

Hand Eye Society Annual General Meeting 2016 Minutes

DATE: February 13, 2016, from 3:17 P.M. to 4:45 P.M.

LOCATION: Electric Perfume, 805 Danforth Ave.

ATTENDED BY: Hand Eye Society (HES) members, staff, and volunteers

SPEAKERS: Outgoing Board President Miguel Sternberg, Treasurer Chris Gehman

MINUTE TAKER: Community Manager Al Donato

GOVERNANCE: Roberts Rules of Order

1. Welcome

Presiding officer welcomed attendees, went over Roberts Rules of Order and introduced “point of information” as a term to question terminology.

2. Call to Order

Motion to call meeting to order introduced by Presiding Officer Miguel Sternberg at 3:20 P.M., seconded, and approved by all attending.

Miguel introduced board members: Chris Gehman, Alex Jansen, Cindy Poremba, Sara Grimes, and Adam Axbey. Exiting board member Alex Jansen was absent, and sends his regrets.

3. Approval of agenda

Motion introduced by Miguel. All in favour, no one abstaining. Motion passed.

4. Overview of Organization and Review of 2015 Activities

- Organization is in second year of Trillium funding, with one year left in cycle.
- A lot of focus was in strengthening long-term, extending capacity, and bringing in new membership.
- Jim Munroe moved to funding/partnership role to continue economic sustainability.
- Staff: Sagan assumed role of Executive Director, Kadeem Dunn and Krystle became Game Curious Coordinators, Ken Cho continued as HES' Tech Lead, and Al as community manager. Miguel said changes were “amazing to see.”

5. Presentation of 2015 Financial Statements

- Treasurer Chris Gehman took membership through last year’s revenue and budget.
- Any member has the right to request spreadsheets: this is not by law, but the Hand Eye Society encourages transparency.

5.a) The HST audit situation:

Jim: “Several months ago we got a notice from the Canadian Revenue Agency about an HST audit. Big part of our funding comes from Trillium ... public money is not HST taxable but it goes through another organization called Art Starts. They act as our trustee, we get money through them. Government decided [that] money that went through Art Starts was not taxable; when it came to us, [the government decided that] we are providing a service to Art Starts, even though we’re not. That amounts to a 10 to 13 per cent of the budget disappearing. As a result we’ve had to appeal HST audit because we feel it’s unfair and doesn’t take into account the reality of the situation. We’ve been in the

process ... won't be settled for six months. We don't want to pay interest on amount we owe, so we paid \$10,000 that we're hoping we get it back, but we're planning our budgets conservatively in case the government doesn't see reason."

-Question from member asks if audit comes from the federal government,

*- Jim confirmed, said that he'd been in contact with other orgs who have also undergone the audit.
-Jim explained how fund and partnerships was part of his role as executive director, but not one he was able to pursue as well as other roles; Jim stated he was excited to focus on new role in an exclusive way, saying his approach to it is would be growing opportunities like membership fees, arts council money, potential sponsorships; last Society ball the organization received in-kind and cash sponsorships, a big milestone he is hoping to grow.
-Jim mentioned that part of mandate is to show games aren't all commercial so HES doesn't want people to "see website festooned with logos." Plans to work with sponsorship partners that understand this and see that the more credibility HES has as a videogames arts organization, the better for the whole community.*

5.b) Statement Walkthrough:

-Chris leads membership through first pages of financial statements.
-HES, because of its size and no recurring operating funding, is not required by funders to go by audit or review engagement, so the organization has the lowest level scrutiny by an accounting firm. The organization's financial statements are in condensed form so people don't have to go through months of dispersed income.
-Reasons for not getting a full audit: it's not required and more expensive.

5.c) Income and Expenses Breakdown:

-A breakdown of income and expenses for 2015 was presented by Chris. It excluded Trillium funding because it is in a partnership bank account with Art Starts to avoid HST issue.
-All expenses: \$10,000 provided to Revenue Canada, spending of organization breaks down mostly on people, takes us until end of calendar 2015, at end we have \$2,282 on books.

