



**The Public Guardian and Trustee of Manitoba
An Agency of the Province of Manitoba**

**Financial Statements
March 31, 2020**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to August 26, 2020. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Public Guardian and Trustee of Manitoba – An Agency of the Province of Manitoba are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with Canadian Public Sector Accounting Standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Public Guardian and Trustee have reviewed and approved these financial statements and the Annual Report in advance of its release and have approved its content and authorized its release.

Original Document Signed

Jana Taylor
Acting Public Guardian and Trustee





Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba,
To the Public Guardian and Trustee of Manitoba, and
To the Special Operating Agencies Financing Authority

Opinion

We have audited the financial statements of The Public Guardian and Trustee of Manitoba, Special Operating Agency (the "Public Guardian and Trustee of Manitoba"), which comprise the statement of financial position as at March 31, 2020, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Guardian and Trustee of Manitoba as at March 31, 2020, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Public Guardian and Trustee of Manitoba in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the fair presentation of the financial statements in accordance with PSAS, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing The Public Guardian and Trustee of Manitoba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern using the going concern basis of accounting unless an intention exists to liquidate The Public Guardian and Trustee of Manitoba or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Public Guardian and Trustee of Manitoba's financial reporting process.





Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 Canadian generally accepted 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Guardian and Trustee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Guardian and Trustee of Manitoba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Public Guardian and Trustee of Manitoba to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in cursive script, likely belonging to the Auditor General.

Office of the Auditor General
Winnipeg, Manitoba
August 26, 2020



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Financial Position
As at March 31, 2020
(In Thousands)

	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
Financial assets		
Cash and cash equivalents (Note 5)	\$ 7,707	\$ 7,047
Portfolio investments (Note 10)	515	515
Accounts receivable (Note 6)	<u>1,248</u>	<u>1,203</u>
	<u>9,470</u>	<u>8,765</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	545	534
Employee future benefits (Note 8)	<u>579</u>	<u>683</u>
	<u>1,124</u>	<u>1,217</u>
Net financial assets	<u>8,346</u>	<u>7,548</u>
Non-financial assets		
Prepaid expenses	16	18
Tangible capital assets (Note 9)	<u>270</u>	<u>190</u>
	<u>286</u>	<u>208</u>
Accumulated surplus	<u>\$ 8,632</u>	<u>\$ 7,756</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2020
(In Thousands)

	2020 <u>Budget</u> (Note 19)	2020 <u>Actual</u>	2019 <u>Actual</u>
Revenue			
Fees and other revenue (Note 12)	\$ 7,500	\$ 7,711	\$ 7,842
Investment income	<u>61</u>	<u>145</u>	<u>118</u>
Total revenue	<u>7,561</u>	<u>7,856</u>	<u>7,960</u>
Expenses			
Amortization of tangible capital assets (Note 9)	95	61	30
Accommodation costs (Note 11)	426	427	439
Other administration expenses (Note 13)	1,133	1,246	1,109
Salaries and benefits	5,221	4,906	4,861
Pension benefits (Note 14)	<u>418</u>	<u>340</u>	<u>350</u>
Total expenses	<u>7,293</u>	<u>6,980</u>	<u>6,789</u>
Annual surplus	268	876	1,171
Accumulated surplus, beginning of year	7,755	7,756	6,585
Accumulated surplus, end of year	<u>\$ 8,023</u>	<u>\$ 8,632</u>	<u>\$ 7,756</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Cash Flows
For the Year Ended March 31, 2020
(In Thousands)

	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash provided by (applied to)		
Operating		
Annual surplus	\$ 876	\$ 1,171
Amortization of tangible capital assets	<u>61</u>	<u>30</u>
	937	1,201
Changes in non-cash working capital balances:		
Accounts receivable	(45)	4
Accounts payable and accrued liabilities	11	(44)
Employee future benefits	(104)	(47)
Prepaid expenses	<u>2</u>	<u>1</u>
Cash provided by operating activities	<u>801</u>	<u>1,115</u>
Capital		
Acquisition of tangible capital assets	<u>(141)</u>	<u>(160)</u>
Cash applied to capital activities	<u>(141)</u>	<u>(160)</u>
Net increase in cash	660	955
Cash and cash equivalents		
Beginning of year	<u>7,047</u>	<u>6,092</u>
End of year	<u>\$ 7,707</u>	<u>\$ 7,047</u>
Supplemental cash flow information		
Interest received	\$ <u>124</u>	\$ <u>125</u>

The accompanying notes are an integral part of these financial statements.



