



2011 - 2012 ANNUAL REPORT



**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, 2012.

Respectfully submitted,

A handwritten signature in black ink, reading 'Andrew Swan'.

Honourable Andrew Swan

Justice

Deputy Minister of Justice and Deputy Attorney General

Room 110 Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

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, 2012.

The results of the 2011/12 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, 2012.

Yours truly,

A handwritten signature in black ink, appearing to be 'JK' with a large loop and a trailing line.

Joanna K. Knowlton
Public Trustee

RÉSUMÉ DES RÉALISATIONS DE 2011-2012

ADMINISTRATION DES DOSSIERS DES CLIENTS

1. Nous avons offert des exposés éducatifs à l'intention du public dans le cadre de cinq grands séminaires et de plusieurs ateliers plus petits à la demande d'organismes publics, de groupes de services, de divers ministères et du grand public. Un total de 886 personnes ont assisté à ces séminaires et exposés.
2. Un poste temporaire d'agent de l'administration des dossiers des clients et un poste de commis aux demandes de remboursement des frais médicaux ont été créés. L'ajout de ces postes améliorera le service à la clientèle tout en réduisant le risque de pertes pour le curateur public.

SUCCESSIONS ET FIDUCIES

3. Nous avons installé le logiciel Family Tree Maker qui est utilisé par les administrateurs successoraux. Ce logiciel facilite la création et l'enregistrement des renseignements relatifs aux arbres généalogiques, ce qui rend possible le paiement des successions aux héritiers légitimes dans les meilleurs délais.

ADMINISTRATION FINANCIÈRE

4. Dans le cadre d'une étude à long terme des systèmes d'information et à la suite des réponses obtenues à la demande de renseignements envoyée l'année dernière, nous avons décidé de recruter un expert-conseil analyste d'entreprise. Ses tâches seront les suivantes : étudier et compléter la documentation sur le système de processus actuel, répertorier les nouvelles exigences système et élaborer une « demande de propositions » relative à un nouveau système d'information pour le curateur public. La Division de la technologie et de la transformation opérationnelle du gouvernement du Manitoba nous a apporté son aide dans ce dossier.
5. Le système a fait l'objet de plusieurs améliorations afin d'étendre le programme automatisé de budget des clients aux fiducies destinées aux enfants et aux adultes.

SERVICES D'INSPECTION

6. Les nouvelles initiatives concernant la sécurité et l'hygiène au travail comprenaient une séance d'information sur les infestations de punaises de lit présentée par un spécialiste de la lutte antiparasitaire.
7. Au cours de l'année, nous avons remplacé les téléphones cellulaires des inspecteurs par des Blackberries. L'accessibilité au courrier électronique pendant que les inspecteurs sont en déplacement sur le terrain s'est révélée très utile. Les agents de l'administration des dossiers des clients, les administrateurs de succession d'un défunt et le personnel de soutien peuvent maintenant fournir des renseignements additionnels aux inspecteurs qui sont tenus de mener à bien leurs missions, ce qui se traduit par un gain d'efficacité et une diminution des coûts.

CONTENTIEUX

8. 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.
9. 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.

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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 5,780 clients, estates and trusts. Assets under administration are currently valued at approximately \$224 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 Senior Will and Estate Planner Estate & Trust Services, STI, PFP Scotia Private Client Group	Private Sector Representative
	Jean Cox Assistant Deputy Minister Regional Programs and Services Manitoba Health	Client Representative
	Charlene Paquin Assistant Deputy Minister Disability Programs and EIA Manitoba Family Services and Labour	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 – 14
- Administrative Assistants – 13.5
- 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:

