

2010 - 2011 ANNUAL REPORT



**Public Trustee
of Manitoba**



**ATTORNEY GENERAL
MINISTER OF JUSTICE**

Room 104
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour the Honourable Philip S. Lee
Lieutenant-Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May it Please Your Honour:

I have the privilege of presenting for the information of Your Honour the Annual Report of
The Public Trustee Special Operating Agency for the fiscal year ending March 31, 2011.

Respectfully submitted,

A handwritten signature in black ink, reading "Andrew Swan". The signature is written in a cursive style with a large initial "A" and a long, sweeping underline.

Honourable Andrew Swan

Honourable Andrew Swan
Minister of Justice
Attorney General
Room 104 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I submit for your consideration the Annual Report of The Public Trustee Special Operating Agency for the fiscal year ending March 31, 2011.

The results of the 2010/11 fiscal year indicate that the SOA continues to be effective in meeting client needs and in its planning for the future.

The Advisory Board is pleased with the success of The Public Trustee and encouraged by the ongoing commitment of its employees.

Respectfully submitted,



Jeffrey A. Schnoor, Q.C.
Deputy Minister of Justice
Deputy Attorney General



Public Trustee
of Manitoba

155 Carlton St, Suite 500
Winnipeg, MB R3C 5R9
CANADA

Jeffrey Schnoor, Q.C.
Deputy Minister of Justice and
Deputy Attorney General
110 Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Sir:

In accordance with the provisions of Section 19 of *The Public Trustee Act* and the requirements of a Special Operating Agency, I submit the Annual Report of The Public Trustee for the fiscal year ending March 31, 2011.

Yours truly,

Joanna K. Knowlton
Public Trustee

RÉSUMÉ DES RÉALISATIONS DE 2010-2011

ADMINISTRATION DES DOSSIERS DES CLIENTS

1. Nous avons offert des exposés éducatifs à l'intention du public dans le cadre de deux grands séminaires et de plusieurs ateliers plus petits à la demande d'organismes publics, de groupes de services, de divers ministères gouvernementaux et du grand public. Un total de 689 personnes ont assisté à ces séminaires et présentations.

SUCCESSIONS ET FIDUCIES

2. Afin de toujours améliorer les services offerts aux héritiers et créanciers de successions et aux bénéficiaires de fiducies, tous les modèles de formulaires et de lettres ont été mis à jour pour qu'ils reflètent les politiques et procédures actuelles. Ainsi, les héritiers et les bénéficiaires auront des renseignements plus constants et plus rapidement accessibles.
3. Nous avons élaboré un programme d'automatisation du processus de calcul des successions et des fiducies qui entraînera des économies de papier et de personnel.

ADMINISTRATION FINANCIÈRE

4. Dans le cadre d'une étude à long terme des systèmes d'information, les exigences du système ont été incorporées à une demande de renseignements qui sera distribuée aux fournisseurs intéressés.
5. Nous avons effectué plusieurs améliorations de système dont :
 - un programme d'échange de données électroniques avec l'Agence du revenu du Canada qui sera mise en œuvre en 2011-2012;
 - une amélioration de la capacité à inscrire les cotisations du gouvernement et les investissements des clients dans des Régimes enregistrés d'épargne-invalidité.
6. Des outils de contrôle internes ont été mis sur pied afin de veiller à ce que les déclarations de revenus soient rapidement complétées et que les renseignements concernant l'impôt sur le revenu soient dûment comptabilisés.

SERVICES D'INSPECTION

7. Les nouvelles initiatives concernant la sécurité et l'hygiène au travail comprennent l'achat de chaussures à embout d'acier pour les inspecteurs et l'achat de pneus d'hiver pour les véhicules gouvernementaux.
8. Une surveillance accrue des biens entreposés des clients a été instaurée. Décider plus rapidement de continuer ou non à entreposer les biens des clients permettra à certaines personnes de faire d'importantes économies.

CONTENTIEUX

- 9.** Des membres de la Section du contentieux ont participé à plusieurs activités éducatives destinées au public, dont la semaine des testaments, la journée du droit, la journée d'orientation de la faculté de droit de l'Université du Manitoba, ainsi qu'à d'autres présentations et séminaires.
- 10.** Un avocat de l'organisme a continué la coordination et la mise en œuvre du processus de demande de paiement d'expérience commune relatif aux pensionnats indiens. Les clients ayant le droit de demander une indemnisation pour les mauvais traitements subis dans les pensionnats indiens ont également été identifiés. Un nombre important de demandes a été présenté au nom des clients admissibles.

TABLE OF CONTENTS

INTRODUCTION----- 1

- ❖ Profile of The Public Trustee
- ❖ Principles by which we Operate to Achieve our Mission
- ❖ Statutory Mandate

ABOUT THE PUBLIC TRUSTEE ----- 2 – 6

- ❖ Creation of The Public Trustee
- ❖ Special Operating Agency Status
- ❖ The Public Trustee Advisory Board
- ❖ The Public Trustee Organization
- ❖ Organization Chart

WHAT DOES THE PUBLIC TRUSTEE DO? ----- 7

Client Administration----- 7 – 9

- ❖ Committee
- ❖ Consent to Treatment for Patients in Psychiatric Facilities
- ❖ Substitute Decision Maker
- ❖ Attorney Pursuant to Enduring Power of Attorney
- ❖ Delegation of Authority

Estates and Trusts----- 10

- ❖ Deceased Estates
- ❖ Children's Trusts

DEPARTMENTAL ACCOMPLISHMENTS----- 11 – 17

- ❖ Client Administration
- ❖ Estates and Trusts
- ❖ Financial Administration
- ❖ Inspection Services
- ❖ Legal

TABLE OF CONTENTS

BUSINESS PLAN GOALS	18 – 22
----------------------------------	---------

- ❖ Long-term Business Goals
- ❖ Short-term Business Goals

INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS	23 – 24
---	---------

PUBLICATIONS	25 – 26
---------------------------	---------

PERFORMANCE FRAMEWORK	27 – 36
------------------------------------	---------

SUMMARY OF FINANCIAL RESULTS (SOA)	37
---	----

FINANCIAL STATEMENTS:

- ❖ The Public Trustee of Manitoba
An Agency of the Special Operating Agencies
Financing Authority - Province of Manitoba 38 – 55
- ❖ The Public Trustee of Manitoba
Estates and Trusts under Administration-- 56 – 64

INTRODUCTION

PROFILE OF THE PUBLIC TRUSTEE

The Public Trustee (PT) provides services for a fee to the people of Manitoba in accordance with its statutory mandate and existing policies. The PT operates with a high level of accounting, legal and professional expertise, which is necessary for the management of approximately 5,600 clients, estates and trusts. Assets under administration are currently valued at approximately \$222 million.

THE MISSION OF THE PT IS:

TO PROTECT THE INTERESTS OF MANITOBANS BY PROVIDING PROFESSIONAL AND COST-EFFECTIVE TRUSTEE SERVICES OF LAST RESORT THAT MEET THE NEEDS OF ITS CLIENTS.

THE PRINCIPLES BY WHICH WE OPERATE TO ACHIEVE OUR MISSION ARE:

- Our service is client focused;
- Our service is cost-effective; and
- Services that must be provided by statutory mandate are provided and if fees cannot be charged, the costs are covered by the revenue earned in other areas of our operation.

STATUTORY MANDATE

The PT is statutorily mandated to provide the following services to Manitobans:

- a) Acts as Committee for mentally incompetent persons under *The Mental Health Act*;
- b) Acts as Substitute Decision-Maker for adults living with a mental disability under *The Vulnerable Persons Living with a Mental Disability Act*;
- c) Gives or refuses consent to psychiatric treatment for mentally incompetent patients who cannot give or refuse consent themselves, and who have no other proxy or relative able to consent;
- d) Acts as Official Administrator for the province;
- e) Acts as Official Guardian for the province;
- f) Acts as Litigation Guardian for children and mentally incompetent persons who have no one else competent to represent their interests;
- g) Administers trust funds for children, and for adults with mental disabilities;
- h) Reviews all infant (children's) settlements; and
- i) Reviews all applications for private committeehip.

ABOUT THE PUBLIC TRUSTEE

CREATION OF THE PUBLIC TRUSTEE

The PT is a corporation sole. It was created by the enactment of *The Public Trustee Act* on February 1, 1973. The PT has a corporate seal and perpetual succession and functions separately from government. It is capable of suing or being sued on behalf of its clients, or the trusts and estates which it administers. *The Public Trustee Act* requires that the Auditor General audit the books and accounts of The PT. As well, the Act requires that an annual report be filed including an audited balance sheet and an audited statement of receipts and expenditures for the fiscal year. Since its inception, The PT has charged fees for its services in order to meet its salary and operating expenditures.

The current Public Trustee is Joanna K. Knowlton who was appointed by Order in Council effective July 3, 2007.

SPECIAL OPERATING AGENCY STATUS

Effective April 1, 1996 The PT commenced operation as a Special Operating Agency (SOA). Prior to this conversion, The PT had been operating on a full cost recovery (revenue) basis. The advantages of SOA status have assisted The PT to increase its services. These advantages include:

- The flexibility to hire staff as required to provide service levels appropriate to the fees charged;
- The ability to carry forward surpluses to subsequent years; and
- The ability to plan on a long-term basis.

The increased management authority and more rigorous planning and reporting requirements afforded by Special Operating Agency status have assisted The PT in increasing the quality of services to its clients.

The PT remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and the Minister for operational performance. The PT is accountable to Treasury Board for its financial performance. The PT operates outside the Consolidated Fund under the Special Operating Agencies Financing Authority, which holds title to The PT's assets, provides financing for operations and is responsible for The PT's liabilities. Accountability is supported by The PT's compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration Policies and by *The Special Operating Agencies Financing Authority Act*.

THE PUBLIC TRUSTEE ADVISORY BOARD

The PT provides a business plan and quarterly reports to its Advisory Board. The Board was established by The Public Trustee Operating Charter for review and consultation on short and long-term strategic planning, management, and operating issues of concern to the private and public sectors. Its members are appointed by the Minister of Justice and it is chaired by the Deputy Minister. The Board meets quarterly to provide advice to The PT on its direction, the annual business plan and its financial reporting requirements.

