reader, Shirley enjoys the ambience of the Library and is a staunch supporter. She enjoys meeting other members at SMSA events and regularly volunteers in the Tom Keneally Centre. Shirley's interests include theatre, films, swimming, walking and volunteering.

Carole O'Brien — Director**Re-elected 2016.**

Carole has been a member of the SMSA since 1982. She previously served on the Board from 1984-2005 and has chaired several committees. Before retiring, Carole worked in a number of companies, mostly supervising record keeping, customer service and accounts. An avid reader, Carole belongs to several municipal libraries as well as the SMSA. Her favourite books are mystery and crime, and she has been a member of the School's Reading Group since its inception. She has volunteered in the Tom Keneally Centre since its opening in 2011. Carole's other interests are going to the theatre and trying to grow things — with moderate success.

Tom Thorburn — Director**Serving (Re-elected 2015).**

Tom has been a member of the SMSA for over 50 years and a member of the Board for over 20 years. In 2010, he was made a Life Member for his services to the School. Before he retired he was the computer manager of a health fund. Tom keeps up with technology and was involved with the an upgrade to SMSA's computer systems. He is webmaster for the St Marys & District Historical Society. A keen ballroom dancer, he and his wife have also enjoyed a number of cruises including a circumnavigation of Australia. Tom is an avid reader of Detective novels and Science Fiction and has both an iPad and a Kindle for reading eBooks. He has also written a collection of author reviews that are featured in the 'Limelight Book Reviews' section of the SMSA website.

Reinhard Ronnebeck — Director**Elected 2015. Resigned June 2016.**

Reinhard holds a PhD in clinical psychology having studied in the US. He worked for over 30 years for public and private health organisations and was the professional head of over 100 psychologists. He has taught in three Sydney universities.

COMMITTEES OF THE BOARD

Building Committee**Geoff Webb (Chair)**

The Building Committee's report appears on page 22.

Finance Committee**Alister Wong (Chair)**

The Treasurer's Report appears on page 28.

Governance Committee**Paul Reid (Chair)**

The Governance Committee's report appears on page 24.

Members' Services Committee**Winsome Allen (Chair)**

The Library Committee's report appears on page 14.

Strategic Planning Committee**Max Williams (Chair)**

The Grants Committee's report appears on page 27.

Ad Hoc Committees

There were no ad hoc committees active during 2016.

OPERATIONS

STAFF AS AT 31ST DECEMBER 2016

Secretary	Brian Johnston	Library Officers	Erika Samonte
Program & Communications	Melanie Ryan		Stephen Elliot
Acting Accountant	Michael Ludowici		Venettia Miller
Venue Hire	Wendy Man	Casual Library Officers	Kathleen Fernandes
Marketing & Admin Assistant	Kylie Campbell		Phil Jang
Library Coordinator	Kathy Sale		Marlene Smith



SPSA Staff (L to R): Phil Jang, Kathy Sale, Michael Ludowici (contractor), Melanie Ryan, Erika Samonte, Kylie Campbell and Wendy Man.
(Not pictured: Brian Johnston, Stephen Elliot, Venettia Miller, Kathleen Fernandes and Marlene Smith.)

The School has been well served by its small in number, but enthusiastic, staff members throughout the year.

In the Library, Kathy Sale was appointed as the new Library Coordinator. She was joined by new Library Officers, Erika Samonte, who had previously completed her TAFE workplace placement at the SPSA and had been working with us on a casual basis and Stephen Elliott, who worked as a teacher librarian in schools for over ten years. Phil Jang, an active member of our volunteers, also joined our roster of Casual Library Officers. Wayne McIntyre, the previous Library Coordinator, left to take a position much closer to his home on the Central Coast. Also, Derek Hornsey commenced a full-time role at the State Library of NSW. The Library service is thriving under Kathy's leadership and the support of her team.

Kylie Campbell joined the SPSA team as Membership and Administration Assistant early in 2016 and has proven to be

a valued addition to our staff. Kylie has worked at several cultural institutions in both Sydney and the Shoalhaven areas. She has provided enthusiastic support, in particular with the conduct of our very active events program well led by Melanie Ryan.

Our Accountant, Alan Reade, after six years' service retired towards the end of the year for health reasons. His contribution is gratefully acknowledged and we wish him a long and happy retirement. Mr Michael Ludowici is currently providing valued support in that role.

Wendy Man has again been excellent in her role of managing our venue hire arrangements. She is well-respected by both members and venue hirers alike for her courteous and efficient services.

The Board positively acknowledges the services of all our staff. Their enthusiasm and professionalism in supporting the School is essential to our continuing success.

MEMBER'S SERVICES

Members' Services Committee Winsome Allen (Chair)

During 2016, the Board established the Members' Services committee, combining the areas of responsibility previously held by the Library and Membership Committees. The committee met several times during the year.

Firstly, I wish to thank the Members' Services Committee for their valuable and constructive input and support.

Many thanks, also, to the wonderful SMSA Volunteers who assist in the Tom Keneally Centre, in the Library and, on occasion, provide support for events. We really couldn't do it without you.

I would like to thank the Library team consisting of Kathy, Erika, Stephen, Venettia, Kathleen, Marlene and Phil, for their assistance and support, capable management of the Library, and the friendly professional service to members that is SMSA's hallmark.

My ongoing gratitude and appreciation also goes to our events and communications team, Melanie and Kylie, who—always with a smile—plan and deliver a varied, interesting and well-attended program of members' events and public talks, assist with the delivery of benefits and services to members, and keep us all up-to-date with what is happening at the School via our website and our enews. Melanie has also provided invaluable help and guidance to me in the running of the Tom Keneally Centre and with the Volunteer program.

Sincere thanks must also be given to Wendy in our Venue Hire area who is always willing to lend a hand.

Finally, I would like to thank our members. Your presence and contribution is highly valued.

Membership

The number of members at the end of December 2016 stood at over the 1,500 mark, with the grace period for renewal of membership extending to 31 January 2016. A number of members also availed themselves of the option to purchase extra subscriptions (which increases the number of books they are entitled to borrow).

Membership fees remained unchanged in 2016.

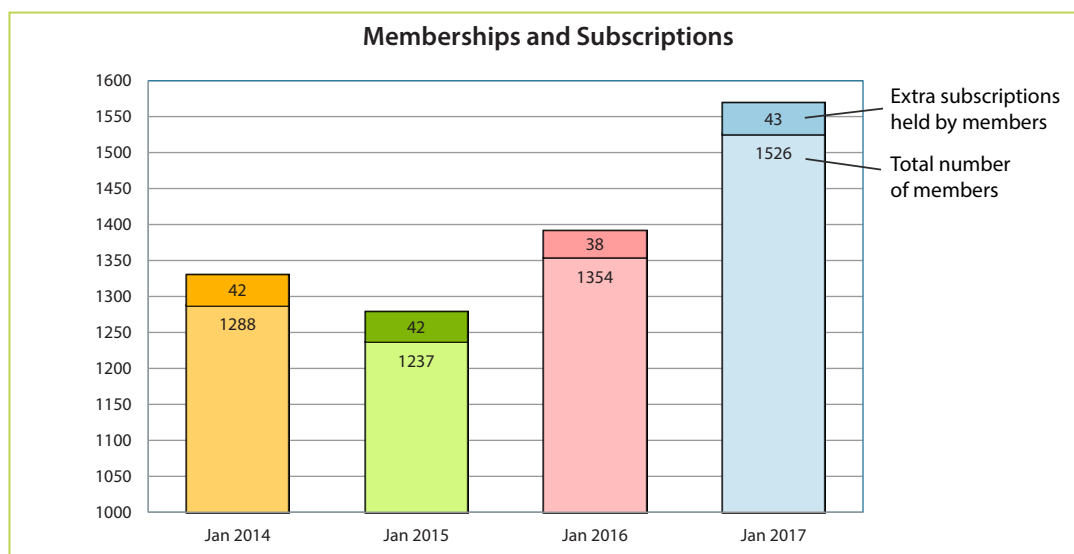
Members' Services and Benefits

When members join the Sydney Mechanics' School of Arts, they become part of an organisation that has been serving the community in Sydney for over 183 years, since 1833.