PUBLIC GUARDIAN AND TRUSTEE OF MANITOBA
An Agency of the Province of Manitoba
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2020
(In Thousands)

	2020 <u>Budget</u> (Note19)	2020 <u>Actual</u>	2019 <u>Actual</u>
Annual Surplus	\$ 268	\$ 876	\$ 1,171
Tangible capital assets			
Acquisition of tangible capital assets	(180)	(141)	(160)
Amortization of tangible capital assets	<u>95</u>	<u>61</u>	<u>30</u>
Net change in tangible capital assets	<u>(85)</u>	<u>(80)</u>	<u>(130)</u>
Other non-financial assets			
Decrease (increase) in prepaid expenses	<u>(2)</u>	<u>2</u>	<u>1</u>
Net change in other non-financial assets	<u>(2)</u>	<u>2</u>	<u>1</u>
Net increase (decrease) in net financial assets	181	798	1,042
Net financial assets, beginning of year	<u>7,548</u>	<u>7,548</u>	<u>6,506</u>
Net financial assets, end of year	<u>\$ 7,729</u>	<u>\$ 8,346</u>	<u>\$ 7,548</u>

The accompanying notes are an integral part of these financial statements.

1. Nature of organization

The Public Guardian and Trustee of Manitoba – An Agency of the Special Operating Agencies Financing Authority – Province of Manitoba (the “Agency”) protects the interests of Manitobans by providing trust, legal, financial and personal services on a last resort basis to people who are mentally incompetent, under the age of majority, or whose estates would otherwise be unadministered upon their death.

Effective April 1, 1996, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council. Effective April 1, 2014 The Public Guardian and Trustee’s name was changed from The Public Trustee upon the enactment of legislation which updated and clarified the statutory roles of the office.

The Agency is financed through the Special Operating Agencies Financing Authority (“SOAFA”). SOAFA has the mandate to hold and acquire assets required for and resulting from the Agency’s operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous



planning and reporting requirements afforded by Special Operating Agency status, assists the Agency to sustain the provision of high quality service to its clients.

A Management Agreement between SOAFA and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA.

The Agency continues to be part of Manitoba Justice. The Agency is a corporation sole with perpetual succession. As a corporate entity, the Agency functions separately from government and is capable of suing or being sued on behalf of the clients, trusts and estates which are administered by the Agency.

The Agency remains bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided for in The Agency charter in order to meet business objectives.

2. Basis of accounting

The financial statements are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board.

3. Significant accounting policies

a) Revenue recognition

- i. Administration fees are charged quarterly as earned to client accounts based on the anniversary date of the account in accordance with the provisions of *The Public Guardian and Trustee Act*. Fees revenue recognized during the year consists of all fees charged.
- ii. Other fees are recognized and charged to an account as services are provided.
- iii. Statutory legal fees as prescribed in *The Public Guardian and Trustee Act* are recognized as revenue when received.

b) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized annually at the following rates and methods:

Furnishings and equipment	20%, declining balance basis
Computer hardware and software Document management	20%, straight-line basis, 10% in the year of acquisition, software purchases less than \$1 are expensed in year of acquisition
Leasehold improvements	20%, straight-line basis

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Agency's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the statement of operations and accumulated surplus.



c) Measurement uncertainty

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates used in the financial statements include allowance for doubtful accounts, amortization of tangible capital assets, sick benefits and accrued severance benefits costs.

d) Capital disclosures

The Agency's capital consists of the accumulated surplus from operations.