Question from member asked: *"Point of order, the money we're providing for HST, the revenue in holding, is that reflected in \$10,000 on expenses?"*

Chris answered that the 10,000 was exactly that. That sum was paid because if HES didn't pay tax immediately, it would accrue a large interest fee, so it would be better to pay ahead.

-Chris said that on the statement of financial position , HES' balance for 2015 is \$2,282; \$11, 685 is surplus accumulated as of December 2015.
-Pie charts of spending were shown to membership. Chris stated that these included Trillium funding.
-63 per cent of funding went to labour, at \$62,769.89.
-HST is second largest, followed by equipment and supplies, artist fees, professional fees, insurance, promotions, and lastly, travel.
-Labour, defined by Sagan: "Can be anything from AI writing calendar and digest, me doing admin

work ... any time Game Curious coordinators do sessions, we would like to be able to pay people to run those workshops.”

Question from member: “Early on it was said Trillium was ending this year. Now, I’m not sure of the process. Is there a possibility of renewal or replacement by other sources?”

Chris: “We can go back to Trillium. Not necessarily for the same activities, we can also search for other sources of funding. One of the key things we’re talking about is finding more stable sources of funding.”

Jim: “Going back to Trillium, they have things called Grow and Seed. Grow can be for expanding Game Curious, do it on a larger scale for that to work. Seed could be for summer camp. It was derailed by various partners getting lay-offs last year. I’m looking at viability in seeding game-making summer camp for kids and applying to the Seed program. As well as 2017, potentially we are going for operational funding which would ensure base level of money to pay the ED.”

-Chris brings up OAC as possible venue for funding.

Question from member: “If we could obtain operating, could that go to perhaps an office or a possible space that could be dedicated and used forward?”

Chris answered that funding would likely be insufficient for both space and staff.

Question from member: “If operating funding for straight-up non-profits is difficult, is it more better for registered charities? Has the board explored charity status?”

Jim: “In terms of enormous difference with operational funding from arts councils, there doesn’t seem to be a big differences in charities and non-profits. Becoming a charity is expensive ... there’s constraints on how non-profits run, even more on charities. We’re open to it, but it would have to impact sustainability positively, rather than something we just do. Sometimes people think people are dying to give us money as donors, and that’s never...we’ve never encountered someone with a big novelty size check. We do have relationships, Art Starts for example is a charity ... potential if we could do stuff through them, but at the moment, until there’s a good reason to do so, we won’t do it. Talk to me afterwards if you know about opportunities.

T: The problem with becoming a charity with small funding and staff is that administering is way higher, in terms of taxation, in contrast to non-profit.

Question from member: “Point of interest: are there guidelines on who’s acceptable in regards to sponsors?”

Jim: "One thing I mentioned, not wanting to be mistaken for a trade show... clarifying we're an arts org and not an industry thing ... we're quite open to partnerships with all kinds. It's limited to my bandwidth to pursue, but ideas would be most appreciated. I put together a partnership spreadsheet ... and it's over 100 partners, mostly non-cash, but in partnerships and collabs of various sorts. There's a lot of like-minded organizations we'd like to collaborate on some levels."

Question from member: *"Are there any projections and goals, a quantifiable number in terms of reaching in future?"*

Jim: "No not at the moment, it's still really exploratory. I'm currently looking for people who have mentoring time to offer to me because I'm pretty new at this, I don't have a '\$2000 in next quarter' kind of thing."

-Chris presents pie charts that depict what revenue was generated in 2015.

-Public funding raised was \$42,000; membership fees were "modest, but important contributions." Fundraising did well, at \$19,326.25.

-Jim: "That's gross -- we cleared \$4,000 to \$5,000 from Society Ball after expenses, we're hoping to increase that from year to year in a small way."

-Jim states that he wants to make sure people have a sense of entire income expenditures, and voting on financial statements.