SMSA offers an array of services to our members, including borrowing rights at the Library and the Tom Keneally Centre, use of Cuthbert's (our new members coffee area); our members' activities and events, and our public talks.

Members can read the full list of benefits and discounts on our website:

<http://smsa.org.au/discover-the-benefits-of-membership/>



Borrow eBooks and Audiobooks anywhere, any time

<http://smsa.org.au/ebooks>



It's easy to get started.

Download and read hundreds of titles today on your smartphone, iPad, tablet, reader or PC.

The Library

Our new Library Coordinator, Kathy Sale, has continued to provide the friendly, professional service for which the SMSA is well known. She is ably supported by permanent Library Officers Erika Samonte, Stephen Elliott and Venettia Miller; and our casual library staff, Kathleen Fernandes, Marlene Smith and Phil Jang.

Collection Management

Our collection management activities continued this year with a view to creating more space for new additions to our collection. As part of this process, a storage room has been converted into dedicated area for Mystery & Crime paperbacks. The culled books have again been made available as 'Free to a Good Home' in the Library and on Level 1 near the meeting rooms.

Cuthbert's Members' Coffee Area

Cuthbert's, our members' coffee area, opened in early 2016 and has proven to be popular with members as a comfortable and convenient place to enjoy a nice hot latte or flat white. Members tell us that they also love the opportunity to meet and get to know to other members and that they feel part of a community.

Electronic Services

eBooks and Audiobooks have continued to increase in popularity, with more books being added to the collection throughout the year. Nearly 1,300 titles in total were borrowed from the 24/7 service during 2016.

Our eMagazines are available for members to download on the same day that the print edition is released. 1,194 eMagazines were checked out during 2016.

Books Borrowed in 2016 (by Genre)

SMSA Library Books		
Animal Stories	120	0.8%
Biography	816	4.8%
Classics	281	1.7%
Cookbooks/Food	75	0.5%
Craft/Hobbies	34	0.3%
Gardening	22	0.2%
General Novels	4,104	23.5%
Historical Novels	898	5.2%
Mystery	8,104	46.1%
Non-Fiction & Australiana	1,932	11.0%
Poetry	74	0.5%
Romance	300	0.8%
Science fiction & fantasy	488	2.8%
Travel	307	1.8%
Books Subtotal	17,555	100.0%
SMSA Library Books		
Travel	2,124	
Books Subtotal	2,124	
Electronic Library Services		
Audiobooks	245	
eBooks	1,036	
eMagazines	1,194	
Electronic Library Subtotal	2,475	
Tom Keneally Centre		
Tom Keneally Centre Subtotal	108	
TOTAL LOANS	22,265	

Members' Computers and iPads

Members are also making good use of the additional computer installed in the library. We have also installed a printer for members' use. Please ask our staff if you require assistance. There is also a members' computer in the Tom Keneally Centre which can be accessed on Tuesdays, Thursdays and Fridays.

Three iPads are also available for members to borrow. Ask at the Library for details.

The Tom Keneally Centre (TKC)

We were delighted to celebrate the 5th anniversary of the Tom Keneally Centre in August this year with guided tours of the centre and an afternoon tea hosted by Tom Keneally and his daughter Meg Keneally, who is also an author.

The Tom Keneally Centre was officially opened 2011 by Professor The Honourable Dame Marie Bashir AD CVO, who was then the Governor of New South Wales. Five years on, the TKC (as we lovingly call it) has become a cultural hub, open for EVERYONE to visit.

The TKC continued to open on Tuesdays, Thursdays and Fridays during 2016 with the assistance of our dedicated team of volunteers, and was also the venue for cultural events such as authors talks, writing classes and other activities.

Tom Keneally has committed to working in the TKC on a regular basis in 2017, and we have also been delighted with the increased involvement of his daughter, Meg Keneally.

Tom is also continuing the process of writing notes on the significance of various books on the shelves and why they have a place in the TKC collection. It's an immense undertaking, but one which adds further interest and value to the Tom Keneally Centre.

It is very much a living library! We encourage SMSA members to borrow from the TKC's collection and to make use of its comfortable facilities on a regular basis. An additional members' computer is available in the TKC.

We also encourage members to bring along a friend; the TKC is open to everybody, although you do have to be a member to borrow.

Public Program

SMSA's program of events, managed by Melanie Ryan with the assistance of Kylie Campbell, was once again very successful in 2016, with healthy increases in event attendance and positive feedback from members.

In late 2016, the School trialled the introduction of a new series of talks covering health, wealth, well-being and lifestyle for older adults called the Good Life series. The response has been resoundingly positive, and this series will continue in 2017.

See page 18 for the full report on the School's Public Program of talks and events.

Event photos are on page 21.

Members' Activities and Events

The Program and Communications team also coordinated several members' events throughout the year.

Members' Recreation and Discussion Groups

The following member-coordinated groups continued to be very popular.

- The Mystery and Crime Reading Group.
- The Poetry at SMSA group.
- The Mah Jong group.

Members who are interested in coordinating a group for Chess, Scrabble or another activity may apply to the Members' Services Committee via the Secretary.

Library Lovers' Tea

The staff coordinated a Mad Hatter's Tea Party to celebrate Library Lovers' Day in February. The room was decked out with loads of teapots, art from the Alice books, Cheshire Cat grins and more. Members enthusiastically dressed to the theme with many Alices, Mad Hatters, White Rabbits and Queens of Hearts attending.

Members' Tours

Three Members' Tours were organised in 2016:

- A guided tour of the Australian Museum that featured highlights from its Indigenous culture and history section.
- A Heritage Walk for the Royal Botanic Garden's 200th Anniversary exploring both well-known and lesser-known parts of the Gardens.
- A private guided tour of the Archibald, Wynne and Sulliman Prizes at the Art Gallery of New South Wales in the relative peace and quiet before the gallery's regular opening hours.

Members' Bus Trip

Our Members' Bus Trip for 2016 headed North to the Hunter Valley and North Coast regions. First stop was the Australian Reptile Park where members had an opportunity to pat a rather suave young alligator named Lenny. At lunchtime, members were able to explore the historic town of Morpeth and visit the Morpeth School of Arts, which was opened in 1863 with a lecture by the Reverend John Woolley (one of SMSA's Vice Presidents at the time). The next stop was Tomago House which was built in the 1840s by Richard and Maria Windeyer who were both very involved in the SMSA from its founding. Finally, we were able to relax at the recently restored historic Alison Homestead (1825) situated near Wyong.

Members' Christmas Party

Members joined SMSA directors and staff on Level 1 for a fun-filled night of food and music, and the chance to celebrate a successful year.

Entertainment was provided by the Goulburn Windies, a six-piece wind ensemble from one of our 2016 grant recipients, the Goulburn Regional Conservatorium (GRC). The GRC's Goulburn Strings project was awarded a \$10,000 grant at the SMSA AGM in March this year, and they were surprised with the presentation of a further grant of \$5,000 at the Christmas Party.

As is now a tradition, the artwork of the Julian Ashton Art School's Annual Staff and Student Exhibition formed the backdrop to the party. The School would like to thank Paul Delprat, principal of the Julian Ashton Art School and his wife Sue Delprat for making the wonderful artworks available once again.