The Agency's capital management policy is to maintain sufficient capital to meet its objectives through its accumulated surplus. The Agency has developed risk management strategies, as described in Note 4, to preserve the accumulated surplus. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand; demand deposits and short-term highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at the date of acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

f) Prepaid expenses

Prepaid expenses include insurance and deposits and are charged over the periods expected to benefit from it.

g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

4. Financial instruments and financial risk management

Measurement

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

Financial instruments including cash and cash equivalents, portfolio investments, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations and



accumulated surplus in the period the gain or loss occurs. As at March 31, 2020, the Agency does not have any financial instruments measured at fair value. In the event financial instruments are measured at fair value gains and losses would be recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations and accumulated surplus.

The Agency did not incur any re-measurement gains and losses during the year ended March 31, 2020 (2019 - \$nil).

The Agency has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk which includes interest risk, and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, portfolio investments and accounts receivable.

The maximum exposure of the Agency to credit risk is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$7,707	\$7,047
Portfolio investments	515	514
Accounts receivable	<u>1,248</u>	<u>1,203</u>
	<u>\$9,470</u>	<u>\$8,765</u>

Cash and cash equivalents and portfolio investments: The Agency is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are primarily held by the Minister of Finance.

Accounts receivable: The Agency is not exposed to significant credit risk as the receivable is composed of fees due from a diverse client base. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses.

The aging of fees receivable and allowance for doubtful accounts on the accrued administration fees as at March 31, 2020 was as follows:

	Gross	Allowance
Current (note 6)	1,181	\$ 52
30-60 days past the billing date	-	-
61-90 days past the billing date	-	-
More than 90 days past the billing date	-	-
	<u>1,181</u>	<u>\$ 52</u>

Liquidity risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.



The Agency manages liquidity risk by maintaining adequate cash balances. The Agency prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. The Agency continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting. The Agency's accounts payable and accrued liabilities mature within 12 months.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Agency's income or the fair values of its financial instruments. The significant market risk that the Agency is exposed to is interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents and portfolio investments is considered to be low because of their short-term nature and because amounts are re-invested annually.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currencies.

5. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,457	\$ 4,697
Demand deposits	<u>3,250</u>	<u>2,350</u>
	<u>\$ 7,707</u>	<u>\$ 7,047</u>

6. Accounts receivable

	<u>2020</u>	<u>2019</u>
Fees receivable	\$ 1,227	\$ 1,216
Allowance for doubtful accounts	<u>(52)</u>	<u>(52)</u>
	1,175	1,164
Interest receivable	21	16
Advances to clients	46	17
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 1,248</u>	<u>\$ 1,203</u>



7. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Operating expenses payable	\$ 156	\$ 110
Vacation entitlements earned	355	387
GST payable to Canada Revenue Agency	<u>34</u>	<u>37</u>
	<u>\$ 545</u>	<u>\$ 534</u>

8. Employee future benefits

	<u>2020</u>	<u>2019</u>
Severance benefits	\$ 484	\$ 588
Sick pay benefits	<u>95</u>	<u>95</u>
	<u>\$ 579</u>	<u>\$ 683</u>

Severance benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of severance pay obligations is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life of the related employee group.

An actuarial report was completed for the severance pay liability as of March 31, 2017. The report provides a formula to update the liability on an annual basis.

The Agency's actuarially determined net liability for accounting purposes as at March 31, 2020 was \$560 (2019 - \$680). The actuarial loss of \$228 based on actuarial reports is being amortized over the 15 year expected average remaining service life ("EARSL") of the employee group. Benefits paid during the year were \$178 (2019 - \$122).

The severance benefit liability at March 31 includes the following components:

	<u>2020</u>	<u>2019</u>
Balance beginning of year	\$ 680	\$ 742
Increase due to change in discount rate	-	-
Benefits accrued	26	32
Interest on accrued benefits	32	28
Severance paid	<u>(178)</u>	<u>(122)</u>
Accrued benefit liability	560	680
Less: unamortized actuarial losses	<u>(76)</u>	<u>(92)</u>
Severance benefit liability	<u>\$ 484</u>	<u>\$ 588</u>



The total expense related to severance benefits at March 31 includes the following components:

	<u>2020</u>	<u>2019</u>
Interest on obligation	\$ 28	\$ 28
Employer service cost	32	32
Amortization of actuarial loss over EARSL	<u>15</u>	<u>15</u>
Total expense related to severance benefits	<u>\$ 75</u>	<u>\$ 75</u>