CHAIR	Jeffrey A. Schnoor, Q.C. Deputy Minister of Justice and Deputy Attorney General	
MEMBERS	Joanna K. Knowlton Public Trustee	ex officio
	Richard Sohor Chief Financial Officer Public Trustee	ex officio
	Doreen Kelly General Counsel The College of Physicians & Surgeons of Manitoba	Private Sector Representative
	L. Jean Sikomas Regional Trust Manager, Aboriginal Estate, Trust & Agency Services CIBC Trust Corporation	Private Sector Representative
	Jean Cox A/Assistant Deputy Minister Regional Programs and Services Manitoba Health	Client Representative
	Charlene Paquin Assistant Deputy Minister Disability Programs and EIA Manitoba Family Service and Consumer Affairs	Client Representative
	Allison Hunter Client Administration Officer Public Trustee	Employee Representative

THE PUBLIC TRUSTEE - ORGANIZATION

The PT's staff are assigned in 6 distinct sections:

Administration:

This section is responsible for the administration of the entire program. It is composed of:

- The Public Trustee
- Internal Auditor
- Administrative Assistant - .5

Client Administration:

This section manages the personal and financial affairs of vulnerable persons and mentally incompetent adults. The Winnipeg office is composed of:

- Deputy Public Trustee
- Senior Client Administration Officers – 2
- Client Administrative Officers – 13
- Administrative Assistants – 12.5
- Estates Administration Clerk

The Brandon office is composed of:

- Client Administration Officer
- Administrative Assistant
- Clerk - .28

Estates and Trusts Administration:

This section administers deceased estates, and adult and children's trusts. This section is composed of:

- Manager, Estates and Trusts
- Estates Officers – 3.6
- Administrative Assistants - 2
- Trust Administration Clerk

Financial Administration:

This section manages the financial administration services for all clients, estates and trusts, the Common Fund, and the revenues and operating budget of the office.

This section is composed of:

- Chief Financial Officer
- Senior Accountant
- Accountant
- Investment Officer
- Senior Systems Analyst
- Senior Application Developer
- Accounting Staff – 14.5

Inspection Services:

This section provides all field services for clients, estates and trusts. The section is composed of:

- Manager, Inspection Services
- Inspectors – 3
- Chattel Clerk

Legal:

This section has several mandates including:

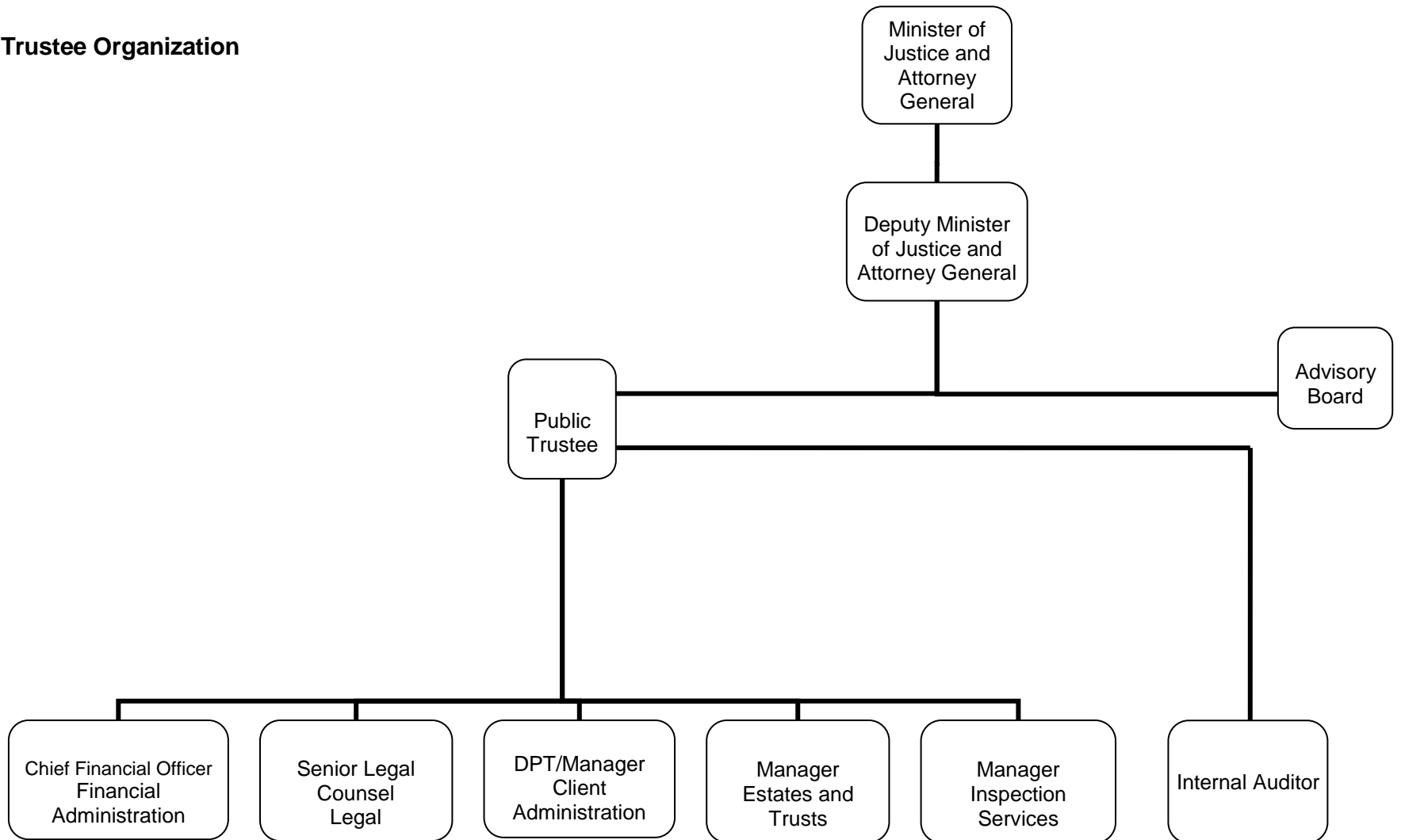
1. Providing the necessary legal representation for clients, estates, and trusts;
2. Ensuring the protection of rights and assets;
3. Fulfilling statutory duties as required and providing advice to the court as required; and
4. Providing advice to The PT.

This section is composed of:

- Senior Counsel
- Legal Counsel – 2
- Administrative Assistants - 2

Each section Manager is part of the management team and all report to The PT. As well, the Internal Auditor reports to The PT. The PT periodically employs seasonal STEP students.

The Public Trustee Organization



WHAT DOES THE PUBLIC TRUSTEE DO?

CLIENT ADMINISTRATION SECTION

The Client Administration Section has several functions. They are described below.

1. Committee of people who have been found incapable of managing their own property or personal decisions pursuant to *The Mental Health Act*.

There are three ways The PT may be appointed as committee:

a) By an *Order of Committeeship* issued by the Director of Psychiatric Services

This is an administrative process that does not require a court order. The process begins when a medical professional, social worker, or other interested person identifies a need for The PT's involvement as committee for a mentally incompetent person. The person is examined by a physician. If the physician agrees that the person is mentally incompetent and requires the services of The PT, a Certificate of Incapacity is completed, and sent with background information about the person to the Director of Psychiatric Services for Manitoba.

The Director of Psychiatric Services gives notice to the person and involved family that he is considering issuing an Order of Committeeship. They then have an opportunity to object in writing. The Director may also request further information, or meet with interested persons. He will consider any objections together with all information received, and make a decision whether or not to issue an Order of Committeeship.

If the Order of Committeeship is issued, The PT is appointed to manage the person's personal and financial affairs until the person is declared mentally competent, or The Court of Queen's Bench makes an order removing The PT.

The appointment of The PT as committee pursuant to an Order of Committeeship is always an appointment of last resort, where there is no one else willing, able or suitable to act, and there is a demonstrated need for the appointment.

b) By a *Certificate of Incompetence to Manage Property* issued for a patient in a psychiatric facility

Upon admission to a psychiatric facility, a patient is examined by a physician to determine whether the patient is able to manage his or her financial affairs. If not, the physician completes a certificate appointing The PT to manage the financial affairs while the patient remains in hospital. Upon the person's discharge from hospital, The PT's jurisdiction as committee ends.

c) By an order of The Court of Queen's Bench

The Court of Queen's Bench may grant an order appointing The PT as committee of property and personal care. This may happen when the court is not satisfied that a private applicant for committeehip is a suitable person to be appointed, or where an existing committee is no longer willing, able or suitable to act, and there is no one else the court can appoint. The PT's appointment continues unless or until the court makes an order removing The PT as committee.

2. Provides consent (or refusal) to psychiatric or medical treatment for patients in psychiatric facilities who have been declared by their doctor to be incapable of providing informed consent on their own and have no family who can consent for them.

Upon admission to a psychiatric facility, patients are examined by a physician to determine whether or not they are capable of consenting or refusing to consent to medical or psychiatric treatment. If not, a Certificate of Incompetence to Make Treatment Decisions is completed. If there is no proxy appointed in a Health Care Directive, no court appointed committee or family members willing, suitable or able to give substituted consent to treatment, The PT will be asked to make treatment decisions for the patient.

The PT's authority to make treatment decisions will last only until the person becomes capable of making the decisions or is discharged from the psychiatric facility, whichever happens first.

3. Acts as Substitute Decision Maker (SDM) for people who have been found incapable of managing their own property or personal decisions under *The Vulnerable Persons Living with a Mental Disability Act*.

The PT may be appointed by the Vulnerable Persons Commissioner (VPC) as SDM for adults living with a mental disability. The process begins when a person applies to the VPC for the appointment of an SDM for property and/or personal care of a person who falls within the jurisdiction of *The Vulnerable Persons Living with a Mental Disability Act*. The person, family and other interested persons receive notice of the application, and have the right to appear before a hearing panel.

The hearing panel's duty is to decide if a SDM is necessary, and if so, what authority it should have. After hearing all the information from interested parties, the hearing panel makes a recommendation to the VPC. If the VPC is satisfied that a SDM is required, and there is no one else willing, able or suitable to act, it may appoint The PT. The appointment will clearly state what authority The PT has, and how long the authority lasts, to a maximum of five years. The VPC will only appoint The PT as SDM as a last resort, and will only grant authority to make decisions in areas where there is a demonstrated need.

4. Acts as attorney pursuant to an enduring power of attorney given to The PT by a mentally competent adult.

The PT has discretion to accept powers of attorney from mentally competent Manitobans who have estates of \$250,000 or less, and who require assistance administering their financial affairs. The PT's authority continues until the donor revokes the power of attorney, The PT is appointed as committee, or the donor dies.

5. Delegation of Authority

The PT acts as committee, SDM or attorney for approximately 3,299 adult clients. It is not possible for its staff to meet with or provide direct service to each of these clients. As a result, The PT delegates certain authority to:

- a) Manitoba Family Services and Consumer Affairs. Specifically the delegation is to the Executive Director of Disability Programs, the Executive Director of Winnipeg Services or the Executive Director of Rural and Northern Services. This does not include clients in Manitoba Developmental Centre (see (b) below) or St. Amant. The PT provides services directly to clients at St. Amant with the assistance of social workers and other St. Amant staff;
- b) Manitoba Developmental Centre (MDC). Delegated authority to MDC is limited to minor medical procedures and authority to apply to a Justice for an order for apprehension of a resident who has absconded from the centre.
- c) the Regional Health Authority in which the clients in question reside. However, if a client resides in a personal care home in Brandon or Winnipeg, there is no delegation of authority. Authority is also not delegated for clients in psychiatric facilities, including Selkirk Mental Health Centre. In those cases, The PT provides services directly to the client with the assistance of the personal care home or psychiatric facility social worker or other appropriate staff member.