Christmas Party photos can be viewed on page 20.



Cuthbert's, the members' coffee area, opened in early 2016 and has become a popular spot for members to relax and get to know other members. Our members also enjoy using the other library facilities such as reading nooks, members' computers, and ipads.

PUBLIC PROGRAM (TALKS AND EVENTS)

SMSA's program of events, managed by Melanie Ryan with the assistance of Kylie Campbell, was once again very successful in 2016, with healthy increases in event attendance and positive feedback from members.

Suggestions from members are always welcome; we'd love to hear about the themes and speakers that you would like to see in the future.

Event photos can be found on page 21.

The Good Life Series

In late 2016, we introduced the Good Life series, consisting of talks on health, wealth, well-being and lifestyle for older adults. The talks held in September, October and November were:

- 'Complementary Therapies — Supporting Your Well-being' with Dr Sue Cochrane and Therese Lew;
- 'The Body Vital — Keeping Active' with Tracey Wong and Clare Lovelace; and
- 'Mindfulness and Meditation' with Michael Dash.

The response to this initiative has been resoundingly positive, and this series will continue in the new year.

Talkabouts

Our regular Talkabout series, held twice monthly on Tuesdays, again had great success with increased audience numbers. Curated around monthly themes, some of the most popular talks were:

- Indira Naidoo's lively talk on urban gardening;
- Reinhard Ronnebeck's illustrated presentation on the life and art of Vincent van Gogh;
- Leonard Janiszewski and co-author Effy Alexandris on the history and tradition of Greek milk bars and cafes;
- National Geographic Explorer Sarah Marquis who recounted her solo hike across the world;
- Eric Sidoti from the Whitlam Institute, whose speech marked Gough Whitlam's 100th birthday year;
- Dr Dennis Angove's informative talk about understanding the science of Climate Change; and
- Master storyteller Tom Ware's recounting of the true story of the wreck of a Sixty Miler, one of the ships that brought coal from Newcastle and Wollongong to Sydney.



Readings and Informal Talks

Our author talks and readings continued to be popular whether held more intimately in the Tom Keneally Centre or in the larger Mitchell Theatre. Some of the highlights were:

- Walter Mason's intriguing talk on travel writer H.V. Morton.
- Helen O'Neill's fascinating overview of the history of the *Daffodil*;
- Russell Workman on archiving both hard copy and digital photos;
- Susannah Fullerton in conversation with Walter Mason about her favourite places in Sydney;
- Winton Higgins talking about the Nuremberg Trials and his novel *Rule of Law*.

Poetry Readings

The Poetry at SMSA group gave several well-received readings including:

- The Best of the Bard to commemorate the 400th anniversary of Shakespeare's death;
- The Birth of Frankenstein celebrating 200 years since Mary Shelley wrote *Frankenstein*. The reading included additional selections from Dr Polidori's *The Vampyre* and the poems of Lord Byron and Percy Bysshe Shelley;
- *The Rime of the Ancient Mariner*; and
- Poems for Christmas Time.

There will be more readings by the group in 2017.

Classic Film Nights

Our Classic Film Night screenings were once again well attended and will continue on the second Thursday of each month. The top films were:

- *Persona*;
- *Children of Paradise*;
- *Three Days of the Condor*; and
- *Ninotchka*.

Writing Master Classes

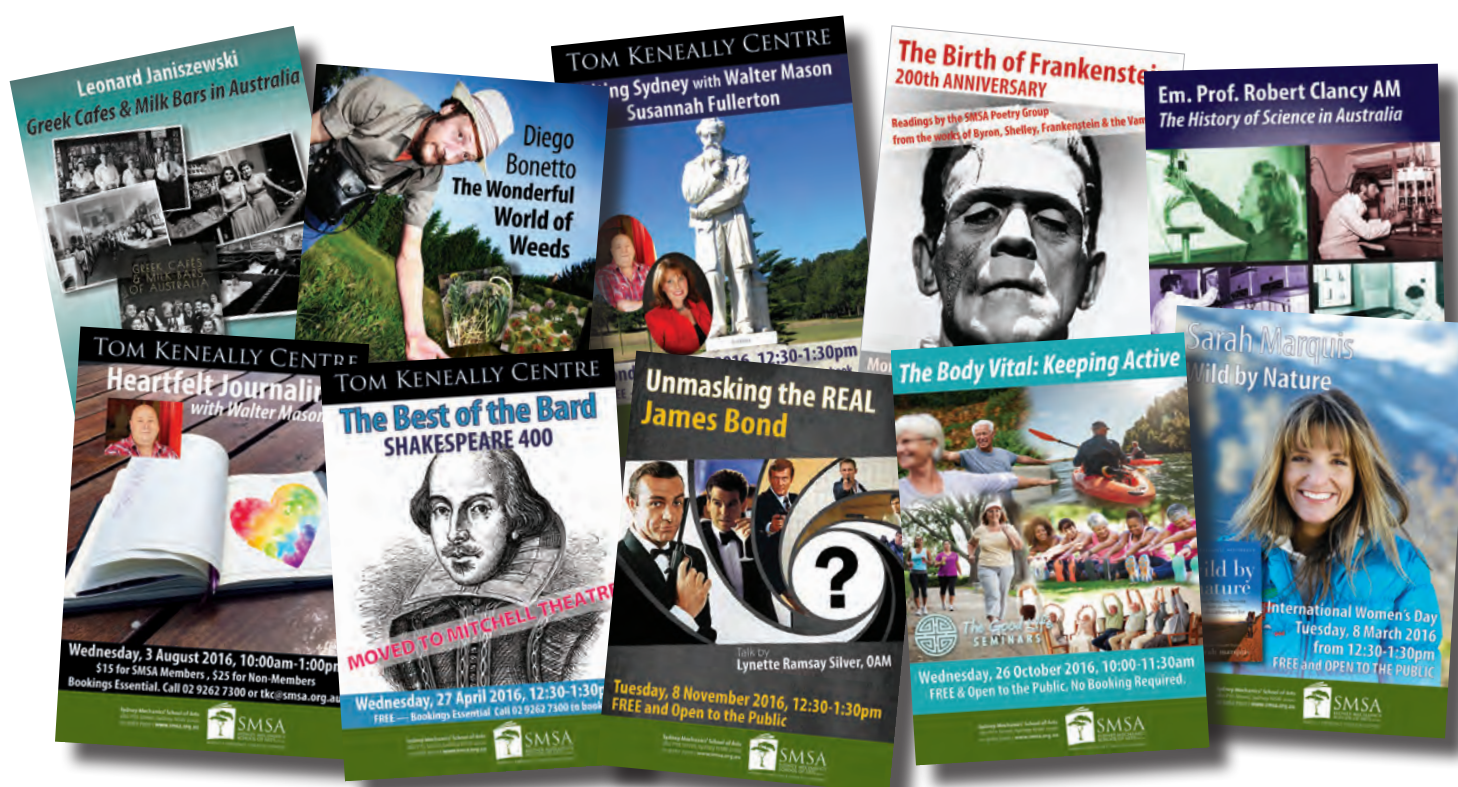
In 2016, the SMSA was only able to offer one Writing Master Class with Thomas Keneally and Claire Corbett. Running for three fortnightly full-day sessions, the classes helped participants hone their writing skills and gave them the unique opportunity to experience a 'one-on-one' coaching session with one of Australia's top authors, Tom Keneally.

Outreach Program

Our outreach program was again active in promoting the SMSA to community groups.

Groups such as Probus or Historical Societies have the option of hosting our Vice President Winsome Allen to give a talk 'on their home ground' or coming in to the SMSA for a tour of our facilities including the Library and the Tom Keneally Centre. These initiatives are free of charge.