8. Employee future benefits *(continued from previous page)*

Severance benefits *(continued from previous page)*

Significant long-term actuarial assumptions used in the March 31, 2017 valuation, and in the determination of the March 31, 2020 present value of the accrued severance benefit obligation were:

	2020	2019
Discount rate ¹	3.80%	3.80%
Assumed salary increase rates		
Annual productivity increase	1.00%	1.00%
Annual general salary increase	<u>2.75%</u>	<u>2.75%</u>
	<u>3.75%</u>	<u>3.75%</u>

¹ In 2018 the discount rate was changed to reflect the province's weighted average rate of borrowing.

Sick pay benefits

The Agency provides its employees with sick leave benefits that accumulate but do not vest. The liability for accumulating, non-vesting sick pay benefits is based upon a review of past experience to extrapolate a liability based upon expected future utilization of currently accumulated benefit. The Agency is presenting the sick pay benefit liability at the 2020 value \$95 (2019 - \$95).



9. Tangible capital assets

	2020			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 346	\$ 7	\$ -	\$ 353
Computer hardware and software	125	-	-	125
Document management	175	134	-	309
Leasehold improvements	124	-	-	124
Total cost	\$ 770	\$ 141	\$ -	\$ 911
Accumulated amortization				
Furnishings and equipment	\$ 326	\$ 4	\$ -	\$ 330
Computer hardware and software	124	1	-	125
Document management	23	50	-	73
Leasehold improvements	107	6	-	113
Total accumulated amortization	\$ 580	\$ 61	\$ -	\$ 640
Net book value	\$ 190	\$ 81	\$ -	\$ 270

	2019			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 343	\$ 3	\$ -	\$ 346
Computer hardware and software	125	-	-	125
Document management	19	156	-	175
Leasehold improvements	123	1	-	124
Total cost	\$ 610	\$ 160	\$ -	\$ 770
Accumulated amortization				
Furnishings and equipment	\$ 321	\$ 5	\$ -	\$ 326
Computer hardware and software	123	1	-	124
Document management	5	18	-	23
Leasehold improvements	101	6	-	107
Total accumulated amortization	\$ 550	\$ 30	\$ -	\$ 580
Net book value	\$ 60	\$ 130	\$ -	\$ 190

10. Designated portfolio investments

Portfolio investments consist of designated assets and non-redeemable investments and guaranteed investment certificates. The Agency has allocated \$515 (2019 - \$515) of its portfolio investments as designated assets for cash received from the Province of Manitoba as settlement for the severance pay benefits accumulated to March 31, 1998 for certain of its employees. This amount is held in an interest bearing account. Any unused balance is re-invested annually. Funds are to be used for payments to employees for their outstanding severance pay amounts. Interest during the year amounted to \$8 (2019 - \$9)



11. Commitments

The Agency has an arrangement with the Province of Manitoba, through the Department of Infrastructure and Transportation, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be \$439 for the year ended March 31, 2020.

12. Fees and other revenue

	<u>2020</u>	<u>2019</u>
Administration	\$ 6,724	\$ 6,715
Legal fees	365	397
Income taxes	376	465
Inspection	<u>246</u>	<u>264</u>
	<u>\$ 7,711</u>	<u>\$ 7,842</u>

13. Other administration expenses

	<u>2020</u>	<u>2019</u>
Computer expenses	\$ 752	\$ 641
Courier charges	8	6
Insurance, loss, damage	26	19
Office supplies	97	82
Other	-	2
Personnel expenses	27	30
Photocopies	1	1
Postage	78	76
Professional fees	87	78
Publications	2	2
Public communications	2	1
Records Centre charges	30	31
Rentals, equipment	2	1
Repairs and maintenance	9	13
Support services - Department of Justice	21	20
Telephone	52	53
Travel	<u>52</u>	<u>53</u>
	<u>\$ 1,246</u>	<u>\$ 1,109</u>

14. Pension benefits

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the Civil Service Superannuation Act ("CSSA"), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid at March 31 was \$340 (2019 - \$350). Under this agreement, the Agency has no further pension liability.



