

Atira Women's Resource Society
Summary of its Response to
The Office of the Comptroller General's *Investigation of BC Housing, Report on the Observations and Recommendations*, EY, March 6, 2023

The March 6, 2023 Ernst & Young report raised a number of significant questions about the activities of the management of Atira Women's Resource Society over a number of years, as a consequence of an audit examining the activities of its major funder, BC Housing.

On May 9, 2023 Atira released the full submission it provided to the Government of B.C.'s legal council appointed to refer the EY Report to Atira as part of its *Freedom of Information and Protection of Privacy Act* public interest disclosure. Atira also released all appendices and materials that substantiated the submission.

In order to be transparent and also indicate areas where there may have been a misunderstanding or misinterpretation of the materials provided, Atira's Board is releasing this summary.

Please note: this summary is released in tandem with the announcement of May 12, 2023 by Atira re-asserting that it welcomes the new BC Housing Forensic audit into Atira. Please read that release here: <https://atira.bc.ca/press-release-atira-launches-own-review-into-issues-raised-in-ernst-young-report>

Provision of Financial and Accounting Information

As the EY Report was an audit into BC Housing, not Atira, there was limited interaction between Atira staff and the report writers. It was limited to a 45-minute interview of Atira's CEO about capital projects and a discussion with the finance department to receive the request for accounting documentation.

It is Atira's view it provided all the necessary information that was requested by EY, including our full cash and bank general ledger. We also offered to provide any additional information required for the analysis.

Atira looks forward to providing all and any materials in all future audits.

On February 9, 2023, EY sent the following email confirming so:

From: [REDACTED]@ca.ey.com
Subject: RE: Request: GL Dump - Cash
Date: February 9, 2023 at 5:18 PM
To: [REDACTED]@atira.bc.ca



CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thanks again [REDACTED].

I was able to download the files via the shared folder.
Appreciate the added information, it will definitely aid in our analysis.

We'll reach out if there are any additional questions/follow-up.

Cheers,

[REDACTED], CPA | [REDACTED]

There were no further requests from EY.

On March 9, 2023, the following email was sent to EY and BC Housing, which neither responded to:

From: [REDACTED]@atira.bc.ca
Subject: Review Status
Date: March 9, 2023 at 1:13 PM
To: [REDACTED]@ca.ey.com
Cc: [REDACTED]@bchousing.org



Hi [REDACTED],

Hope this e-mail finds you well.

I'd like to check in with you to see if you anticipate any additional review work with Atira, as we are getting into the busy period with FY2023 audit and would like to plan our staff hours and resources.

Thank you.



[REDACTED]
[help end violence against women and children](#)

There are a number of statements in the report about the status of Atira's financial statements.

Getting audited statements finalized in partnership with BC Housing is complicated and time consuming. It is our understanding that staff completed all tasks that would permit BC Housing to finalize the audits and invite them to contact us if there are other items needed.

BC Housing has often adjusted its cost allocation and budgeting methods, which required Atira to make retroactive funding or cost allocation adjustments, delaying the finalization of financial statements.

Administrative Costs

It is Atira’s understanding that its administrative costs are 9.03%, as calculated by the industry standard based on the Canadian Revenue Agency. We understand it was EY’s understanding that the amount was different - 15%. We look forward to a conversation to determine how we can agree on a model that works for both BC Housing and Atira in terms of this important calculation.

Comparison of FY2022 Total Expenditures on Management and Administration, per T3010 Information Return (Canada Revenue Agency)			
	(A)	(B)	(C) = (A) ÷ (B)
	T3010 Charity Return Total Expenditures on Management and Administration (Box 5010)	T3010 Charity Return Total Expenditures (Box 5100)	Percentage of Management and Administration
Atira Women's Resource Society	\$6,722,521.00	\$ 74,427,435.00	9.03%
PHS Community services Society	\$6,001,931.00	\$ 65,015,598.00	9.23%
Raincity Housing and Support Society	\$4,051,048.00	\$ 45,168,501.00	8.97%
Lookout Housing and Health Society	\$2,997,161.00	\$ 57,056,957.00	5.25% ⁴

Similarly, it appears that Atira uses a different methodology for assessing per-unit per-month (PUPM) subsidies. We have asked BC Housing for clarification on how EY calculated the PUPM operating cost and look forward to determining a methodology that meets the approval of all those involved.