If you are interested in booking an outreach talk or a tour of the SMSA for your group, please contact Kylie Campbell on 02 9262 7300 or admin@smsa.org.au to discuss dates and details.



CHRISTMAS PARTY



TALKS AND EVENTS



BUILDING MANAGEMENT

Building Committee

Geoff Webb (Chair)

The Building Committee was active over the past year in attending to a number of projects affecting the running of the SMSA building.

I would like to extend my thanks to the committee members for their support and dedication.

Premises

280 Pitt Street (formerly Lincoln House) comprises 11 Levels. SMSA occupies three floors and leases the other floors as Grade 'B' office space.

The building was designed by the architects Spain and Cosh and built in 1924. Originally, it was L-shaped with Pitt and Bathurst Street wings that were later divided. The Sydney Mechanics' School of Arts owns the Pitt Street wing. The building is listed in the City of Sydney Local Environment Plan Heritage List and in the NSW State Heritage Register.

The building underwent a major renovation after its acquisition in 1996. This was completed and occupancy commenced in 1999 with the official opening in 2000.

Tenants

The building continued to be fully tenanted throughout the year and our ratio of leasing to Not-For-Profit and/or organisations engaged in educational activities has been maintained. A review has been conducted of rents in the market place to ensure that our rates are aligned with rents in this part of the city. Of course, special consideration continues to be given to Not-For-Profit organisations.

Venue Hire

Strong demand continues for our venue hire facilities and planning is underway to refurbish parts of that facility in 2017.

Whilst the charges have been revised with the new rates applying in the new year, these are the first increases since 2013 and are modest; they keep pace with normal cost increases associated with running the venues.



SMSA's Venue Hire offers flexible and great value meeting rooms with a pricing structure that offers discounts to Not-For-Profit and Volunteer organisations.

Building Projects

There have been a number of projects undertaken this year to keep the building in good condition, to save costs and to improve the usefulness of the building.

Our Building Managers, StrataChoice through Arthur Alibrandi, have continued to provide valuable advice and service to the School and have help maintain the building and provide services to tenants and room hirers.

The library was repainted this year and Cuthbert's, the members' coffee nook, was opened. This area is proving to be very popular.

The lifts have required some maintenance during the year, and apologies are expressed for any inconvenience caused to members.

The replacement of the old circular fluorescent lights on the ground, first, second and third floors with LED fittings was commenced. This will lead to significant cost savings. It took considerable research by Arthur Alibrandi to find a suitable light and the School thanks him for his efforts. This project is expected to be completed by the 2017 AGM.

Due to the better efficiency of the new lights, members may notice some lights in the library have been turned off to reduce glare.

The full value of replacing the-lights in the fire stairs with motion detecting lights was realised in 2016. This has led to a significant saving in electrical costs. The School has also realised significant savings from the replacement of the air conditioning coolers in mid-2015.

The glass tiles inset into the ground at the building's entrance were also replaced, and comply fully with heritage requirements.

Work also has commenced on re-organising the space outside the Tom Keneally Centre on the third floor (i.e. the Norman Selfe & Windeyer rooms) into a more flexible layout, with the new space expected to be completed by the 2017 AGM.

Tenants as at 31 December 2016

Level	Tenants	Space
LG	Council On The Ageing**	0.7%
LG	National Council of Women of NSW **	0.7%
LG	ASCCA **	1.6%
LG	UNICEF Australia**	0.5%
LG	ACR Travel	1.5%
LG	Animal Justice Party**	0.9%
LG	Far and Wide Migration Services	0.7%
G	Doppio Espresso	0.1%
G	Sydney City Pharmacy	4.8%
1, 2 & 3	SMSA's own use **	30.8%
4	UNICEF Australia**	10.2%
5	UNICEF Australia**	2.2%
5	NAATI **	2.4%
5	Positive Recruitment	4.7%
6	Council On The Ageing **	4.6%
6	Grand Reach Realty	5.1%
7	Life Education Australia **	4.5%
7	MIT Institute **	4.8%
8	Castrisos Kanaris & Co	4.4%
8	Fiji Airways	3.2%
8	Health Consumers NSW **	1.6%
9	MIT Institute **	10.3%
Area occupied or under lease as of 31/12/2016		100.0%
Total area occupied by non-profit or education		75.6%

** Denotes not-for-profit organisations and/or those tenants engaged in educational activities.

GOVERNANCE

Governance Committee

Paul Reid (Chair)

The Governance Committee has had another active year in 2016, with good corporate governance a vitally important issue for both corporate and the Not-For-Profit sector organisations.

The School's Board remains totally committed to continuous improvement and effective governance to enhance reputation of the SMSA's social and financial sustainability.

I would like to personally extend my thanks to the members of the Governance Committee, other Board members and our Secretary for their commitment, assistance and sometimes good humour during 2016.

Governance

The Board continued with its development program to enhance the Directors' knowledge of their duties, obligations and legal responsibilities, along with corporate governance and leadership with respect to Not-For-Profit organisations.

The School engaged a consultant with Governance expertise to assist us as required.

A committee restructure was undertaken as part of activities to strengthen the School's corporate governance:

- The Grants Committee was dissolved and the Governance Committee assumed oversight of the School's grants, donations and prizes;
- The Library and Membership Committees were amalgamated into the new Members' Services Committee;
- A Strategic Planning Committee was formed; and
- There was no change to the Building Committee.

The School also held a Special General meeting late in the year to consider several changes to the By-laws including pre-polling and a motion with respect to limiting terms for Directors. The proposed changes were carried, and the change to Director's terms will take effect following the 2017 AGM. I wish to thank the School's former Director, John Robinson for championing the cause of 'limited Director terms'.

At the time of writing this report the Governance Committee and Member Services Committee have developed materials for an information day in February 2017 for prospective Directors to provide them with an understanding of at least some of their responsibilities if elected.

The Board continues to:

- review policies and procedures to ensure that they comply with all legal and ethical standards;
- revise the School's strategic plan; and
- analyse the School's risk management plan.

We continue with our practice of obtaining a Declaration of Conflicts of Interests annually from all Directors following the AGM. Further, at the commencement of each Board meeting, the Chair will ask if there are any Conflicts of Interests in regards to matters discussed at that particular Board meeting.

Grants and Donations

The Governance Committee reviewed and considered several grant applications during the year. Applying organisations make their formal application on a downloadable form from the School's website. The committee assessed each application to ensure it fulfils the criteria set out in the Grants Policy and aligns with the School's values and objectives.

I trust the recipients of our grants will be assisted in achieving their goals.



SMSA President Denis Mockler, Paul Scott-Williams of the Goulburn Regional Conservatorium and SMSA Secretary Brian Johnston

Goulburn Regional Conservatorium — \$15,000

Grants of \$10,000 and a further \$5,000 were awarded in 2016 to support the Goulburn Regional Conservatorium's Goulburn Strings Project, a musical education program for beginner strings students at Goulburn Public School. Many of the students involved have disadvantaged backgrounds and/or face extreme learning and behavioural challenges related to ADHD, autism spectrum and foetal alcohol syndrome. The Goulburn Strings Project has seen a measurable and marked improvement in outcomes for the children involved and their parents.

<http://www.thegrc.com.au/grc-strings-project>

Moorambilla Voices — \$10,000

Moorambilla Voices is a multi-arts development program that connects talented young people from rural and remote NSW with some of Australia's finest composers, musicians, choreographers and regional artists. The grant supports their Moorambilla Arts Pathways (MAP) initiative which provides senior Moorambilla Voices participants with one-on-one mentoring relationships.