15. Related party transactions

The Agency is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business. The transactions are recorded at the exchange amount.

16. Escheats to the Crown

Escheats to the Crown relate to estates of deceased persons with no heirs. These estates are sent by the Public Guardian and Trustee to the Department of Finance annually. Escheats to the Crown, received by the Agency during the year and remitted to the Minister of Finance, amounted to \$138 (2019 - \$79). These amounts are not reflected in these financial statements.

17. Estates and trusts under administration

The client assets under administration at March 31, 2020 totaled approximately \$277,000 (2019 - \$270,000). The trust activities of the Agency are reported in a separate Estates and Trusts under Administration financial statements.

18. Contingencies

Various claims and litigations arise in the normal course of operations. It is management's opinion based on advice and information provided by legal counsel that adequate provision has been made for any potential settlements relating to such matters. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance and actual results could differ and as adjustments become necessary they are reported in the periods in which they become known.

19. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Agency.



**The Public Guardian and Trustee of Manitoba
Estates and Trusts under Administration**

**Financial Statements
March 31, 2020**

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available up to August 26, 2020. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of the Public Guardian and Trustee of Manitoba – An Agency of the Province of Manitoba are properly safeguarded.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with Canadian Public Sector Accounting Standards. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

The Public Guardian and Trustee has reviewed and approved these financial statements and the Annual Report in advance of its release and have approved its content and authorized its release.

Original Document Signed

Jana Taylor
Acting Public Guardian and Trustee





Auditor General
MANITOBA

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Public Guardian and Trustee of Manitoba

Opinion

We have audited the financial statements of The Public Guardian and Trustee of Manitoba, Estates and Trusts under Administration (the "Trust"), which comprise the balance sheet as at March 31, 2020, and the statement of cash receipts and disbursements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balance sheet of the Trust as at March 31, 2020, and the statement of cash receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 2 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Public Guardian and Trustee to meet the requirements of Section 36(2) of *The Public Guardian and Trustee Act*. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Public Guardian and Trustee and Members of the Legislative Assembly and should not be used by other parties.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting described in Note 2 of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Trust to cease operations, or there is no realistic alternative but to do so.

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





Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 Canadian generally accepted 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in cursive script that reads "Office of the Auditor General".

Office of the Auditor General
Winnipeg, Manitoba
August 26, 2020



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba
Estates and Trusts under Administration

Balance Sheet
as at March 31, 2020

ASSETS	2020	2019
Cash on hand and in bank	\$ 14,206,575	\$ 10,734,661
Investments - Common Fund (Notes 2(a) and 3)	199,526,380	197,643,082
- Specific Estates and Trusts (Notes 2(b) and 4)	36,491,956	34,904,379
Accrued interest receivable on common fund investments (Note 2(a))	1,299,650	1,360,698
Real estate (Note 2(c))	25,769,599	25,623,098
Other assets at nominal value (Note 2(d))	<u>1</u>	<u>1</u>
	<u>\$277,294,161</u>	<u>\$270,265,919</u>
LIABILITIES		
Other liabilities at nominal value (Note 2(f))	\$ 1	\$ 1
Mortgages Payable (Note 2(e))	2,349,851	2,007,696
Public Guardian and Trustee- Fees payable (Note 1)	282,678	290,051
- Expenditures payable (Note 5)	<u>44,618</u>	<u>27,226</u>
	<u>2,677,148</u>	<u>2,324,974</u>
Estates and trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	168,468,022	164,949,728
<i>The Public Guardian and Trustee Act</i>	<u>106,148,990</u>	<u>102,991,217</u>
	<u>\$277,294,160</u>	<u>\$270,265,919</u>



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Statement of Cash Receipts and Disbursements for the year ended March 31, 2020