Repayment of the Surplus of \$1.9 Million

Staff has, on the direction of the Board, returned the surplus of \$1,908,172 in advance of BC Housing completing the review of our 2021 financial year to demonstrate our commitment to moving forward together.

The Board wishes to note that its intention was always to provide this reimbursement of surplus, but was awaiting finalization of the typical protocols, which it has asked BC Housing to waive.

Disproportional Funding to Atira

We appreciate that there are concerns that Atira received \$20 million more in Provincial funding than the next largest provider in the sector (please note the EY report mistakenly stated this as \$35 million). There are a number of reasons for that.

- Atira provides 2,300 housing and shelter units, compared to the 1,600 provided by the next largest organization, PHS. See pages 2-3 of Atira's April 25 submission.

BC Housing funding for Atira and other service providers for FY 2019 through to FY 2022 was as follows:¹

	Atira	PHS	Raincity	Lookout
FY2022	57,528,741	36,897,671	27,249,756	30,419,831
FY2021	52,409,257	29,000,125	24,003,229	29,893,443
FY2020	32,375,858	25,214,156	20,804,559	24,972,040
FY2019	26,431,751	22,021,612	15,917,676	22,012,582

- During the COVID-19 pandemic, the B.C. Government provided much-needed funding increases across the board in this sector (and in many others), in an attempt to support as many British Columbians as possible during the pandemic. We would expect nothing less in terms of support for the most vulnerable – at-risk women and children.

Direct Awards Provided to Atira

The report addresses concerns over what are called “direct awards.” It is true that typically Atira, with other service providers, is invited to apply to receive funding to deliver housing or services for vulnerable people, after which BC Housing assesses and awards the funding and project to the provider who best meets the Request for Proposal (RFP) criteria.

In some unique circumstances, including during the pandemic, BC Housing asked Atira to operate housing and deliver services when other organizations declined due to a lack of immediate capacity.

We appreciate that this may be viewed with concern. We note that for many years in B.C. we have been confronted with back-to-back crisis situations including:

- 7 years of opioid crises
- A 3-year long global pandemic
- Decision to implement a decampment process impacting people on the Downtown Eastside (DTES).

Although challenging, we were pleased to be able to fulfill these requests by BC Housing. We agree that traditional RFPs are the most ideal methodology in most cases, but also appreciate the flexibility of the Government of B.C. and BC Housing shown in the face of these generational crises.

For 40 years, Atira has been providing housing and services to vulnerable women, children and individuals of all genders. The increased funding we have received from BC Housing reflects the growing need for safe housing amidst a worsening housing crisis. The COVID-19 pandemic has exacerbated this need, as many homes have become unsafe for women and children living with domestic abuse and additional safe housing has been required to prevent the spread of COVID-19.

Direct awards to Atira include:

We were routinely asked to operate buildings, especially during the pandemic, when other providers were unable or declined to, and often in response to decampments including:

1. Hi Hostel Vancouver, now closed (150 rooms)
 - Oppenheimer Park decampment
2. Luugat, formerly Howard Johnson (108 rooms)
 - Oppenheimer Park decampment
3. Buchan Hotel, now closed (68 rooms)
 - COVID-19 quarantine and recovery centre for all housing providers in DTES
4. Patricia Hotel (198 rooms)
 - Strathcona Park decampment

The following are examples of other organizations we understand received direct awards from BC Housing (See Page 13-14 of April 25 submission):

- Vancouver Chinatown Foundation
- Community Builders Group
- PHS Community Services Society
- RainCity Housing and Support Society
- Lu'ma Native Housing Society
- Victoria Cool Aid Society
- Coast Mental Health
- S.U.C.C.E.S.S.
- Lookout Emergency Aid Society

Atira Processes Related to Direct Awards

It is the Board's belief that Atira received additional funding because it was uniquely positioned to quickly and effectively deliver the housing that BC Housing wanted in place. We are now aware that Atira staff were involved in direct awards unless the contracts involved exceptionally complex circumstances and were escalated by staff to the Atira CEO's attention.