<http://moorambilla.com>

WEA Sydney — \$9,900

Established in 1913, WEA (Workers' Educational Association) Sydney's mission is to provide adults with stimulating and varied educational activities which develop their knowledge, understanding and skills. In recognition of the close relationship between our two organisations, WEA Sydney was awarded with a grant of \$9,900 to assist with relocation of classes during the redevelopment of their adjoining site.

<http://www.weasydney.com.au>

The Julian Ashton Art School — \$6,000

Established in 1890, the Julian Ashton Art School is Australia's oldest continuous fine art school. Based in The Rocks, their former students include Sir William Dobell, John Olsen, Brett Whiteley, Thea Proctor and many other prominent Australian artists.

<http://julianashtonartschool.com.au>

The Scholars for 2017 (awarded in November 2016) are:

Full-time Scholarship	Timothy Perkins
Part-time Scholarship	Christian Holmes



SMSA President Denis Mockler presents the grant to Michelle Leonard and Dayle Murray from Moorambilla Voices.

Pitt Street Poets — \$4,000

Pitt Street Poetry is a specialist Sydney-based poetry publishing house founded in 2012 to publish contemporary Australian poetry and selected reprints of modern Australian classics. Their published poets include such well-known names as Chris Wallace-Crabbe, Luke Davies, Peter Goldsworthy, Geoff Page, John Foulcher and Ron Pretty, plus leading lights of the new generation such as Anthony Lawrence, Melinda Smith, Jakob Ziguras and Eileen Chong. The grant will support the production and promotion of new books of Australian poetry.

<http://pittstreetpoetry.com>

The National Council of Women (NSW) — \$3,000

The National Council of Women (NSW) is a non-government umbrella organisation with broadly humanitarian and educational objectives that celebrated its 120th anniversary in 2016. The grant has been used to fund NCW (NSW) Australia Day Award scholarships for women who are excelling in their post-graduate studies.

<http://www.ncwnsw.org.au>

The 2016 recipients (to be presented in January 2017) are:

Alexandra Heron
PhD candidate, Work and Organisation Studies,
Business School, University of Sydney

Lisa Oyston
PhD Candidate, Functional Genomics Lab,
Garvan Institute of Medical Research

Peri Tobias
PhD candidate, Faculty of Agriculture, Plant and
Food Sciences, University of Sydney

Other Activities

The SMSA continues to provide discounted rates for venue hire for qualifying Not-For-Profit and volunteer organisations. This has been a long-standing tradition which benefits both the SMSA and the organisations involved.

Prizes

In years past, the Board of the Sydney Mechanics' School of Arts gave sums of money to the University of Sydney, the University of Technology, Sydney and the University of Western Sydney, providing an endowment for prizes to be awarded annually at these Universities.

The following prizes were awarded for work in the 2015 academic year and presented in 2016:

University of Sydney

Maxwell E Arthur Prize in Australian Literature
Claudia Schmidt

University of Technology, Sydney

Award in Adult Education
No award for the 2015 academic year

University of Western Sydney

Award in Professional Writing
Sarah Casha

Award in Theoretical Studies
Stacey Sherwood

Award in Humanities
Amelia Wilson

Award in Social Science
Christine Krol and Therese Malone (joint recipients)

Award in Health
Rocco Cavaleri

Award in Nursing
Loriate Gribbin

STRATEGIC PLANNING

Governance Committee Max Williams (Chair)

In February 2016, the Board established a Strategic Planning Committee following a review of the Board's Corporate Governance.

The purpose of the Committee was to advise the Board on the strategic priorities of the organisation and significant issues that currently or have the potential to impact its continuing success. The Board has a responsibility to ensure the long-term viability of the SMSA so that it has the resources to fund the facilities it provides to members and is able to meet its social obligations under the SMSA Charter.

With the assistance of external consultants, the Board has examined the threats and opportunities that the organisation faces over the next 3 to 15 years, having regard to its ability to maintain its present level of income, the continuing changing in technology, the expected demand for its services and the demographic of its membership.

As will be seen from the Accounts, the SMSA has performed exceedingly well in 2016 as a result of good management of the SMSA building and favourable rental conditions. The SMSA income, however, relies almost entirely on this asset and in 2017 it will be 20 years since the building underwent a major renovation. Notwithstanding how well our maintenance program performs age and external factors will in time effect our ability to provide the present level of services.

Similarly, the nature of the services provided by the SMSA, such as the Library, Events and Seminars, have become more easily accessible through mobile telephony and associated technologies. This makes it hard to retain the natural clientele of the SMSA and makes it harder to attract a younger demographic. Also the monetary value of the services the organisation provides is lower than its intrinsic value and the cost of providing such services is high.

The likelihood of government or private sponsorship is limited given the current fiscal and economic outlook and current government policy and instability.

The current direction of earning revenue from the SMSA property may remain viable for some time but the possible future variance in income and the impact of so many external factors means the SMSA should consider alternative business strategies.

The changes in the field of vocational training in recent times has opened up opportunities whereby the SMSA could return to its original role of providing training either in its own right or in partnership with another organisation. The Board will be investigating whether such a role is feasible and whether there are like organisations that the SMSA could enter into a commercial arrangement that would be profitable and be consistent with the objectives of our organisation.

The Board will also be considering alternative services that it could offer where our library expertise/resources would be of value to professional organisations that maintain specialist libraries.

TREASURER'S REPORT

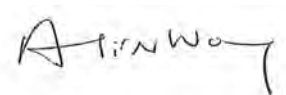
The change in the School's auditor resulted in various changes in accounting treatments regarding the School's assets according to the Australian Accounting Standards. There is a one-off write-down of the School's library valuation of \$848,180 to reflect its resale value plus a depreciation charge of \$331,817 for the School's building. Consequently, the School is showing a net deficit of \$919,952 against a net surplus of \$120,507 in 2015. This is a purely an accounting matter.

However, there is an increase in the comprehensive surplus for the year mainly due to the increase in the revaluation of the School's land and building.

In terms of cash and term deposits, there is an increase of \$216,165 from \$2,726,581 to \$2,942,746 reflecting the healthy financial operations of the School.

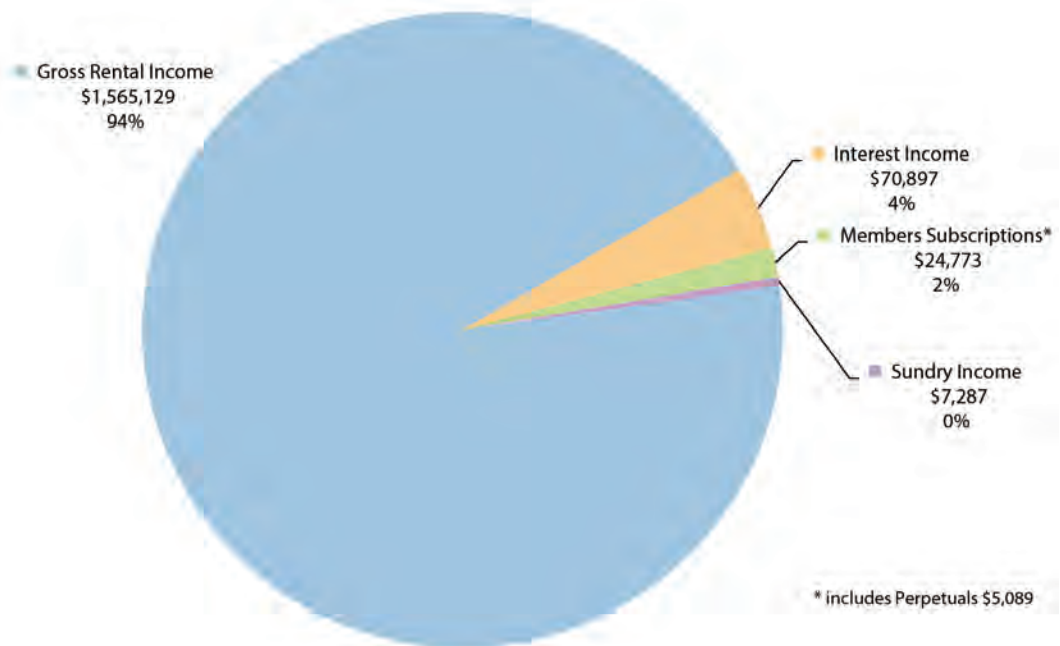
Looking forward to next year, plans are in hand which include the celebration the School's 185th birthday as well as the refurbishment of the building foyer and the auditorium on the first floor.