Delegated Decisions	Decisions not Delegated
1. Identify and facilitate appropriate residence;	1. Administration of financial affairs, including the filing of income tax returns, applying for pensions and other financial benefits, and estate planning.
2. Identify and facilitate appropriate day services;	2. Administration of legal affairs;
3. Facilitate the provision of regular medical and dental care;	3. Consent to psychiatric or medical treatment;
4. Facilitate the planning of leisure time for the person;	4. Consent to release contents of confidential files or clinical records, and
5. Coordinate the provision of individual support services;	5. Decisions affecting the person's human rights.
6. Communicate with the person's family members;	
7. Monitor and/or oversee the management of personal allowances in accordance with the Department of Family Services and Consumer Affairs' policy on Management of Personal Funds of Clients in the Community; and	
8. Apply for and enforce an Order of Apprehension pursuant to s.62 of <i>The Vulnerable Persons Living with a Mental Disability Act</i> .	

ESTATES AND TRUSTS SECTION

The Estates and Trusts section has two major functions.

1. Administers estates of persons who die in Manitoba where there is no one willing, able or suitable to administer their estates.

The PT is an administrator of last resort, and does not actively seek to administer estates. However, The PT may administer an estate in the following circumstances:

- a) Upon a court order to do so where:
 - the deceased has no family in Manitoba willing, able or suitable to act as administrator;
 - there is a dispute among various parties as to who should act as administrator; or
 - the executors named in the will are unwilling, unable or unsuitable to act.
- b) Upon the death of a client for whom The PT acted as committee or SDM. The PT has limited authority to continue acting until a personal representative is appointed by the court to administer the estate; or
- c) When The PT is named as executor in a will.

The PT's duty as executor or administrator is to properly gather in the estate assets, pay debts and distribute the estate to those entitled in accordance with the will or the laws of Manitoba.

2. Administers Trusts for Children

As the Official Guardian for children in Manitoba, The PT administers trusts when required by court order or legislation. Although there are many reasons why The PT may be appointed to manage a trust for a child, some common reasons are as follows:

- A court ordered payment, settlement or insurance payment for a child. This may result from personal injury, death of a parent or family member, or if a child is the victim of a crime;
- A child is named as beneficiary of a registered investment, pension or life insurance policy or receives some other benefit or windfall, and there is no person authorized to manage the funds during the child's minority; or
- A child is a beneficiary or heir of an estate and there is no trustee to administer the assets during the child's minority.

The PT's duty as trustee of children's trusts is to protect the trust assets and to ensure they are properly invested and disbursed in accordance with the trust instrument or applicable legislation.

DEPARTMENTAL ACCOMPLISHMENTS

CLIENT ADMINISTRATION ACCOMPLISHMENTS – 2010/11

1. Speaking Engagements

In addition to the quarterly education seminars, smaller presentations are made at the request of agencies, service groups, various government departments and the general public. The presentations made during the year were:

<u>Topic</u>	<u>Group</u>	<u>No. of Registrants</u>
Role of Public Trustee	Rotary Club – Winnipeg	70
Ethical Issues	MDC – Portage la Prairie	52
Power of Attorney, Health Care Directives and Wills	Retirement Professionals Association of Canada – Winnipeg	51
Financial Abuse	Boundary Trails Health Centre – Winkler	25
Committeeship and Powers of Attorney	Quarterly Seminar - Gimli	34
Role of Public Trustee and Powers of Attorney	Concordia Hospital – Winnipeg	25
Role of Public Trustee	Four Arrows Regional Health Authority Inc.	12
Role of Public Trustee and Powers of Attorney	Quarterly Seminar – Winnipeg	190
Committeeship	Society of Estates and Trusts Practitioners – Winnipeg	40
Powers of Attorney	Age & Opportunity – Winnipeg	25
Capacity	Misericordia Hospital – Winnipeg	30
Meet & Greet – Information Session	WRHA – Community Mental Health Workers - Winnipeg	35
Children's Trusts and Role of Public Trustee	Manitoba Bar Association – Winnipeg	40
Protection Orders	Justice – Protection Order Designates	20
Wills and Estates	Law Students – Robson Hall – University of Manitoba	40
TOTAL		629

2. Registered Disability Savings Plan (RDSP)

In 2008, the Federal Government introduced Registered Disability Savings Plans (RDSPs). These plans provide for bonds and grants payable by the Federal Government to eligible disabled individuals. Eligible individuals are entitled to an annual bond of \$1,000 until they reach 49 years of age, to a maximum payment of \$20,000.

In addition, individuals who make annual contributions to the RDSP will receive Federal grants of three times the contribution, to an annual maximum of \$3,500 and a lifetime maximum of \$70,000.

In 2010/11, The PT opened seventy-one new RDSP accounts for clients and deposited a total of \$1,370,500 into RDSPs since inception.

3. Indian Residential School Claims (Common Experience Payments)

The Indian Residential Schools Settlement Agreement provided for Common Experience Payments (CEPs) to former Indian Residential School students to recognize the experiences these students endured. Eligible applicants were entitled to \$10,000 for the first school year (or partial school year) of residence at one or more residential schools, plus an additional \$3,000 for each subsequent school year or partial school year. The cut off for submitting applications for a CEP is September 19, 2011.

The PT conducted investigations to determine which of its clients appeared eligible to submit a claim. In 2010/11, eleven applications were submitted resulting in payments to our clients totaling \$133,300.

4. Stakeholder Relations

In February 2010, The PT and The Winnipeg Regional Health Authority (WRHA) held a joint information session that involved client administration officers from The PT and community mental health workers from the WRHA.

The PT delegates day-to-day management and supervision of clients' personal affairs to regional health authorities. The primary purpose of the information session was to educate client administration officers and community mental health workers with respect to their respective roles when dealing with clients for whom The PT has been appointed as committee and where the WRHA has been delegated authority for certain personal care matters. The information session was also intended to allow client administration officers and community mental health workers to meet face-to-face as they work closely with each other but conduct most of their communications by telephone.

5. Client Administration Section – Activity for Year Ending March 31, 2011

	March 31, 2010	Files Opened in Year	Files Closed in Year	March 31, 2011 End of Year
Assets under Administration * (\$000's)	\$ 125,982			\$135,703
Number of Clients	3,320	415	435	3,299

*Note: Assets under Administration are shown at values recorded on the client accounts and not as presented in the financial statements (see Notes 2. c) and 2. d) of the Estates and Trusts financial statements).

ESTATES AND TRUSTS ACCOMPLISHMENTS – 2010/11

1. Template Letter Project

In conjunction with the policy and procedure review undertaken in 2009/10, The PT, Manager, Estates and Trusts, the senior application developer and the assistant to the Manager, Estates and Trusts, updated all of the template forms and form letters. These forms and form letters reflect the updated policies and procedures of the Estates and Trusts section and ensure consistency in the information requested from or sent to heirs and beneficiaries.

2. Automation of Fee Calculation for Estates

The senior systems analyst, with cooperation from the estates administrative assistant, developed a program to automate the fee calculation process for estates opened in 1990 or later. This has substantially reduced the length of time between date of receipt of Canada Revenue Agency's clearance certificate for distribution purposes and the date of an estate is paid out, and places estate proceeds in the hands of heirs and beneficiaries more quickly.

3. Estates and Trusts Section – Activity for the year ending March 31, 2011

	March 31, 2010	Files Opened in Year	Files Closed in Year	March 31, 2011 End of Year
Assets under Administration * (\$000's)	\$ 83,410			\$ 83,592
Deceased Estates caseload	378	97	133	342
Children's Trusts caseload	1,287	233	224	1,296
Adult Trusts caseload	252	57	24	285

*Note: Assets under Administration are shown at values recorded on the client accounts and not as presented in the financial statements (see Notes 2. c) and 2. d) of the Estates and Trusts financial statements).

FINANCIAL ADMINISTRATION ACCOMPLISHMENTS – 2010/11

1. Systems Requirements and Changes

- a) As part of a long-term information systems review, systems requirements were documented, prioritized and incorporated into a “Request For Information”. Work on this project was accomplished in conjunction with the Province of Manitoba ICT Procurement Services.
- b) As part of a government initiative, all employee workstations were replaced with upgraded desktop hardware and software. This project affected our ongoing operations and required significant effort by PT information technology staff.

2. Internal Control Improvements

As part of an ongoing process to enhance internal controls in financial administration, policies and procedures in the area of tax preparation were reviewed and updated. The purpose of the review was to ensure the timely completion of all returns and the proper recording of tax information. Also, system modifications were made to track/monitor timely filing of final tax returns for deceased estates.

3. Systems Enhancements

System enhancements were completed in the following areas:

- a) An electronic data exchange program was implemented with Canada Revenue Agency for T1 and GST refunds, to be implemented in the next fiscal year. The online exchange replaces a tape exchange.
- b) Systems modifications were implemented to enhance capture of Registered Disability Savings Plan (RDSP) transactions. The RDSP program has created a unique program/investment opportunity for many of our clients. The recording of these investments and government contributions required modifications to existing systems.

4. Financial Administration (Trust) Section – Activity for the year ending March 31, 2011

Magnitude (\$000's)	2009/10	2010/11
Total Assets under Administration *	\$ 210,303	\$ 221,771
Receipts for year	\$ 98,398	\$ 104,789
Disbursements for year	\$ 99,226	\$ 101,995
Total Accounts/Files	5,692	5,642
Total Financial Transactions	330,590	338,901

*Note: Assets under Administration are shown at values recorded on the client accounts and not as presented in the financial statements (see Notes 2. c) and 2. d) in *Notes to Financial Statements*).

INSPECTION SERVICES ACCOMPLISHMENTS – 2010/11

1. Workplace Safety & Health Initiatives

During the year, new workplace safety and health initiatives were implemented. These included:

- a) purchase of steel toed shoes for inspectors; and
- b) installation of snow tires on fleet vehicles used by inspectors.

2. Monitoring Clients' Belongings in Storage

An initiative was undertaken by the Manager of Inspection Services to improve monitoring of storage of clients' personal effects in our main commercial storage facility in Winnipeg. In June 2010, the Manager, Inspection Services did a walk-through of the storage facility with the owner and identified many issues such as belongings that should be sold to reduce storage costs to clients. This exercise proved so beneficial to clients that it will be conducted semi-annually in June and December of each year. The result will be significant savings to clients because decisions about whether to continue with commercial storage of clients' belongings will be made in a more timely fashion.

LEGAL ACCOMPLISHMENTS - 2010/11

1. Public Education

One of our lawyers sat on the committee for Will Week. Will Week conducts a series of public seminars on wills, powers of attorney, and health care directives. The lawyer was involved in the preparation of materials for the public lectures which took place in Winnipeg.

Lawyers presented numerous education seminars to the public on topics including financial abuse and the issues relating to family law and estates. In addition, lawyers have presented to professional groups on topics including the role of The PT in obtaining Protection Orders on behalf of incapable persons. A lawyer participated in Career Day at the University of Manitoba - Faculty of Law and presented for the Faculty of Law Wills course.