Exceptions include: The Patricia, where the CEO did not want to operate the building due to its size and Atira's recent difficult experience at Luugat. The CEO advocated for a smaller building instead.

The Buchan is another exception, which Atira had operated for more than a year when women were displaced from Bridge Housing for Women for an elevator upgrade. Many of the women wanted to return to the West End, and at the behest of the Bridge manager, the CEO advocated vigorously to keep The Buchan.

Appropriate Application of Funds

The Board was pleased to see the EY report confirm that Atira used all funds for their intended purpose – to provide housing and services for the most vulnerable.

The report states that the auditors did not identify any payments to vendors or payees from Atira's cash disbursement ledger, which would suggest that Atira used grants or public funds for means outside of their required purposes.

See page 33 of the EY report. It is also noted in the executive summary on page 8.

The Model for Housing the Vulnerable in B.C.

The report highlights a note from Atira's financial statements that Atira is economically dependent on BC Housing and other provincial funding sources. This is a commonly used note in Financial Statements for charities receiving government funding. It is there for two reasons:

1. CRA places rigid restrictions on commercial activities carried out by registered charities, which places significant limits on the amount of operating funds raised outside government funding. Similar notes can be found in other housing providers' audited financial statements. Although the assertion itself is accurate, since this is not a risk or note unique to Atira, this matter is not relevant to the analysis of the conflict of interest between BC Housing and Atira.
2. The model for providing housing to vulnerable people is for Government to provide funding to mainly not-for-profits to provide the housing. Atira, like other housing operators, continues to work to diversify funding, including fundraising.

Other examples of organizations who are economically dependent on public funding:

- WISH Drop-in Centre Society
- First Nations' Emergency Services Society of BC
- Elizabeth Fry Society of Greater Vancouver
- Victoria Sexual Assault Centre Society
- Richmond Family Place Society

Motel Hollywood

The Report states that Atira paid a higher price than the assessed value for the purchase of Motel Hollywood. This is true.

However, the Report did not provide much needed context as this was a highly unusual situation.

This was a site of human trafficking of young Indigenous teenage girls. We purchased it to put an end to the ongoing exploitation and trafficking of women and girls in the motel. BC Housing endorsed this decision. Please see [the email thread between Atira and BC Housing in which the purchase price vs the impact of the purchase are discussed fully.](#)

We are pleased to report that since the purchase, an additional 44 units of supportive housing have been added with plans for further housing on the property. The property has also increased significantly in value and will be a legacy to support women well into the future.

This purchase to date has saved more than 6,400 cumulative days of abuse of women and girls.

Continuous Improvement in Financial Management and Accounting

Atira has asked for additional budget to secure additional accounting staff.

The 2018 BDO financial review conducted at BC Housing's request outlines several recommendations and opportunities for improvement. Since that time Atira has implemented all of the recommendations made in the final report.

Additional issues cited in the EY report we wish to clarify:

- Atira was always prepared to and able to close the purchase of Burns Block. Atira assigned its contract for the purchase of Burns Block at the request of BC Housing.
- Atira was not made aware that BC Housing had excess capacity in its existing portfolio to house the approximately 56 women then residing at Sereena's when Atira purchased it.

- The loan commitment letter from BC Housing dated October 3, 2018, shows that BC Housing Management Commission (BCHMC) was pleased to confirm that BC Housing would make available to Atira a second priority forgivable mortgage loan. The report states the mortgage for 9155 status as repayable.
- Atira has never applied for, expressed any interest in or received any funding or debt from the Housing Investment Corporation (HIC).