Once again, I would like to thank my hard-working fellow Board members, our staff and volunteers - for their commitment and enthusiasm in supporting the School's many and varied activities.

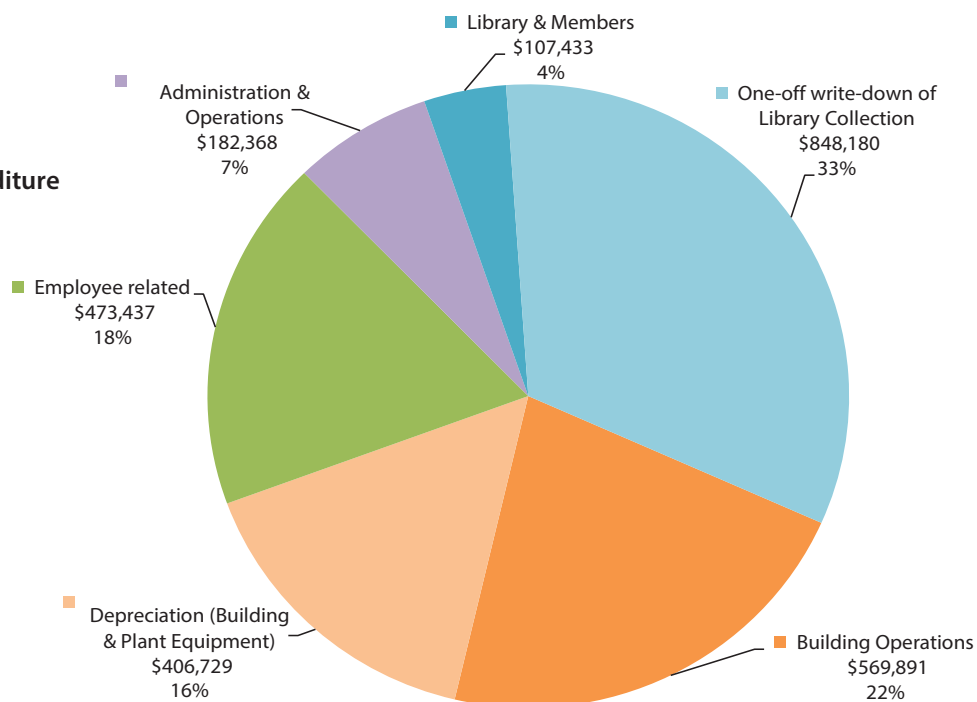


Alister Wong CPA
Treasurer

Income



Expenditure



PART II
FINANCIAL STATEMENTS
31 DECEMBER 2016

SYDNEY MECHANICS' SCHOOL OF ARTS
ABN 29 720 771 090

AUDITED BY
BRIAN WISE
OF
WATSON ERSKINE PTY LTD



Watson Erskine Pty Ltd
Chartered Accountants

ABN 44 125 509 015

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Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Auditor's Independence Declaration to the Board of Sydney Mechanics' School of Arts

In accordance with Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct in relation to the audit.

Watson Erskine Pty Ltd
Authorised Audit Company

Watson Erskine Pty Ltd

B. P. WISE
Director

B. P. Wise

Dated this 28 day of February 2017

Sydney, NSW

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

**Statement of Comprehensive Income
For the Year Ended 31 December 2016**

		2016	restated 2015
	Note	\$	\$
Rental revenue		1,565,129	1,557,328
Other revenue	5	102,957	99,263
Depreciation of property, plant and equipment	6	(406,729)	(161,980)
Employee benefits expense		(473,437)	(544,005)
Impairment of assets	7	(848,180)	(90,324)
Rental outgoings		(569,891)	(500,778)
Other expenses		(289,801)	(238,997)
(Deficit) / surplus for the year		(919,952)	120,507
Other comprehensive income			
Net gains from revaluation of property, plant and equipment		3,562,822	1,687,312
Other comprehensive income for the year		3,562,822	1,687,312
Total comprehensive surplus for the year		2,642,870	1,807,819

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

**Statement of Financial Position
As At 31 December 2016**

	Note	2016 \$	restated 2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,092,746	187,181
Trade and other receivables	9	12,915	36,535
Other financial assets	10	1,850,000	2,539,400
Other assets	11	139,325	162,377
TOTAL CURRENT ASSETS		3,094,986	2,925,493
NON-CURRENT ASSETS			
Property, plant and equipment	12	24,499,018	22,143,126
TOTAL NON-CURRENT ASSETS		24,499,018	22,143,126
TOTAL ASSETS		27,594,004	25,068,619
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	32,918	91,492
Employee benefits	14	33,072	42,792
Other financial liabilities	15	63,090	96,481
Other liabilities	16	143,254	156,078
TOTAL CURRENT LIABILITIES		272,334	386,843
NON-CURRENT LIABILITIES			
Employee benefits	14	9,410	12,386
TOTAL NON-CURRENT LIABILITIES		9,410	12,386
TOTAL LIABILITIES		281,744	399,229
NET ASSETS		27,312,260	24,669,390
EQUITY			
Reserves	17	10,497,527	6,934,705
Retained surplus		16,814,733	17,734,685
TOTAL EQUITY		27,312,260	24,669,390

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts ABN: 29 720 771 090

Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

	Retained Earnings	Asset Revaluation Reserve		Total
	\$	\$		\$
Balance at 1 January 2016	17,734,685	6,934,705	-	24,669,390
Surplus for the year	(919,952)	-	-	(919,952)
Revaluation increment	-	3,562,822	-	3,562,822
Balance at 31 December 2016	16,814,733	10,497,527	-	27,312,260

2015 (restated)

	Retained Earnings	Asset Revaluation Reserve	Major Building Maintenance and Refurbishment Reserve	Total
Note	\$	\$	\$	\$
Balance at 1 January 2015	16,155,926	5,247,393	1,458,252	22,861,571
Surplus for the year	120,507	-	-	120,507
Revaluation increment	-	1,687,312	-	1,687,312
Correction to Reserve	4 1,458,252	-	(1,458,252)	-
Balance at 31 December 2015	17,734,685	6,934,705	-	24,669,390

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Statement of Cash Flows
For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,752,225	1,527,188
Payments to suppliers and employees	(1,558,978)	(1,477,351)
Interest received	70,897	79,040
Net cash provided by/(used in) operating activities	22 264,144	128,877
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(47,979)	(70,813)
Net change in investment in term deposits	689,400	(225,657)
Net cash used by investing activities	641,421	(296,470)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash used by financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	905,565	(167,593)
Cash and cash equivalents at beginning of year	187,181	354,774
Cash and cash equivalents at end of financial year	8 1,092,746	187,181

The accompanying notes form part of these financial statements.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

The financial report covers Sydney Mechanics' School of Arts ('the School') as an individual entity. Sydney Mechanics' School of Arts is a not-for-profit School, registered and domiciled in Australia.

The principal activities of the School for the year ended 31 December 2016 include:

- the provision of commercial office space and venue hire;
- the provision of library services;
- running a robust program of talks, readings and screenings.