Motion introduced by Miguel to accept these statements. Seconded. All in favour, no one abstaining. 2015 financial statements are accepted.

-Miguel shared a variety of income-reporting facts. An accountant, review engagement or full audit all have various levels of scrutiny and expenses.

"For small organizations like ours make under 100K, we qualify for a Notice to Reader level, which is light scrutiny that costs \$1,000 to \$2,000. If anyone is not planning to vote in favour, I hope you give us a chance to address your concerns. We have to renew every year, so if things not clear, we can settle to the best of our ability now."

Question from Board member: *"If we go with light scrutiny, are we repeating what we did last year?"*

Chris confirmed.

Question from member: *"Point of Interest, is this not going to affect funding in any way shape or form?"*

Chris: "Not to my knowledge, in terms of public arts council funding it would be expected. At the moment, we enter funding stream then we get recurring funding. We would expect entering the audit process as organization ages."

Jim: "The funders are generally conscious of the fact this is a big expense, they don't make you do it before you get funding."

Chris: "It's very normal for Ontario arts organizations to have these type of financial statements, our actual finances are so simple that there's nothing there to scrutinize. "

Follow-up question from member: "Is that the protocol? Are there any known detriments to getting the Notice to Reader?"

Chris: "No. Not in the position that we're in now."

Question from member: "There are a lot of organizations within 50 to 100k... there's maybe a little bit of growth from last year, yeah?"

Jim confirmed.

Follow-up statement from member: "So we're growing, which is great."

Jim: "It's a good law to have in place because it beholdens the board and staff to present numbers and staff to act as a fail-safe, so that the money presented seems kosher. If it doesn't, membership can say 'well actually we should get an audit.' The default is an audit, unless we do this, have this decision, and pass the motion.

Follow-up: "You said to require higher levels of scrutiny one we need to pass \$100,000 —so what point are we at right now?"

Jim: "Just under, if you combine Trillium and other money."

Follow-up: "Assume we'll do it [reach \$100,000] next year?"

J: Not necessarily, there is a chance for that. The funding is similar to what we had this year.

Motion introduced by Miguel to accept resolution for an accountant. Seconded, all in favour, and passed.

6. Election of Board Directors

-Secret ballot was held, with options to elect Shaun Hatton and Chris De Castro, to replace exiting directors Alex Jansen and Miguel. The other directors have one more year in their two year terms. Two new board nominees would bring Board to six, its sitting limit. The ballot determines a majority voting for candidate, not one or the other.

-Ballot results: both nominees were voted in by majority.

7. Discussion: Conflict of Interest Regarding Exhibiting Work If One Is HES Staff or Board

-Sagan said that there is a stipulation that 50% of Board must be game artists; how does that work when curating an arcade? Contentious issue if there's money involved.

DISCUSSION, CONDENSED:

Chris: This issue came up last year and we talked about at Board Meetings, thought it'd be good to throw this to membership. Arts organizations have to approach this question in different ways. Organizations are usually formed by people who are most interested ... often times [organizations are the] only places where people have to show their work. Over time, publications invest and larger community members; becomes a question, should board member be showing work? Should staff members? Up to this point, Hand Eye has a policy of not paying those people.

Jim: We haven't had a payment policy in place anyway. No one's asked us about it, but we want to be proactive about it.

Chris: On the other hand, there are organizations that have strict policies. The Images Festival, when I arrived we developed a strict conflict of interest policy which was that board and staff couldn't exhibit; great is that it's really simple, but that was a fairly mature org with lawyers. Others don't have any policies at all.

Jim: Just to clarify, we're not going to make the policy at this meeting. We're hoping to get thoughts and input from members, Board will discuss and draft policy, next AGM we will be voting on a policy. Long process, but makes sure there are no snap judgements.

Chris: no one gets rich off artist fees anyway. Most are operating in another kind of market. But there's always the question of appearance of conflict of interest. It can in some ways be more important than real conflict of interest.