2. Zyprexa Class Action

A lawyer has coordinated a process for identifying clients who are entitled to claim compensation in a class action suit involving the medication Zyprexa (Olanzapine). Clients who suffered adverse effects for which compensation is available have been identified and claims submitted. Numerous clients have been identified and will receive compensation as part of the class action settlement process.

3. Indian Residential Schools Settlement

A lawyer continues to coordinate and implement the Indian Residential Schools Common Experience Payment claim process on behalf of clients of The PT. In addition, the lawyer has been instrumental in identifying clients who are entitled to claim compensation for abuse suffered while attending an Indian Residential School. A substantial number of claims have been made and payments obtained on behalf of eligible clients.

4. Legal Section – Activity for the year ending March 31, 2011

	March 31, 2010	Files Opened in Year	Files Closed in Year	March 31, 2010 End of Year
Number of Files at beginning of year	455	386	421	420

BUSINESS PLAN GOALS

Each year in the Business Plan, The PT identifies long and short-term business goals. The long-term goals are global and ongoing and do not require specific reporting. The short-term goals are specific and change every year. A report on those goals follows below.

LONG-TERM BUSINESS GOALS

1. To efficiently and effectively provide a service for a fee to the people of Manitoba by:
 - administering property, and where required, making personal decisions on behalf of people who are not mentally capable of doing so;
 - administering property for people who have granted a power of attorney to The PT;
 - administering the estates of people who have died in Manitoba with no one capable or willing to act as administrator;
 - administering trust monies on behalf of children and administering testamentary and *inter vivos* trusts;
 - supporting all of these functions with legal, financial and accounting expertise; and
 - fulfilling additional roles pursuant to legislation or as ordered by the court.
2. To enhance the level of service provided to the clients, estates and trusts administered by The PT.
3. To ensure the efficient use of resources by reviewing administrative policies and procedures and the financial results in our service and support areas.
4. To improve communication with all individuals and agencies with whom we have contact, and with the general public.
5. To approach recovery of the allocated costs of operations.

SHORT-TERM BUSINESS GOALS

1. **To continue regular education seminars throughout the province regarding services offered by The PT's Client Administration Section and related topics of interest to stakeholders and the community at large.**

During 2010/11, in an effort to meet targeted reductions in discretionary spending, The PT reduced the number of annual public education seminars from four to two. During 2011/12, it will return to its previous practice of holding at least four public education sessions, both within and outside Winnipeg.

Particulars of the seminars held in 2010/11 are contained in the chart below.

Participants in the seminars were asked to evaluate the content and format of the presentation. The data from the questionnaires was analyzed to provide an objective assessment of the seminars. This analysis is used to fine tune or otherwise adjust the quality and frequency of the seminars.

The participants were asked to rate various aspects of the seminars, including the quality of the presentations, materials and locations. The participants were asked to use ratings from 1 to 5, with 1 showing the lowest level of satisfaction, and 5 showing the highest level. A summary of the average rating for each seminar is included in Column 4 in the chart below.

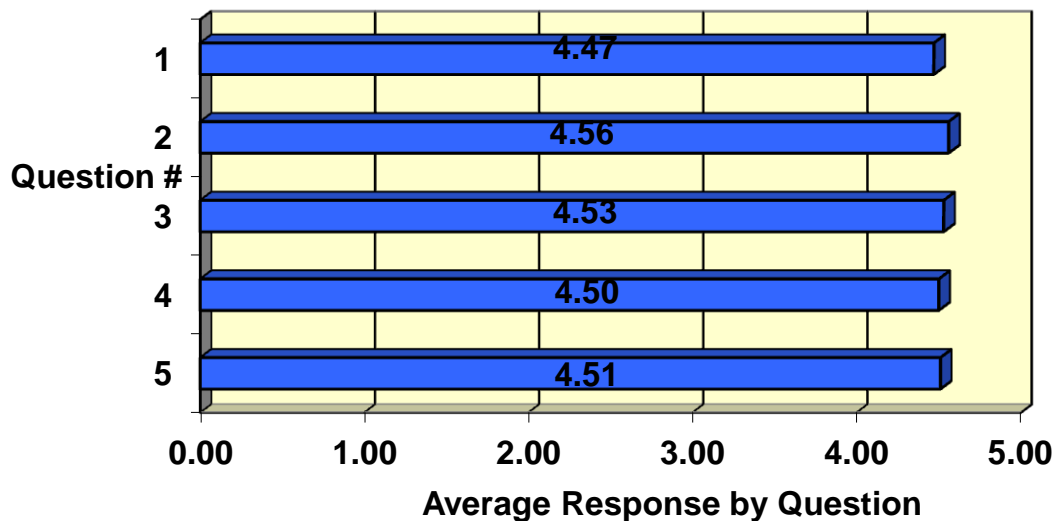
Date	Location	Number of Respondents	Average Seminar Rating out of 5
June 17, 2010	Gimli	25 of 34 attendees	4.67 – Committeeship and Power of Attorney
Nov. 25, 2010	Winnipeg	58 of 190 attendees	4.36 – Role of Public Trustee and Power of Attorney
Total		85 of 224 registrants 37%	4.5

The overall ratings for all seminars, and the questions asked in the evaluation form are set out below.

2010/11 Semi Annual Information Sessions

Total Attendees - 224

Total Respondents - 85



Questions:

1. I received the information I needed on the topic of the seminar;
2. The information was provided clearly and in an understandable manner;
3. There was sufficient opportunity for me to ask questions;
4. My questions were answered clearly and to my satisfaction; and
5. The format of the informational session met my needs.

2. To continue to enhance the education and training provided to Agency staff, both during orientation and on an ongoing basis.

The Client Administration Section uses a series of training modules to provide standardized training to new client administration staff. These consist of 32 modules in PowerPoint format. The modules contain sufficient detail to guide and support staff on topics relevant to their duties.

Features of the modules include:

- one-on-one trainer instruction;
- a “training completion checklist” which lists each PowerPoint training module and cross-references the individual training module to an appropriate written reference;
- searchable procedure manual; and
- checklists and forms for all pertinent tasks to be performed by client administration officers.

In addition to the training modules, standardized orientation sessions about each section of the office are delivered twice per year for new and other interested staff. Staff are also encouraged to participate in activities of other sections, such as searches and inventories, and an orientation to the Financial Administration Section.

Staff are also offered both internal and external training opportunities. Some examples of internal training opportunities offered throughout the year are:

- annual Business Plan Seminar;
- internal orientation sessions about each section;
- presentations about The PT's blanket insurance policy;
- *In Motion* Presentation;
- *Windows 7* Overview;
- Post Adoption Registry information;
- bankruptcy information; and
- PIECES Project: *The 7 A's of Dementia*.

Examples of external training opportunities offered during the year include:

- *Disability and Culturally Appropriate Service*;
- *The Impact of Stress and Humour in the Workplace*; and
- ethical issues.

The average number of hours of training per employee excluding training new staff was 9.52 hours at a cost of \$47.12 per employee.

3. To continue to update policies and procedures relating to deceased estate administration with a view to administering estates more efficiently and in a shorter period of time.

The policies and procedures from the Estates and Trusts section of the procedure manual were reviewed by Estates and Trusts staff. They also began testing the revised template forms and letters.

The revision of Estates and Trusts policies and procedures will continue in 2011/12 with a view to translating the improved service standards into measureable performance results.

4. To implement an enhanced disbursement recovery system for the Legal Department.

The PT now tracks and recovers the cost of all registered mail sent on legal files on behalf of clients. In addition, The PT is now recovering the cost of postage on legal files. The PT has also introduced a standard charge for Land Titles searches to recover the disbursements paid to The Property Registry.

5. To evaluate The PT's power of attorney program with a view to determining whether its continuation is beneficial to The PT.

The PT reviewed the power of attorney program and determined it should continue with some changes. The major change is that The PT will no longer accept powers of attorney on a limited basis. Powers of attorney will only be accepted for those clients who wish The PT to manage all their financial affairs.

INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS

1. Compliance Audits

The internal auditor conducted compliance audits of 184 files. In addition, The PT, Deputy Public Trustee (DPT) and Senior Client Administration Officers (CAOs) conducted 120 compliance audits. These audits have the following functions:

- To assess whether all procedures are followed and internal controls are adequate; and
- To identify and mitigate financial and reporting tasks.

All findings were reported to the DPT.

2. Operational Audits

a) Audits of Transactions

The internal auditor conducted audits of transactions of clients:

- with low cash balances;
- receiving Employment and Income Assistance (EIA), but carrying balances in excess of \$4,000; and
- with EIA disability trusts, secondary accounts and adult discretionary trusts as at the end of each quarter.

These areas were previously identified as areas of financial risk. Therefore the internal auditor conducts extensive audits. Findings are reported to the DPT.

b) Audit of Disability Trusts, Secondary Accounts and Adult Discretionary Trusts

The internal auditor conducted a semi annual audit. The purpose of this audit was to determine whether, how often and under what circumstances disability trusts, secondary accounts and adult discretionary trusts are being accessed for the benefit of the client. Findings were reported to the DPT.

c) Audits of Cheque Disbursements

During the year, a monthly sample of cheque disbursements was tested to verify agreement with cheque disbursement procedures. The sample totalled 460 cheques. The cheque requisitions were reviewed to ensure:

- proper authorization;
- accuracy of payment with supporting documentation;
- the payment was reasonable in nature; and
- the payment was timely.

The findings verified that the disbursements were made in accordance with the procedures in place.

d) Audits of Real Estate Values

On a semi-annual basis, the internal auditor reviewed real estate values to ensure property was recorded at its appraised or assessed value. This audit ensured that clients' real estate was properly recorded, insured, and procedures were being followed. The findings were reported to the DPT.

e) Encroachment Audit

The internal auditor conducted a review of clients' accounts with cash balances that had declined more than \$2,000 within a one year period. The purpose of this audit was to:

- determine whether client administration officers were aware of a decline in assets;
- determine whether encroachment applications had been completed; and
- if necessary, ensure that plans of action were in place to manage client spending.

The audit revealed that proper procedures were being followed to protect clients' assets.

f) Indian and Northern Affairs (INAC) Client Audit

The internal auditor conducted an INAC Audit as of December 31, 2010. The purpose of the audit was to ensure that all eligible clients were included in the agreement between The PT and INAC and that client information was properly recorded. It also identified those clients who may be eligible to be included in the agreement so that client administration officers could make appropriate enquiries with INAC.

g) Registered Disability Savings Plan (RDSP) Audit

The Government of Canada began offering RDSPs to eligible disabled Canadians in December 2008. This program assists persons with disabilities to save for long-term financial security. The purpose of the audit was to:

- determine which clients met the eligibility requirements;
- determine which clients were eligible for benefits and/or to make a contribution; and
- ensure that all eligible clients were enrolled, appropriate contributions made and benefits received.

3. Creation of Infrastructure to Facilitate Performance Measurement

Over the past several years, The PT has been creating infrastructure to facilitate the collection of data required for performance measurement. One of the goals of the internal auditor is to continue looking for ways to present management with relevant and timely data required for performance measurement, and subsequent decision making and strategic mapping.