The functional and presentation currency of Sydney Mechanics' School of Arts is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the opinion of those charged with Governance the School is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Income Tax

The School is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the School and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Rental income is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

Other income is recognised on an accruals basis when the School is entitled to it.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(d) Property, plant and equipment

Library books

Library books are measured using the revaluation model. Additional purchases of common use collection books are expensed.

Depreciation

Property, plant and equipment, excluding freehold land, are depreciated on a straight-line basis over the assets useful life to the School, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Freehold Land	Not depreciated
Buildings	2.5%
Plant and Equipment	5% to 50%
Library Books	Not depreciated

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(e) Impairment of non-financial assets

At the end of each reporting period the School determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies

(g) Employee benefits

Provision is made for the School's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Change in accounting policy

The School changed its accounting policy relating to the Major Building Maintenance and Refurbishment Reserve. As detailed in Note (4), the School has adopted AASB 137, Provisions, Contingent Liabilities and Contingent Assets which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The main changes are explained below:

Accounting for building maintenance reserve

The School in previous years maintained a Major Building Maintenance and Refurbishment Reserve where an amount was credited to this reserve each year for the forecast repairs and maintenance of property. Under AASB 137, a liability can only be created if there is a present obligation arising from past events, the settlement of which is expected to result in an outflow from the School of resources embodying economic benefits. Hence, for the year ended 31 December 2016, the Board of the School has decided to discontinue maintaining the Major Building Maintenance and Refurbishment Reserve and to also reverse the impact of Major Building Maintenance and Refurbishment Reserve on the prior year comparatives and as such have restated the financial statements for the year ended 31 December 2015.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

An independent valuation of property (land and buildings) carried at fair value was obtained in April 2016. Those charged with governance have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

An independent valuation of library books carried at fair value was obtained in 2012. Those charged with governance have reviewed this valuation.

4 Change in Accounting Policy

Following the Board's decision to comply with AASB 137, there is no requirement to create an expense for forecast refurbishment of the SMSA Building at 280 Pitt St Sydney. The 2015 profit and loss was restated to reverse the amounts that were charged to the Major Building Maintenance and Refurbishment Reserve. These amounts totalled \$95,034 and have the effect reducing expenses, reducing the reserve and increasing closing retained earnings. The adoption of this policy has also resulted in a transfer of \$1,458,252 from Major Building Maintenance and Refurbishment Reserves to Retained Earnings at 1 January 2015.

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 31 December 2015 is as follows:

The 2015 comparatives were also updated to show the recoupment of catering expenses totalling \$21,243 as income. Originally the 2015 recoupment was offset against expenses.

	Previously stated \$	31 December 2015 Adjustments \$	Restated \$
Statement of Comprehensive Income			
Rental revenue	1,536,085	21,243	1,557,328
Other revenue	99,262	-	99,262
Depreciation expense	(161,980)	-	(161,980)
Employee benefits expense	(544,005)	-	(544,005)
Impairment of assets	-	(90,324)	(90,324)
Rental outgoings	(664,893)	164,115	(500,778)
Other expenses	(238,997)	-	(238,997)
Net surplus	25,472	95,034	120,506
Statement of Financial Position (Equity extract)			
Reserves	8,487,993	(1,553,288)	6,934,705
Retained Earnings	16,181,397	1,553,288	17,734,685
Total Equity	24,669,390	-	24,669,390

10

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

5 Revenue and Other Income

Revenue from continuing operations

	2016	2015
	\$	\$
Sales revenue		
- member subscriptions	24,773	11,374
Finance income		
- other interest received	70,897	85,866
Other income		
- other trading revenue	7,287	2,023
Total other revenue	102,957	99,263

6 Depreciation of property, plant and equipment

	2016	2015
	\$	\$
Depreciation		
Buildings	331,817	-
Plant and equipment	74,912	161,980
Total	406,729	161,980

The Board has decided that, in accordance with AASB 116 Property, Plant and Equipment, the buildings be depreciated from 1 January 2016 prospectively.

7 Impairment of assets

During the year ended 31 December 2012, the Board of the School revalued the library books to \$1,319,675 based on an independent valuation. That valuation was based on replacement of "new for old" books. The valuer also determined that the market value of the books was \$251,212. Subsequent additions to the library increased the value recorded at December 2015 to \$1,377,787. However, for the year ended 31 December 2016, the Board, having considered the requirement to comply with impairment and fair value standards, has decided to state the library books at fair value to \$294,902. This has resulted in an impairment loss of \$848,180 after reversing the balance of \$234,705 in the asset revaluation reserve.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

8 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at bank and in hand	592,746	187,181
Short-term deposits	500,000	-
	<u>1,092,746</u>	<u>187,181</u>

9 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	12,915	36,463
Other receivables	-	72
Total current trade and other receivables	<u>12,915</u>	<u>36,535</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

10 Other Financial Assets

Held-to-maturity investments

	2016	2015
	\$	\$
CURRENT		
Term deposits	1,850,000	2,539,400

11 Other Assets

	2016	2015
	\$	\$
CURRENT		
Prepayments	36,105	28,330
Accrued income	6,310	41,503
Rental bonds	96,910	92,544
	<u>139,325</u>	<u>162,377</u>

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

12 Property, plant and equipment

	2016	2015
	\$	\$
Freehold land		
At fair value	10,000,000	8,500,000
Total Land	10,000,000	8,500,000
Buildings		
At fair value	14,000,000	11,800,000
Accumulated depreciation	(234,290)	-
Total buildings	13,765,710	11,800,000
Plant and equipment		
At cost	927,019	945,390
Accumulated depreciation	(488,613)	(480,051)
Total plant and equipment	438,406	465,339
Library books		
At fair value	1,377,787	1,377,787
Accumulated impairment losses	(1,082,885)	-
Total library books	294,902	1,377,787
Total property, plant and equipment	24,499,018	22,143,126

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land	Buildings	Plant and Equipment	Library Books	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2016					
Balance at beginning of year	8,500,000	11,800,000	465,339	1,377,787	22,143,126
Depreciation	-	(331,817)	(74,912)	-	(406,729)
Revaluation	1,500,000	2,297,527	-	-	3,797,527
Additions	-	-	47,979	-	47,979
Impairment loss	-	-	-	(1,082,885)	(1,082,885)
Balance at the end of the year	10,000,000	13,765,710	438,406	294,902	24,499,018

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

**Notes to the Financial Statements
For the Year Ended 31 December 2016****13 Trade and Other Payables**

	2016	2015
	\$	\$
Current		
Trade payables	32,612	91,437
Other payables	306	55
	<u>32,918</u>	<u>91,492</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

14 Employee Benefits

	2016	2015
	\$	\$
Current liabilities		
Provision for employee benefits	33,072	42,792
Non-current liabilities		
Long service leave	9,410	12,386

15 Other Financial Liabilities

	2016	2015
	\$	\$
CURRENT		
Amounts received in advance	63,090	96,481

16 Other Liabilities

	2016	2015
	\$	\$
CURRENT		
Rental bonds	96,910	95,761
ATO - GST	16,775	17,332
Payroll liabilities	29,569	42,985
	<u>143,254</u>	<u>156,078</u>

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

17 Reserves

Asset revaluation reserve

The asset revaluation reserve records unrealised gains on the market value of non-current assets.

	2016	2015
	\$	\$
Asset Revaluation Reserve		
Library Books	-	234,705
Land	8,200,000	6,700,000
Buildings	2,297,527	-
	10,497,527	6,934,705

18 Capital and Leasing Commitments

There are no capital and leasing commitments as at the date of this report.