Dave: It's a real interesting question. On one hand we have a lot of staff that do really great work, when we're saying is that that could potentially hurt an event, specifically if there's a difference. For example, due to narrower programming. On other hand, issue comes down to how many people are submitting? If there's a ton of submissions, that's where the issue comes in.

Will: From the perspective of Wordplay, we rely on rotating judges year after year. It would not be feasible to have them barred from future Wordplay festivals. Maybe for that year it's a no-go, certainly for myself. Maybe that's the compromise. If you are involved that year, you sit out.

Member: I do some issue management consulting myself, and by and large, the point of no paying is a no brainer. What people will freak out about is when it's all kept quiet. Guiding principle should be transparency, should be common knowledge to both everyone in society and those walking in.

Cindy: I want to raise a couple other things influencing this. One is the number of Toronto events and what proportion of that are Hand Eye Society involved, right now it's a fairly large portion. Also, the nature and types of games people make for them. If you are making a screen-based game

versus an artist who creates specific works, or writerly games where there's less a range of activities. It's possibly really detrimental. In particular, board positions, they last two years. Think of the impact of that on their careers and artistic practices. Finally, collab opportunities; lucky to be in environment where people do artistic collabs, so to exclude staff and board members from participating in events can flag them as somebody that no one can work with. So, just a number of factors.

Dave: It comes down to what curatorial processes are. Issues like blind review could be helpful as well, something like that for Wordplay that could be up to the organizers. If board members are submitting stuff, how do you know?

Miguel: One problem with that, is when the games are well-known, especially if you're an expert in that field.

Chris D: This conversation is going to be affecting me very directly in next year for "Wizards of Trinity-Bellwoods"... I've labelled HES, I have it on my website, I don't know what's going to happen but I'm very interested where and if I will be presenting in different arenas, how we can make it fair and equitable."

Member: I wanted to ask: if you're a random member who wanted to submit at Wordplay, would you not be able to volunteer?

Jim: No, this is more for people who are in positions, we don't want people to think it's an in-crowd, certain kind of club, more for people who are staff and board.

Miguel: One thing to realize is that in bylaws we have a law that states we have 50 per cent active game makers, people who understand problems of game making on board; because of that, harder to get new people if we have a super hard-line of 'you can't show anywhere.'

Jim: It's hard, looking for people with one foot on the ground, but also long-term experience within the community, as well as something to offer in terms of strategy and health of HES, these are things to be checked...if we make the decision to make it a blanket thing. Can endanger organization if the leadership is a narrow group of people who have to sacrifice certain opportunities. It doesn't need to be strict policy or no policy, we'd also discussed things like...artist fees, which are like \$80 per game, would be a show of good faith. The board can make exceptions. To use Cindy's example, if you have a writerly game, you would have to go through the board process of getting it approved, which has a layer of transparency that otherwise you wouldn't have. That's just one possible tweak to it, if anyone has any ideas we can add throughout the year?

Member: You said bylaws, 50 per cent active game makers ... that's a giant category, to me it sounds like people from like Activision or whatever wouldn't be... so how many people on the board are from an active indie space or more from the professional side?

Miguel: For one, if you're marking professional as people working for a big company making games, there are many who do it, so it's not quite the terminology I use.

Member: Gets to point that Hand Eye reaching out is not seen as reaching out into an insular

community. Yes, professional is term you got to be careful about, but there is a very healthy commercial development community in Toronto, I know Sagan has said she wants to have more connections, I wonder if board wants more people from that world because those people would not be exhibiting artistic works?

Jim: That's a good point.

Chris Gehman: Well, there's also people like me, who are not interested in game-making or development, but developing organizations as a whole. Could be a question of how board composition moves over time.

Cindy: And there are a few people on board who make and sell commercial videogames, that happen to be artsy or for a social cause.

END OF DISCUSSION. MINUTES WILL BE REVIEWED TO AID POLICY-MAKING.

Motion introduced by Miguel to adjourn meeting. Seconded, all in favour. No one abstaining. The motion passed.