RECEIPTS	2020	2019
Funds held by estates and trusts brought under administration	\$ 14,433,843	\$ 14,956,192
Realization of equities in other estates	3,746,691	3,531,651
Pensions, compensation and assistance	40,998,799	39,476,746
Sickness, disability and other insurance benefits	7,844,717	13,164,543
Investment income	5,700,537	5,136,578
Sale of estate property	6,744,808	6,591,886
Collections on accounts receivable	<u>2,604,881</u>	<u>2,599,144</u>
Total receipts, before sale or redemption of securities	82,074,276	85,456,740
Sale and redemption of securities - Common Fund	21,750,000	41,500,000
Sale and redemption of securities - Specific Estates and Trusts	<u>4,738,844</u>	<u>4,829,453</u>
Total Receipts	<u>108,563,120</u>	<u>131,786,193</u>
 DISBURSEMENTS		
Room, board and other maintenance expense	35,585,801	34,466,687
Preservation of estates	6,027,957	7,493,709
Other estate expense	2,319,879	2,030,622
Administration and passing of accounts (Note 1)	7,237,460	7,454,787
Estates and trusts released from administration	<u>29,384,083</u>	<u>31,962,210</u>
Total disbursements, before purchase of securities	<u>80,555,180</u>	<u>83,858,015</u>
Purchase of securities - Common Fund	24,014,336	54,458,552
Purchase of securities - Specific Estates and Trusts	<u>521,689</u>	<u>486,616</u>
Total Disbursements	<u>105,091,206</u>	<u>138,803,183</u>
Excess cash receipts (disbursements)	3,471,914	(7,016,900)
Cash position at start of year	<u>10,734,661</u>	<u>17,751,661</u>
Cash position at end of year	<u>\$ 14,206,575</u>	<u>\$ 10,734,661</u>



GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Guardian and Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2020

1. Role and Objective

On April 1, 2014 *The Public Guardian and Trustee Act* was enacted. The legislation updated and clarified the statutory roles of the office. The Public Guardian and Trustee administer estates of mentally disabled persons, estates of deceased persons, and infant trusts. The Public Guardian and Trustee is considered to be an appointment of last resort. The Public Guardian and Trustee provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

Under Section 28 of *The Public Guardian and Trustee Act*, the Public Guardian and Trustee may charge fees for the services provided to the estates and trusts under her administration. Fees are charged quarterly to each estate and trust based on its anniversary date. Those estates and trusts which do not have sufficient funds may have the fees reduced or waived.

Effective April 1, 1996, the Public Guardian and Trustee became a Special Operating Agency. The operations of the Public Guardian and Trustee are reflected in a separate Special Operating Agency financial statement.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below in detail, to comply with the accounting requirements prescribed by Section 36 (2) of *The Public Guardian and Trustee Act*. The basis of accounting used in these financial statements is determined and approved by the Public Guardian and Trustee and differs materially from Canadian generally accepted accounting principles because they are prepared essentially on a cash basis to reflect only the custodial activities of the Public Guardian and Trustee, with the exception of the following items as recorded on the balance sheet:

- i. interest is accrued on Common Fund investments;
- ii. investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security;
- iii. bonds, term deposits, guaranteed investment certificates and treasury bills assumed under administration are recorded at cost (note 2(a)) or at par value (note 2(b));
- iv. certain shares (note 2(b)) are recorded at market value;
- v. fees and expenditures payable to the Public Guardian and Trustee are accrued; and
- vi. real estate holdings are recorded at the assessment value as stated on the last available property tax assessment from the relevant municipality. If property tax assessments are not available or assessment of beneficial ownership remains in progress with trust officers, the client real estate assets are recorded at a nominal value of \$1.



- vii. mortgages payable are recorded at the balance owing by the client estate as stated on the third party mortgage statement at the respective period end or using most recent mortgage statement with supporting payments or advances to the reporting period end date
- viii. other assets and liabilities are recorded at nominal value

Statement of Cash Receipts and Disbursements

The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

Balance Sheet

The Balance Sheet reflects the financial position of estates and trusts under administration in accordance with the following significant accounting policies:

a) Investments - Common Fund

Investments of the Common Fund, established pursuant to Section 22 of *The Public Guardian and Trustee Act*, are restricted to investments authorized under *The Trustee Act*. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed monthly to the individual estates and trusts on a pro rata basis on the daily closing balance in the client's account.

b) Investments - Specific Estates and Trusts

Investments held for specific estates and trusts are recorded at the following values:

Investments purchased by the Public Guardian and Trustee are recorded at cost.