19 Members' Guarantee

The liability of a member of the Sydney Mechanics' School of Arts to contribute towards the payment of the debts and liabilities of the Sydney Mechanics' School of Arts or the costs, charges and expenses of the winding up of the Sydney Mechanics' School of Arts is limited to the amount, if any, unpaid by the member in respect of membership of the Sydney Mechanics' School of Arts as required by By-law 8.

20 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditor Watson Erskine Pty Ltd (2015: Manser Tierney & Johnston), for:		
- auditing or reviewing the financial statements	14,500	14,420

21 Contingencies

In the opinion of those charged with governance, the School did not have any contingencies at 31 December 2016 (31 December 2015: None).

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Notes to the Financial Statements For the Year Ended 31 December 2016

22 Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	Restated 2015
	\$	\$
Surplus for the year	(919,952)	120,507
Non-cash flows in surplus:		
- depreciation	406,729	161,980
- impairment of property, plant and equipment	848,180	90,324
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	23,620	(26,365)
- (increase)/decrease in other assets	23,052	-
- (increase)/decrease in prepayments	-	4,072
- (increase)/decrease in interest receivable	-	(6,826)
- increase/(decrease) in trade and other payables	(58,574)	162,955
- increase/(decrease) in other financial liabilities	(33,391)	-
- increase/(decrease) in other liabilities	(12,824)	5,825
- increase/(decrease) in employee benefits	(12,696)	-
- increase/(decrease) in reserves	-	(383,595)
Cash flows from operations	<u>264,144</u>	<u>128,877</u>

23 Statutory Information

The registered office of and principal place of business of the school is:

Sydney Mechanics' School of Arts
280 Pitt Street
Sydney NSW 2000

Sydney Mechanics' School of Arts

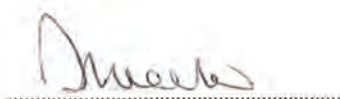
ABN: 29 720 771 090

Responsible Persons' Declaration

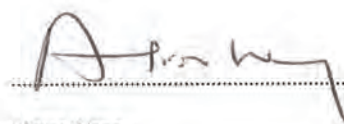
The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the School is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes for the year to 31 December 2016 satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Denis Mockler
President



Alister Wong
Treasurer

Dated this 28th day of February 2017



Watson Erskine Pty Ltd
Chartered Accountants

ABN 44 125 509 015

Level 4, 55 Clarence Street, Sydney NSW 2000
GPO Box 2003, Sydney NSW 2001

T +61 (02) 9248 9600
F +61 (02) 9248 9666
E mail@watsonerskine.com.au
W www.watsonerskine.com.au

Sydney Mechanics' School of Arts

Independent Audit Report to the members of Sydney Mechanics' School of Arts

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Sydney Mechanics' School of Arts (the School), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the School's financial position as at 31 December 2016 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the School in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the School to meet the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The financial report of the School for the year ended 31 December 2015 was audited by another auditor who expressed an unmodified opinion on that financial report on 19 February 2016.

Responsibilities of Management and Those Charged with Governance

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the School or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Watson Erskine Pty Ltd
Authorised Audit Company

Watson Erskine Pty Ltd

B. P. WISE
Director

B. P. Wise

Sydney, NSW

Dated this 28 day of FEBRUARY 2017

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Compilation Report For the Year Ended 31 December 2016

COMPILATION REPORT TO SYDNEY MECHANICS' SCHOOL OF ARTS

We have compiled the accompanying special purpose financial statements of Sydney Mechanics' School of Arts, which comprise of the Detailed Income Statement and Rental Properties Statement for the year ended 31 December 2016.

The Responsibility of the Board

The Board of Sydney Mechanics' School of Arts is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

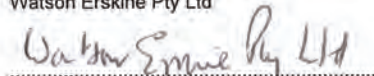
Our Responsibility

On the basis of the information provided by the Board we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in the notes to the financial statements and APES 315: *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in the notes to the financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*.

The special purpose financial statements were compiled exclusively for the benefit of the Board who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Watson Erskine Pty Ltd



Sydney

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

Detailed Income Statement For the Year Ended 31 December 2016

	2016	2015
	\$	\$
Income		
Interest income	70,897	85,866
Member subscriptions	24,773	11,374
Other revenue	7,287	2,023
Net rental surplus	995,238	1,056,550
Total income	1,098,195	1,155,813
Less: Expenses		
Administration and management fees	6,511	6,608
Advertising	6,189	10,151
Auditors remuneration	14,500	14,420
Computer expenses	35,853	17,919
Conference/Seminar costs	-	14
Consulting and professional fees	53,614	28,645
Consumables	58,893	51,561
Depreciation	406,729	161,980
Donations	41,900	42,100
Entertainment	10,196	10,687
First aid supplies	1,626	820
Insurance	4,976	4,431
Impairment	848,180	90,324
Lease rentals on operating lease	8,281	-
Leave pay	4,594	-
Other employee costs	3,732	2,354
Postage	1,611	749
Printing and stationery	9,966	7,369
Promotion	11,044	4,222
Repairs and maintenance	1,598	2,982
Salaries	415,087	447,604
Security costs	-	4,130
Staff training	3,084	(2,236)
Subscriptions	6,308	6,084
Superannuation contributions	37,129	44,636
Telephone and fax	10,151	8,621
Termination benefits	5,535	49,411
Travel - domestic	385	849
Workers compensation insurance	4,275	2,236
Other operating expenses	6,200	16,635
Total Expenses	2,018,147	1,035,306
Net surplus / (deficit)	(919,952)	120,507

Note: This Detailed Income Statement does not form part of the audited financial statements.

Sydney Mechanics' School of Arts

ABN: 29 720 771 090

**Rental Properties Statement
For the Year Ended 31 December 2016**

	2016	2015
	\$	\$
Rental Income	1,334,020	1,325,103
Facilities Rental	231,109	232,225
Total rental income	1,565,129	1,557,328
Agents fees	17,932	-
Catering	17,276	21,243
Cleaning	56,815	63,846
Electricity and gas	85,621	104,493
Insurance	27,010	28,206
Rates - council	56,352	52,965
Rates - water	10,142	8,937
Repairs and maintenance	220,466	155,391
Security	25,997	27,001
Strata management	52,280	38,696
Total rental expenses	569,891	500,778
Net rental surplus	995,238	1,056,550

Note: This Rental Properties Statement does not form part of the audited financial statements.

All images are © Sydney Mechanics' School of Arts and are held in the collection of the Sydney Mechanics' School of Arts unless otherwise specified below.

Page 4

Pitt Street, 1848 showing the Sydney Mechanics' School of Arts (from book 'Sydney in 1848 : illustrated by copper-plate engravings of its principal streets, public buildings, churches, chapels, etc.' from drawings by Joseph Fowles), p 49, courtesy of the State Library of New South Wales - DL Q84/56

Page 5

'The Late Dr. Carmichael', (1883, March 31). The Sydney Mail and New South Wales Advertiser (NSW : 1871 - 1912), p. 585, from <http://nla.gov.au/nla.news-article162079078>

Page 7

His Excellency General The Honourable David Hurley, AC DSC (Ret'd), Governor of New South Wales, courtesy of the Office of the Governor of New South Wales, Government House.

Back Cover

Sketches of the Sydney Mechanics' School of Arts, 'The Sydney Mechanics' School of Arts, *Illustrated Sydney News*, Saturday 24 May 1890, page 27, courtesy of the State Library of NSW

Sydney Mechanics' School of Arts

280 Pitt Street, Sydney NSW 2000
02 9262 7300 | www.smsa.org.au





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SMSA
SYDNEY MECHANICS'
SCHOOL OF ARTS EST 1833

MAKING A DIFFERENCE THROUGH LEARNING