PUBLICATIONS

The PT has a number of publications available to individuals who come in contact with the office. They are:

1. The Committeeship Guidebook (Bilingual)

This booklet provides general guidance to private committees on their duties and responsibilities. It also provides examples of the required accounting as well as opening and closing inventories.

2. The PT Fee Brochure (Bilingual)

This brochure details the fees charged for the services provided by The PT.

3. The Powers of Attorney Pamphlet (Bilingual)

This pamphlet outlines The PT's services regarding powers of attorney. It also includes the fee brochure and details of how the power of attorney document will be reviewed and signed.

4. Enduring Powers of Attorney Guidebook (Bilingual)

This is a detailed guidebook outlining the responsibilities and duties of an attorney together with a sample accounting.

5. Deceased Estates (Bilingual)

This is a detailed pamphlet in a question-and-answer format which outlines standard information regarding The PT's services in administering deceased estates.

6. Children's Trusts (Bilingual)

This is a detailed pamphlet in a question and answer format which outlines standard information regarding The PT's services in administering children's trusts.

7. Legal Guide for Seniors (Bilingual)

The PT co-operated with the Manitoba Seniors and Healthy Aging Secretariat in the reprinting of a booklet providing estate planning information for seniors. This booklet is valuable for all age groups in the adult population.

8. Children's Trusts Education Program (Bilingual)

The content of this program includes a video entitled "Trust" used as an educational tool for young adults who are beneficial recipients of trust payouts. In addition, we have six pamphlets and one quiz on the subjects:

1. Banking 101;
2. Budgeting;
3. Cost of Living;
4. Credit & Credit Cards;
5. Goal Setting;
6. Investment Options; and
7. Quiz: How are you with Money?

9. A Client Guide to The Public Trustee's Client Administration Section (Bilingual)

This comprehensive guidebook was developed for clients of The PT, their families and care providers. It provides information in a user-friendly format about the roles and services provided to adult clients of The PT.

PERFORMANCE FRAMEWORK

CLIENT ADMINISTRATION

1. Objective:

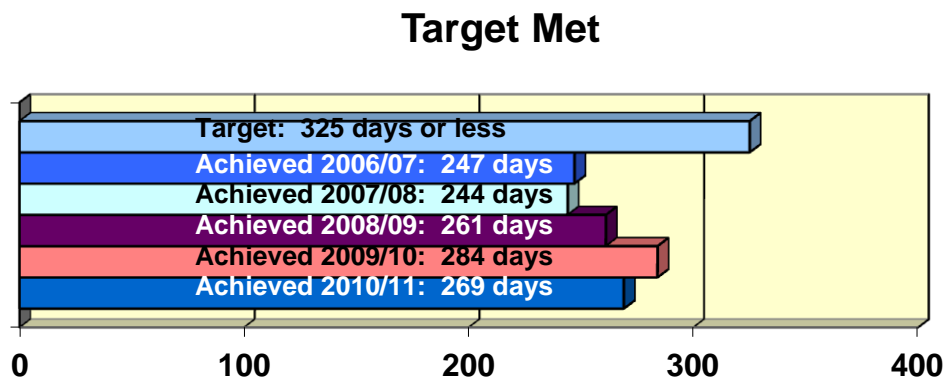
Estates of former clients will be paid out to the executor or administrator in a timely manner.

When a client dies, The PT retains authority over the estate of the client until the estate is paid out to an executor or administrator. During this period of time, the estate is managed by a deceased estates clerk.

This performance measure may be affected by third party actions which The PT cannot control. However, we believe that a general performance target can be set for this activity which is reflective of active due diligence by The PT. We do not expect performance to vary greatly in ensuing years.

Performance Target:

To close deceased client files at a rate each year which reflects an average of 325 days or less.



CLIENT ADMINISTRATION continued

2. Objective:

To ensure that information regarding The PT's programs and services is disseminated appropriately through the community.

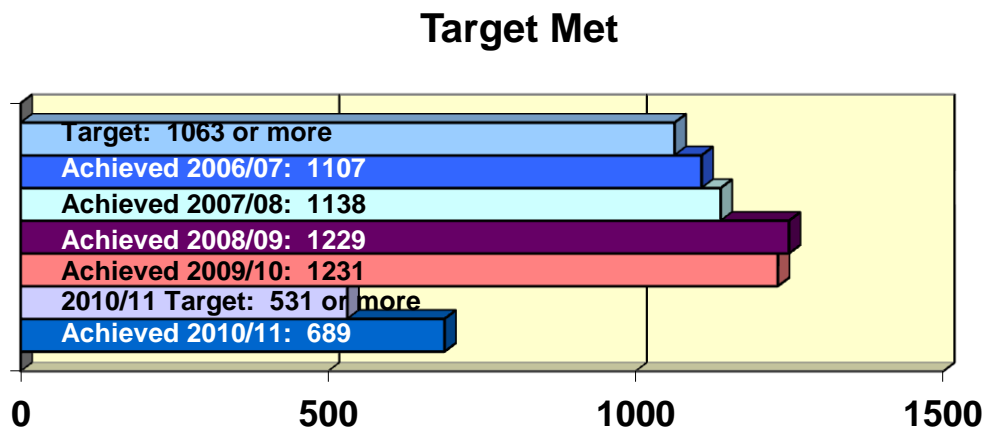
The PT's programs and services are critical to a certain segment of society's functioning. Its programs and services are not widely understood by the general public and we realize that even stakeholders and service providers in the field need regular education about The PT's programming and such topics as financial abuse, services for vulnerable adults, etc.

During 2010/11, in an effort to meet targeted reductions in discretionary spending, The PT reduced the number of annual public education sessions from four to two. It also temporarily amended its performance target dealing with the number of individuals participating in education sessions by reducing the targeted number by half. In 2011/12, The PT will return to its previous practice of holding at least four public education sessions, and will reinstate its pre 2010/11 performances target for the number of participants.

Performance Target:

To maintain the number of persons who are educated with respect to The PT at 50% of the 2009/10 target (967 persons). Therefore the target for 2010/11 is 531 or more.

In 2010/11, The PT exceeded the base education target by 158 in providing education to 689 people.



CLIENT ADMINISTRATION continued

3. Objective:

To ensure that we maintain contact with our clients and service providers in the community, personal care homes, developmental centres, and mental health centres.

Targets have been established for the minimum number of visits each client administration officer is to make to clients in the community, in personal care homes, developmental centres and mental health centres.

The target number is calculated based on the number of clients in a year and the number of different facilities and types of residences. The target will change each year. In determining the performance target, we took into account only the minimum number of visits made by each client administration officer rather than the total number of visits made. This ensures that performance for each client administration officer is measured rather than the total of all.

In an effort to reduce discretionary spending for 2010/11, the PT temporarily reduced client related travel. Savings were made by reducing mileage costs, costs of accommodation and meals. In order to make these reductions, a temporary amendment to The PT's performance target regarding client visits was required. Until 2009/10, the performance target was for client administration officers to complete at least 97% of the target number of visits to clients each year. For 2010/11, the performance target was amended to require less frequent visits outside the cities of Brandon and Winnipeg, and to reduce the percentage of the target number of visits required to 90%.

Failure to complete 100% of the target number of visits is a result of periodic vacancies in client administration officer positions.

We possess the following information in this area:

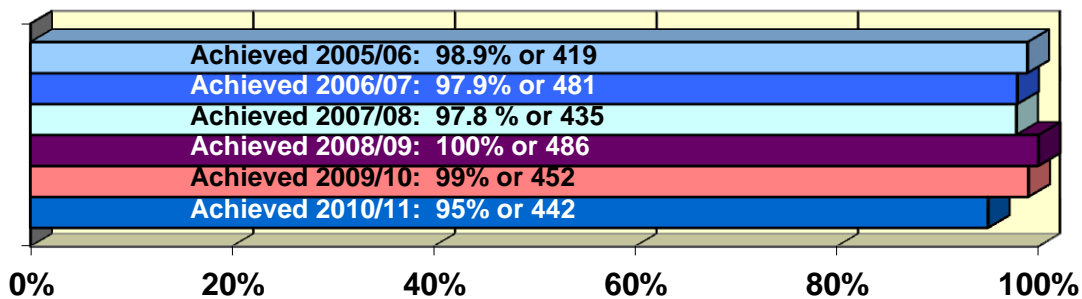
Year	Target Number of Visits Required	Number Made	Percentage
2005/06	424	419	98.9
2006/07	491	481	97.9
2007/08	445	435	97.8
2008/09	486	486	100%
2009/10	456	452	99%
2010/11	464	442	95%

CLIENT ADMINISTRATION continued

Performance Target:

Client administration officers will complete at least 90% of the target number of visits to clients in each year.

Target Met



4. Objective:

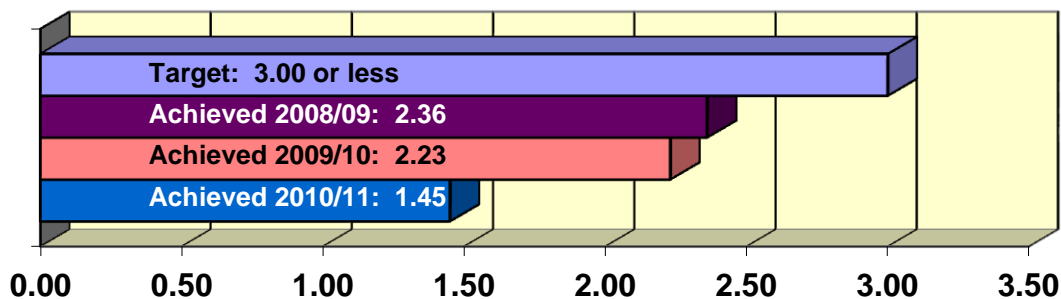
Adult clients will begin receiving management and protective services from The PT in a timely manner after receipt by The PT of authority to act.

This information is important to ensure that files for adult clients are assigned in a timely manner after authorizing documentation is received. This ensures that clients receive the management and protective services that The PT provides as soon as possible after the need is identified.

Performance Target:

Client Administration files will be assigned to a client administration officer within an average of 3 days from receipt of authorizing documentation.

Target Met



CLIENT ADMINISTRATION continued

5. Objective:

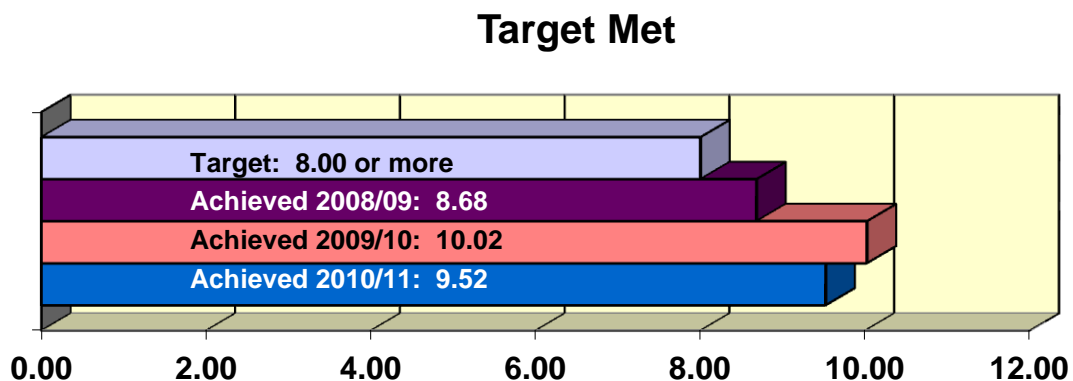
Client Administration employees will receive ongoing training and education on relevant topics to ensure they are able to provide a high quality of service to clients.