Bonds, term deposits, investment certificates and treasury bills assumed under administration are recorded at par value.

Shares of capital stock and mutual funds assumed under administration are recorded at the market value. If market value is not available, shares of capital stock and mutual funds are recorded at a nominal value of \$1.

Registered Disability Savings Plan's (RDSPs) include both client and government contributions. Contributions made by or on behalf of clients whose assets are under administration are recorded at an amount that represents the cash contributions made and are included under Investments – Specific Estates and Trusts on the balance sheet. Government contributions to individual RDSPs are subject to potential repayment terms over a 10 year period and until such time as all conditions are met and full entitlement to the contributions vest with the client, which is anticipated to be the end of the 10 year period from the date the contribution is made, the amounts contributed by the government and related interest are recorded with Other Assets at an aggregate nominal amount of \$1.



At such time as all government conditions are met, the government portion contributed to individual RDSPs will be recorded under Investments – Specific Estates and Trusts at an amount representing cash contributions made plus accrued interest. As at March 31, 2019 and 2020 all government contributions have been recorded at a nominal amount of \$1 as vesting conditions have not been met.

c) Real estate

Real estate holdings for clients of the Public Guardian and Trustee are initially recorded at \$1. The real estate holding is adjusted to the assessment value as stated on the most recently received property tax assessment by the Public Guardian and Trustee.

d) Other Assets

Other assets which include bank accounts, accounts receivable, mortgages, notes receivable, real estate, RDSP (representing government contributions to individual estates under administration still subject to repayment terms) and other tangible assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable or remain in progress with trust officers to assess beneficial ownership. These assets are recorded on the client accounts at estimated market value for administrative purposes

e) Mortgages Payable

Mortgages payable are recorded at the balance owing by the client estate as stated on the third party mortgage statement at the respective period end or using most recent mortgage statement with supporting payments or advances to the reporting period end date.

f) Other Liabilities

Other liabilities which include accounts payable and notes payable are recorded for these financial statements at an aggregate nominal value of \$1 as valuation of these liabilities is not readily determinable. These liabilities are recorded on the client accounts at estimated market value for administrative purposes.

3. Investments - Common Fund

	2020 <u>Market Value</u>	2020 <u>Par Value</u>	2020 <u>Book Value</u>	2019
Term deposits & investment certificates	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 7,000,000
Alberta Capital Finance	42,723,762	41,600,000	41,927,707	53,652,680
Province of B.C.	11,100,693	10,200,000	10,391,104	16,446,115
Province of Manitoba	38,924,835	37,000,000	37,297,475	20,880,787
Province of Quebec	21,521,178	20,000,000	20,215,890	20,272,263
Province of Ontario	10,493,191	10,000,000	10,219,384	3,985,909
Province of New Brunswick	2,062,323	2,000,000	1,938,695	7,942,295
Province of Newfoundland	3,092,975	3,000,000	2,929,557	2,915,900
Province of Nova Scotia	8,411,454	8,000,000	8,131,853	8,245,135



Province of Saskatchewan	3,180,847	3,000,000	3,030,853	3,035,166
Municipals	1,949,449	1,900,000	1,900,000	1,900,000
Canada Housing Trust	<u>52,105,667</u>	<u>49,250,000</u>	<u>49,543,862</u>	<u>51,369,832</u>
	<u>\$207,566,375</u>	<u>\$197,950,000</u>	<u>\$199,526,380</u>	<u>\$197,643,082</u>

4. Investments - Specific Estates and Trusts

	<u>2020</u>	<u>2019</u>
Term deposits, investment certificates and treasury bills	\$ 16,832,834	\$ 17,166,389
Government of Canada and other bonds	1,333,797	1,339,599
Shares of capital stock and mutual funds	12,321,195	10,995,361
Registered Disability Savings Plan Funds	<u>6,004,130</u>	<u>5,403,030</u>
	<u>\$ 36,491,956</u>	<u>\$ 34,904,379</u>

5. Expenditures Payable to the Public Guardian and Trustee

Expenditures payable to the Public Guardian and Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Guardian and Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from operating funds of the Public Guardian and Trustee.