This is important to ensure employees are kept up-to-date with current information and trends related to their work.

Ongoing training also leads to enhanced service delivery, and assists with risk management.

Performance Target:

Client Administration employees will receive an average of at least 8 hours per employee of employment related training and education per year.



ESTATES AND TRUSTS ADMINISTRATION

1. Objective:

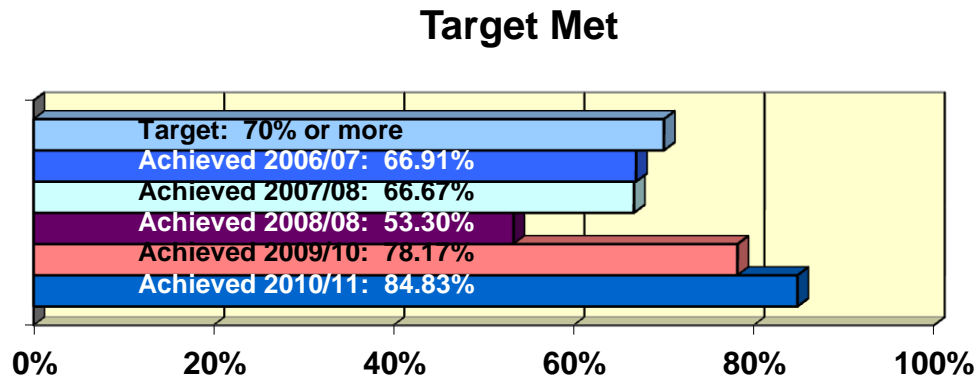
Children's trusts will be paid out in a timely fashion upon children achieving the age of majority.

The PT seeks to pay out children's trusts as soon as possible after a child achieves the age of majority. These children or their families can slow the process by failing to respond to requests to sign releases, or by failing to respond to correspondence in a timely fashion.

a) Performance Target:

To payout 70% of children's trusts within 21 days of the child achieving the age of majority.

The PT paid out 211 children's trusts in 2010/11. The service level was met in 179 cases or 84.83%.



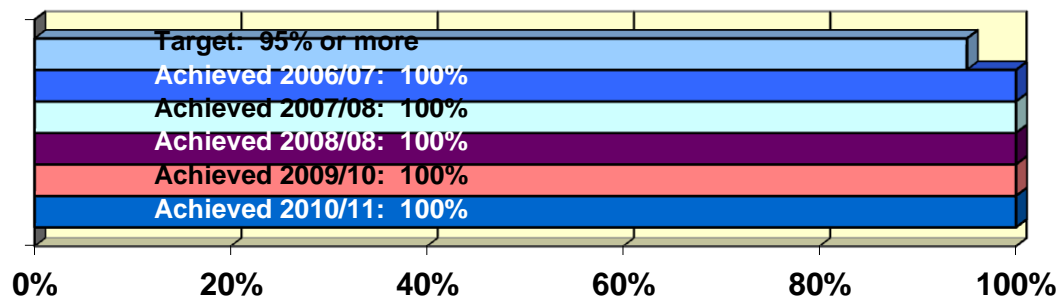
ESTATES AND TRUSTS ADMINISTRATION continued

b) Performance Target:

To payout 95% of children's trusts within 5 business days of receiving all necessary documentation from third parties.

In all cases, once the proper documentation was received, payout was made within 5 business days.

Target Met



2. Objective:

Decisions regarding disbursements from children's' trusts will be made in a timely fashion.

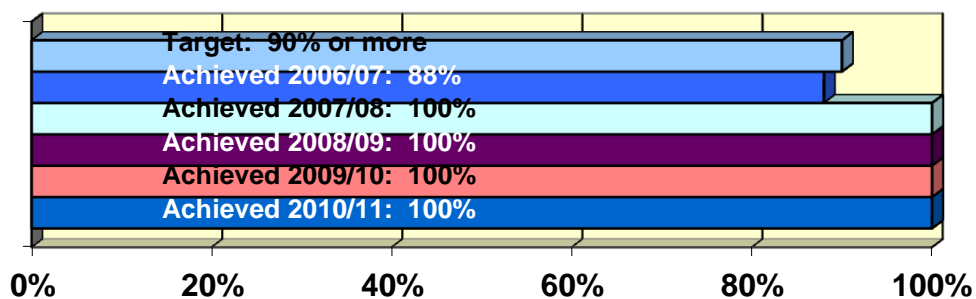
Decisions include decisions to approve or deny payment, or to request clarification or further information in support of the request for payment.

Performance Target:

That 90% of decisions regarding disbursements from trusts will be completed within 10 days of the guardian/client request.

In 2010/11, 198 decisions were made. All were made within 10 business days of receipt of the request.

Target Met



FINANCIAL ADMINISTRATION

1. Objective:

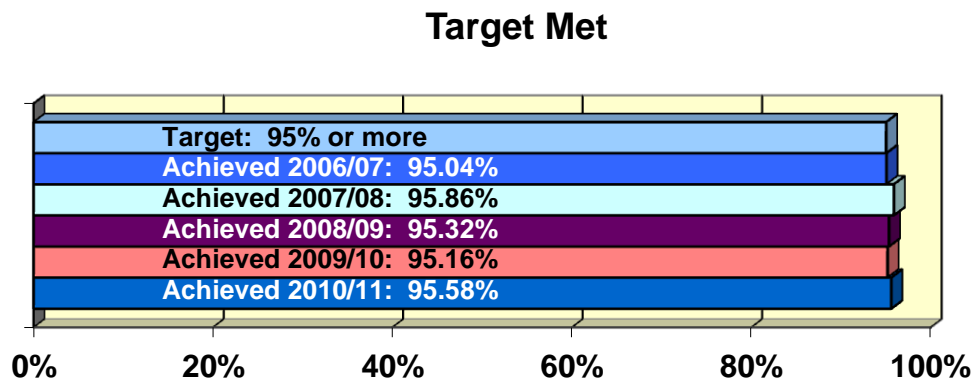
The PT will process authorized payments from clients, estates, and trusts in an efficient manner.

Efficient turnaround of disbursement requests is important as it allows clients', estates' and trusts' obligations and maintenance to be met in a timely fashion.

Performance Target:

That 95% of all requests will be met within a 5 day turnaround.

The PT processed 68,540 cheque requisitions during 2010/11. Of these, 65,513 or 95.58% were processed within the 5 days turnaround target.



FINANCIAL ADMINISTRATION continued

2. Objective:

The PT will process cheques and cash receipts received for clients, estates and trusts in an efficient manner.

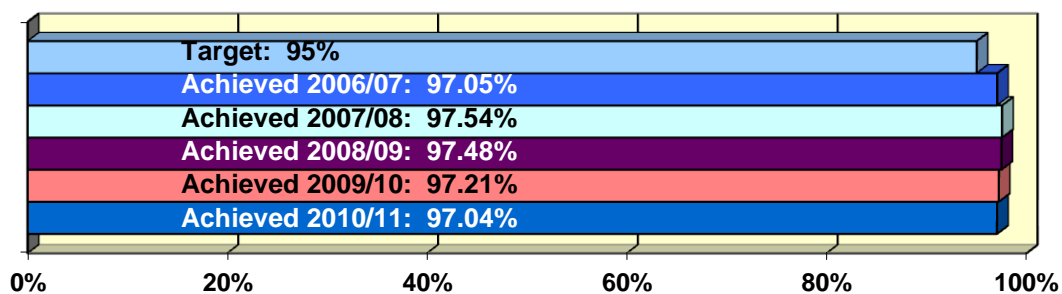
Efficient turnaround of receipts is critical to clients, estates, and trusts as posting affects the ability to meet financial expectations for the individual accounts and interest allocation.

Performance Target:

That 95% of all receipts will be processed in a 2 day turnaround.

The PT processed 8,484 receipts during 2010/11. Of those receipts, 8,233 or 97.04% were processed in a 2 day turnaround.

Target Met



INSPECTION SERVICES

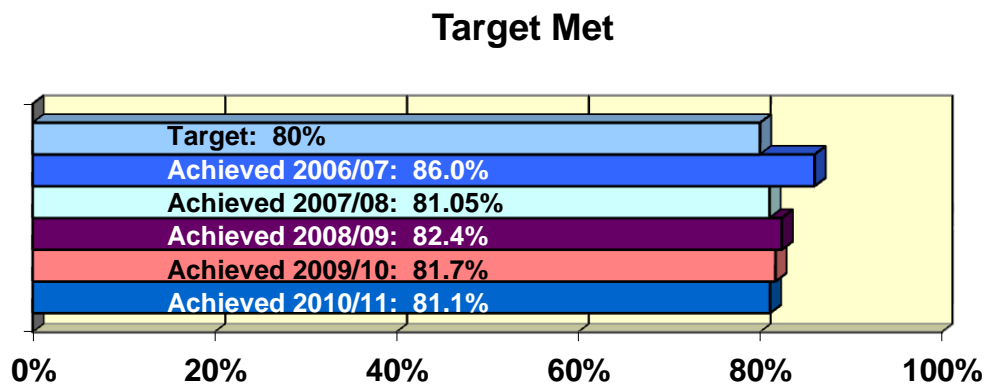
1. Objective:

Clients' and estates' assets will be inventoried and secured in a timely fashion.

Performance Target:

To complete 80% of Winnipeg search and inventories within 7 days of assignment.

During 2010/11, 111 search and inventory procedures were completed. Of those, 90 or 81.1% were completed within 7 days.



SOA
Summary of Financial Results
(\$000's)

	Actual 2009/10	Actual 2010/11	Budget 2010/11	% Variance
Total Revenue	6,211	6,510	5,739	13.43%
Salaries & Benefits	4,183	4,158	4,220	1.14%
Employee Pension Costs	222	220	149	-38.26%
Accommodation Costs	360	401	401	0.00%
Other Administration Costs	1,219	915	937	2.35%
Amortization: Capital Assets	31	27	32	15.63%
Total Expenses	6,015	5,721	5,739	0.31%
NET INCOME (Loss)	196	789	0	

Variance Analysis (Actual to Budget)

Fees: The Agency's revenues trended upward in 2009/10.
This trend continued through 2010/11.

Total Expenses: The total expenses were lower as The Agency complied with
department spending guidelines.

**The Public Trustee of Manitoba
An Agency of the
Special Operating Agencies
Financing Authority
Province of Manitoba**

**Financial Statements
March 31, 2011**



MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. 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 July 11, 2011. 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 Trustee 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 the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

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



Joanna K. Knowlton
Public Trustee



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Public Trustee of Manitoba, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba, which comprise the balance sheet as at March 31, 2011, and statements of income, comprehensive, and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General
Winnipeg, Manitoba
July 11, 2011

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

**BALANCE SHEET
(In Thousands)
AS AT MARCH 31, 2011****ASSETS**

	2011	2010
Current		
Cash	\$ 426	\$ 214
Accounts receivable (Note 5)	931	836
Prepaid expenses	6	3
Short-term investments	2,190	1,625
	<u> </u>	<u> </u>
	3,553	2,678
 Long-Term Investment – Severance (Note 6)	 515	 515
 Capital Assets (Note 7)	 <u>57</u>	 <u>81</u>
	<u>\$ 4,125</u>	<u>\$ 3,274</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 8)	\$ 569	\$ 540
 Severance pay benefits (Note 16)	 <u>497</u>	 <u>464</u>
	<u>1,066</u>	<u>1,004</u>

EQUITY

Revenue stabilization reserve (Note 15)	500	500
Retained earnings	<u>2,559</u>	<u>1,770</u>
	<u>3,059</u>	<u>2,270</u>
	<u>\$ 4,125</u>	<u>\$ 3,274</u>

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS

(In Thousands)

YEAR ENDED MARCH 31, 2011

	2011	2010
Revenue		
Fees (Note 9)	\$ 6,406	\$ 6,095
Interest	21	9
Other	<u>83</u>	<u>107</u>
	<u>6,510</u>	<u>6,211</u>
Expenses		
Amortization of capital assets	27	31
Accommodation costs (Note 11)	401	360
Other administration expenses (Note 10)	915	1,219
Salaries and benefits	4,158	4,183
Pension benefits (Note 17)	<u>220</u>	<u>222</u>
	<u>5,721</u>	<u>6,015</u>
Net Income and comprehensive Income	789	196
Retained earnings, beginning of year	<u>1,770</u>	<u>1,574</u>
Retained earnings, end of year	<u>\$ 2,559</u>	<u>\$ 1,770</u>

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS**(In Thousands)****YEAR ENDED MARCH 31, 2011**

	2011	2010
Cash derived from (applied to)		
Operating		
Net income and comprehensive income	\$ 789	\$ 196
Items not involving cash		
Amortization of capital assets	<u>27</u>	<u>31</u>
	816	227
Change in		
Accounts receivable	(95)	(29)
Prepaid expenses	(3)	(1)
Accounts payable and accrued liabilities	29	10
Severance pay benefits	<u>33</u>	<u>11</u>
	<u>780</u>	<u>218</u>
Investing		
Acquisition of capital assets	<u>(3)</u>	<u>(3)</u>
Net increase in cash and cash equivalents	777	215
Cash and cash equivalents		
Beginning of year	<u>1,839</u>	<u>1,624</u>
End of year	<u>\$ 2,616</u>	<u>\$ 1,839</u>
Cash and cash equivalents consist of:		
Cash	\$ 426	\$ 214
Short-term investments	<u>2,190</u>	<u>1,625</u>
	<u>\$ 2,616</u>	<u>\$ 1,839</u>
Supplemental Cash Flow Information		
Interest Received	<u>\$ 11</u>	<u>\$ 7</u>

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS

(In Thousands)

YEAR ENDED MARCH 31, 2011

1. Nature of organization

The Public Trustee (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 Public Trustee 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.

The Public Trustee is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Public Trustee operations. It finances The Public Trustee 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 Public Trustee to sustain the provision of high quality service to her clients.

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

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

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

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS

(In Thousands)

YEAR ENDED MARCH 31, 2011

2. Future Accounting Changes:

The Agency will adopt Public Sector Accounting Standards (PSAS) issued by the Public Sector Accounting Board effective April 01, 2011. The Agency is currently in the process of assessing the impact of PSAS on its financial statements.

3. Significant accounting policies

a) Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles for profit oriented enterprises.

b) Revenue recognition

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

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

c) Capital assets

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

Furnishings and equipment	- 20%, declining balance basis
Computer equipment	- 20%, straight-line basis, 10% in year of acquisition
Leasehold improvements	- 20%, straight-line basis

d) Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer software	- 30% declining balance basis
-------------------	-------------------------------

Software purchases less than \$1 are expensed in year of acquisition

e) Use of estimates

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

f) Capital disclosures

The Agency's capital consists of retained earnings provided from operations and revenue stabilization reserve funds allocated from retained earnings.

The Agency's capital management policy is to maintain sufficient capital to meet its objectives through its retained earnings and revenue stabilization reserve. The Agency has developed approximate risk management strategies, as described in Note 4, to preserve the retained earnings and revenue stabilization reserve of the Agency. 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.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

4. Financial Instruments and Financial Risk Management

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The financial assets and liabilities of the Agency are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Subsequent Measurement</u>
Cash and Short-Term Investments	Held for trading	Fair value
Long-Term Investments - Severance	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

Amortized cost is determined using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of income, comprehensive income and retained earnings in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of income, comprehensive income and retained earnings for the current period. Changes in fair value of financial instruments classified as available for sale would be recorded in other comprehensive income until realized, at which time they are recorded in the statement of income, comprehensive income and retained earnings.

Fair value of Financial Instruments

The fair values of accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

The Agency's cash and short-term investments are classified as Level 2 because they are invested with the Department of Finance and financial institutions. The fair value of long-term investments approximates its carrying value as the original deposit is re-invested annually at rates for investments with similar terms and conditions.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

Financial risk management - overview

The Agency has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- interest risk; and
- foreign currency risk

The Agency manages its exposure to risks associated with financial instruments that have the potential to affect its operating performance. The Agency's management has overall responsibility for the establishment and oversight of the Agency's objectives, policies and procedures for measuring, monitoring and managing these risks.

The Agency has exposure to the following risks associated with its financial instruments. Analysis of sensitivity to specified risks is provided where there may be an effect on the results of operations or financial position. Sensitivity analysis is performed by relating the reasonably possible changes in risk variables as at March 31, 2011 to the financial instruments outstanding on that date.

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 short term investments and accounts receivable.

The maximum exposure of the Agency to credit risk at March 31, 2011 is:

Cash and short-term investments	\$2,616
Accounts receivable	931
Long-Term Investment – Severance	<u>515</u>
	<u>\$4,062</u>

Cash and short-term investments: The Agency is not exposed to significant credit risk as the cash and term deposits 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 clients and payment in full is typically collected when it is due. The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is calculated at 5% of accrued fees.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

The aging of accounts receivable and allowance for doubtful accounts as at March 31, 2011 was:

	Net	Allowance
Current	\$905	\$ 40
30-60 days past billing date		
61-90 days past the billing date		
Greater than 90 days past the billing date	<u>\$905</u>	<u>\$ 40</u>

Long-Term Investment - Severance: The Agency is not exposed to significant credit risk as the investment is held by the Minister of Finance.

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.

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 risks 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 funds on deposit and long-term investments - severance.

The interest rate risk on funds on deposit is considered to be low because of their short-term nature.

The interest rate risk on the long-term investment – severance is considered to be low as the original deposit is 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 currency.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

5. Accounts receivable

	2011	2010
Fees receivable	\$ 945	\$ 857
Allowance for doubtful accounts	<u>(40)</u>	<u>(36)</u>
	905	821
Interest receivable	14	4
Advances to client accounts	6	5
Cost recoveries	<u>6</u>	<u>6</u>
	<u><u>\$ 931</u></u>	<u><u>\$ 836</u></u>

6. Long Term Investment - Severance

The Province of Manitoba accepted responsibility for the severance pay benefits accumulated to March 31, 1998 for certain of its employees. Accordingly, the Agency recorded a receivable of \$515 from the Province of Manitoba, which is an amount equal to the estimated liability for accumulated severance pay benefits at March 31, 1998.

Effective March 31, 2009 the Province of Manitoba paid the receivable balances related to the funding for these severance pay liabilities and placed the amount of \$515 into an interest bearing long term investment to be held on the Agency's behalf until the cash is required to discharge the related liabilities. The amount is re-invested annually.

7. Capital Assets

	<u>Cost</u>	2011 <u>Accumulated Amortization</u>	<u>Cost</u>	2010 <u>Accumulated Amortization</u>
Furnishings & equipment	\$ 312	\$265	\$ 312	\$ 253
Computer equipment	118	113	118	105
Leasehold Improvements	<u>37</u>	<u>32</u>	<u>34</u>	<u>25</u>
	<u><u>\$ 467</u></u>	<u><u>\$ 410</u></u>	<u><u>\$ 464</u></u>	<u><u>\$ 383</u></u>
Cost less accumulated amortization		<u><u>\$ 57</u></u>		<u><u>\$ 81</u></u>

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS

(In Thousands)

YEAR ENDED MARCH 31, 2011

8. Accounts payable and accrued liabilities

	2011	2010
Operating expenses payable	\$ 135	\$ 137
Salaries and benefits payable	66	48
Vacation entitlements earned	340	331
GST payable to Canada Revenue Agency	<u>28</u>	<u>24</u>
	<u>\$ 569</u>	<u>\$ 540</u>

9. Fees revenue

	2011	2010
Administration	\$ 5,499	\$ 5,199
Legal	399	366
Income tax	298	335
Inspection	<u>210</u>	<u>195</u>
	<u>\$ 6,406</u>	<u>\$ 6,095</u>

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS

(In Thousands)

YEAR ENDED MARCH 31, 2011

10. Other Administration expenses

	2011	2010
Computer expenses	\$ 574	\$ 556
Courier charges	5	6
Insurance, loss, damage	19	230
Office supplies	57	79
Other	4	8
Personnel expenses	23	16
Photocopy	8	9
Postage	57	61
Professional fees	13	53
Publications	6	6
Public communications	2	25
Records Centre Charges	26	33
Rentals, equipment	4	4
Repairs and maintenance	3	4
SAP costs	6	6
Support services - Department of Justice	21	21
Telephone	49	49
Travel	<u>38</u>	<u>53</u>
	<u>\$ 915</u>	<u>\$ 1,219</u>

11. Commitments

The Public Trustee 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 \$401 for the year ending 2011/2012.

12. 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.

13. Escheats to the Crown

Escheats to the Crown, received by The Public Trustee during the year and remitted to the Minister of Finance, amounted to \$584 (2010 - \$1,165). These amounts are not reflected in these financial statements.

PUBLIC TRUSTEE OF MANITOBA
(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS
(In Thousands)
YEAR ENDED MARCH 31, 2011

14. Estates and trusts under administration

The client assets under administration at March 31, 2011 total approximately \$222,000 (2010 - \$211,000). The trust activities of The Public Trustee are reported in a separate Estates and Trusts under Administration financial statements.

15. Revenue stabilization reserve

The Public Trustee has allocated a reserve out of retained earnings to provide for short-term fluctuations in revenue due to changes in revenue patterns or extraordinary expenses.

16. Severance pay 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, 2008. The report provides a formula to update the liability on an annual basis. The Public Trustee's actuarially determined net liability for accounting purposes as at March 31, 2011 was \$497 (2010 - \$464) with the actuarial loss being amortized over the 15 year expected average remaining service life of the employee group.

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS (In Thousands) YEAR ENDED MARCH 31, 2011

Significant long-term actuarial assumptions used in the March 31, 2008 valuation, and in the determination of the March 31, 2011 present value of the accrued severance benefit obligation were:

Annual rate of return	
Inflation component	2.50%
Real rate of return	<u>4.00%</u>
	<u>6.50%</u>
Assumed salary increase rates	
Annual productivity increase	0.75%
Annual general salary increase	<u>3.50%</u>
	<u>4.25%</u>

17. Pension benefits

Employees of The Public Trustee 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 Public Trustee, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, The Public Trustee transferred to the Province the pension liability for her employees. Commencing April 1, 2001, The Public Trustee was required to pay to the Province an amount equal to her employees' current pension contributions. The amount paid at March 31, 2011 was \$220 (2010 - \$222). Under this agreement, The Public Trustee has no further pension liability.

PUBLIC TRUSTEE OF MANITOBA

(An Agency Of The Special Operating Agencies Financing Authority - Province of Manitoba)

STATEMENT OF CASH FLOWS (In Thousands) YEAR ENDED MARCH 31, 2011

18. Public Sector Compensation Disclosure Act

It is a requirement of *The Public Sector Compensation Disclosure Act* that annual public disclosure be made of individual compensation of \$50 or more paid annually to any officer or employee of the Agency. For the year ended March 31, 2011, the following employees received compensation in excess of \$50:

<u>Employee</u>	<u>Position</u>	<u>Amount</u>
Bremaud, Ursula	Accounting Clerk	\$ 70
Charron, Shane	Audit Accountant	64
Carroll, Jori	Investment Officer	56
Clark, Dwane	Estates Officer 3	58
Darrach, Bruce	Information Technologist 3	73
Fergusson, John	Legal Counsel 3	132
Fredborg, Darren	Estates Officer 3	57
Henderson, Karen	Estates Officer 4	64
Hyman, Bryan	Legal Counsel 2	97
Hunter, Allison	Estates Officer 3	52
Hupe, Paul	Estates Officer 2	51
Lawrenz, Margaret	Estates Officer 3	51
Lovallo, Lindsay	Estates Officer 3	52
Kihn, Shirley	Estates Officer 3	58
Knowlton, Joanna	Public Trustee	134
Kozusko, Norman	Information Technologist 4	82
Ranson, Keri	Legal Counsel 3	122
Regier, Barbara	Estates Officer 3	58
Samagalski, Michelle	Estates Officer 4	64
Sohor, Richard	Finance Officer 6	77
Stephenson, Brian	Estates Officer 2	51
Taylor, Jana	Legal Counsel 2	101
Tessier, Rachelle	Estates Officer 4	64
Winning, Marla	Estates Officer 4	64

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

**Financial Statements
March 31, 2011**



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. These accounting policies have been applied on a basis consistent with the prior year. 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 September 28, 2011. 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 Trustee are properly safeguarded.

The responsibility of the Auditor General and his staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditors' Report outlines the scope of the audit examination and provides the audit opinion.

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

A blue ink signature of Joanna K. Knowlton.

Joanna K. Knowlton
Public Trustee



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To The Public Trustee of Manitoba

We have audited the accompanying financial statements of the Public Trustee of Manitoba, Estates and Trusts under Administration, which comprise the balance sheet as at March 31, 2011, and the statement of cash receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared to comply with Section 19 of the Public Trustee Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Section 19 of The Public Trustee Act 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of The Public Trustee, Estates and Trusts under Administration, for the year ended March 31, 2011, are prepared, in all material respects, in accordance with Section 19 of the Public Trustee Act.

Basis of Accounting and restriction on use

Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Public Trustee to comply with Section 19 of The Public Trustee Act. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Public Trustee and Members of the Legislative Assembly and should not be used by parties other than the Public Trustee and Members of the Legislative Assembly.

Office of the Auditor General
Winnipeg, Manitoba
September 28, 2011

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Balance Sheet as at March 31, 2011

ASSETS	2011	2010 (restated note 2)
Cash on hand and in bank	\$ 5,886,391	\$ 3,091,823
Investments - Common Fund (Note 2b and Note 3)	161,722,393	158,925,814
- Specific Estates and Trusts (Note 2c and Note 4)	27,553,463	29,793,829
Accrued interest receivable on Common Fund investments (Note 2b)	1,892,405	1,804,385
Other assets at nominal value (Note 2d)	<u>1</u>	<u>1</u>
	<u>\$197,054,653</u>	<u>\$193,615,852</u>
 LIABILITIES		
Other liabilities at nominal value (Note 2e)	\$ 1	\$ 1
Public Trustee - Fees payable (Note 1)	91,749	33,131
- Expenditures payable (Note 5)	<u>6,533</u>	<u>10,478</u>
	98,283	43,610
Estates and Trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	115,927,994	113,401,790
<i>The Public Trustee Act</i>	<u>81,028,376</u>	<u>80,170,452</u>
	<u>\$197,054,653</u>	<u>\$193,615,852</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Statement of Cash Receipts and Disbursements for the year ended March 31, 2011

RECEIPTS	2011	2010
Funds held by estates and trusts brought under administration	\$ 15,505,974	\$ 13,035,226
Realization of equities in other estates	2,163,403	2,725,783
Pensions, compensation and assistance	29,722,365	29,172,446
Sickness, disability and other insurance benefits	8,162,290	9,390,706
Investment income	7,495,251	7,834,958
Sale of estate property	8,080,776	4,848,924
Collections on accounts receivable	<u>1,706,934</u>	<u>2,012,679</u>
Total receipts, before sale or redemption of securities	72,836,993	69,020,722
Sale and redemption of securities - Common Fund	21,800,000	21,000,000
Sale and redemption of securities - Specific Estates and Trusts	<u>10,152,459</u>	<u>8,377,700</u>
Total Cash Receipts	<u>104,789,452</u>	<u>98,398,422</u>
DISBURSEMENTS		
Room, board and other maintenance expense	27,906,459	27,775,423
Preservation of estates	5,825,079	5,033,637
Other estate expenses	1,957,407	1,839,565
Administration and passing of accounts (Note 1)	6,081,538	5,855,221
Funds held by estates and trusts released from administration	<u>34,306,981</u>	<u>30,490,576</u>
Total disbursements, before purchase of securities	76,077,464	70,994,422
Purchase of securities - Common Fund	25,459,920	27,871,700
Purchase of securities - Specific Estates and Trusts	<u>457,500</u>	<u>360,000</u>
Total Cash Disbursements	<u>101,994,884</u>	<u>99,226,122</u>
Excess cash receipts (disbursements)	2,794,568	(827,700)
Cash position beginning of year	<u>3,091,823</u>	<u>3,919,523</u>
Cash position at end of year	<u>\$ 5,886,391</u>	<u>\$ 3,091,823</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2011

1. Role and Objective

The Public Trustee administers estates of mentally disabled persons, estates of deceased persons, and infant trusts. The Public Trustee is considered to be an appointment of last resort. The Public Trustee provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

Under Section 14 of *The Public Trustee Act*, the Public 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 Trustee became a Special Operating Agency. The operations of the Public 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 19 of *The Public Trustee Act*. The basis of accounting used in these financial statements differs materially from Canadian generally accepted accounting principles because they are prepared on a cash basis to reflect only the custodial activities of the Public 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 market value;
- iv. certain shares (note 2 (c)) are recorded at market value;
- v. fees and expenditures payable to the Public Trustee are accrued; and
- vi. other assets and liabilities are recorded at a 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.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2011

Balance Sheet

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

a) Change in Accounting Policy

Effective April 1, 2010, the Public Trustee adopted an accounting policy to record the client's portion of contributions to individual Registered Disability Savings Plans (RDSPs) made by or on behalf of clients whose estates are under administration at an amount that represents the cash contributions made. Previously, contributions made to individual RDSPs were recorded under Other Assets at an aggregate nominal value of \$1. The government portion of contributions to individual RDSPs is subject to potential repayment terms over a 10 year period. As such, government contributions to individual RDSPs will continue to be recorded with Other Assets until such time as all government conditions are met and full entitlement to the government contributions vest with the client, which is anticipated to be the end of the 10 year period from the date the contribution is made. 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.

This change in accounting policy has been applied retroactively and prior periods have been restated. As a result of this change, both Investments – Specific Estates and Trusts and Excess of recorded value of assets over liabilities increased by \$385,500 as at March 31, 2010.

For the current year, the impact of the change is to increase Investments – Specific Estates and Trusts as well as Excess of recorded value of assets over liabilities by \$1,370,500.

b) Investments - Common Fund

Investments of the Common Fund, established pursuant to Section 11(1) of *The Public Trustee Act*, are restricted to securities and loans 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.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2011

c) Investments - Specific Estates and Trusts

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

Investments purchased by the Public Trustee are recorded at cost.

Bonds, term deposits, guaranteed 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 as at the date of death for estates of deceased persons or as at the date of assumption for all other estates. 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 RDSP's will be recorded under Investments – Specific Estates and Trusts at an amount representing cash contributions made plus accrued interest.

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 for 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) Other Liabilities

Other liabilities which include accounts payable, mortgages 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.

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements March 31, 2011

3. Investments - Common Fund

	2011 <u>Market Value</u>	2011 <u>Par Value</u>	2011 <u>Book Value</u>	2010 <u>Value</u>
Term deposits & investment certificates	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 12,000,000
Government of Canada	-0-	-0-	-0-	5,803,208
Province of B.C.	6,100,500	6,000,000	6,179,831	-0-
Province of Manitoba	43,527,390	41,000,000	41,336,100	46,498,095
Province of Quebec	21,343,008	20,000,000	20,510,022	13,370,752
Province of Ontario	26,892,662	25,700,000	26,384,034	30,684,562
Province of New Brunswick	7,350,924	7,000,000	7,287,900	7,329,093
Canada Mortgage & Housing	19,319,568	18,500,000	18,745,695	18,955,715
Canada Housing Trust	<u>30,808,087</u>	<u>30,300,000</u>	<u>30,278,811</u>	<u>24,284,389</u>
	<u>\$166,342,139</u>	<u>\$ 159,500,000</u>	<u>\$161,722,393</u>	<u>\$158,925,814</u>

4. Investments - Specific Estates and Trusts

	<u>2011</u>	<u>2010</u> (restated)
Term deposits, guaranteed investment certificates and treasury bills	\$18,812,576	\$ 23,036,729
Government of Canada and other bonds	497,871	1,334,075
Shares of capital stock and mutual funds	6,872,516	5,037,525
Registered Disability Savings Plan Funds	<u>1,370,500</u>	<u>385,500</u>
	<u>\$ 27,553,463</u>	<u>\$ 29,793,829</u>

5. Expenditures Payable to the Public Trustee

Expenditures payable to the Public 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 Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from operating funds of the Public Trustee.