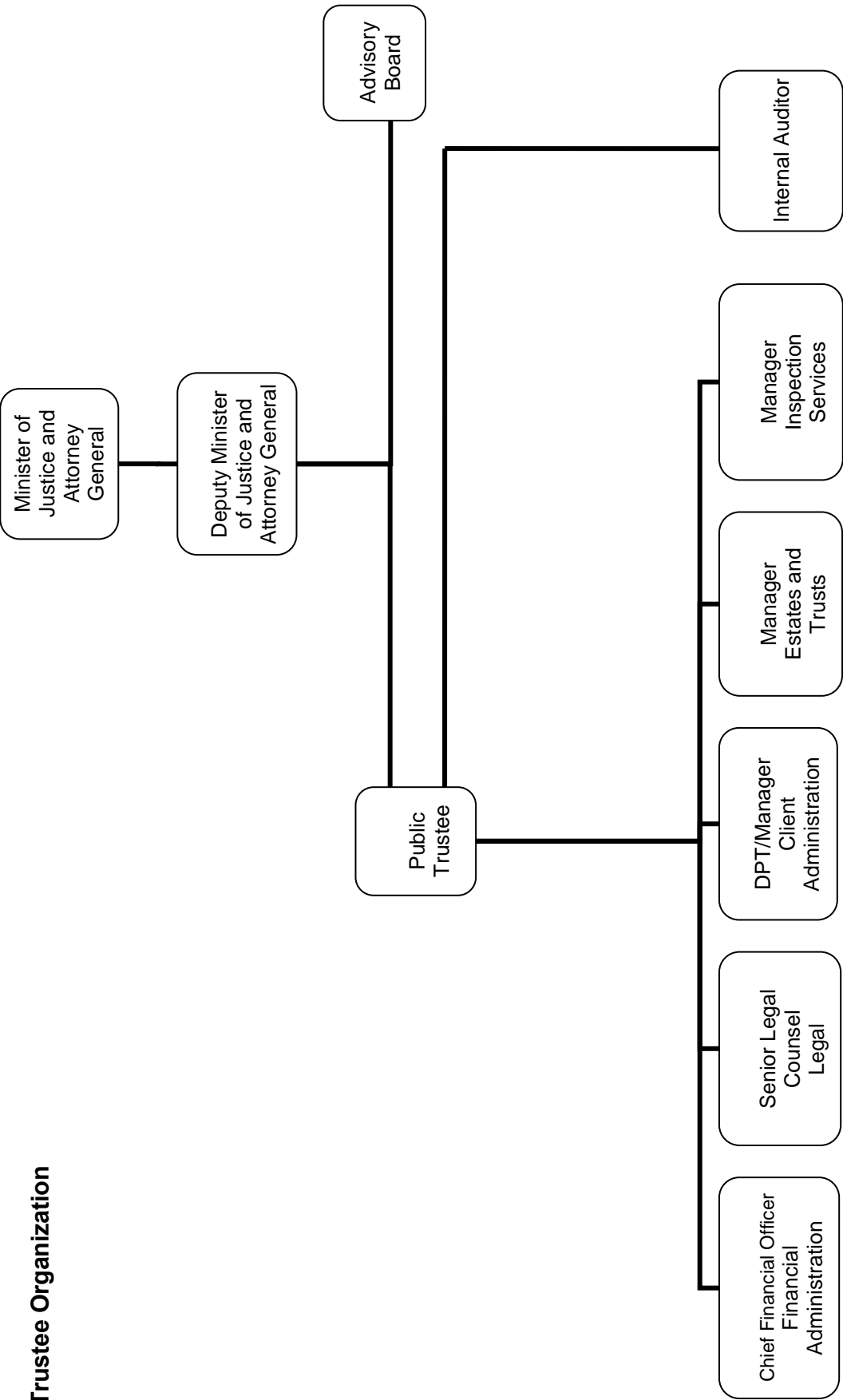
1. Providing the necessary legal representation for clients, estates, and trusts;
2. Ensuring the protection of rights and assets;
3. Fulfilling statutory duties as required and providing advice to the court as required; and
4. Providing advice to The PT.

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 lasts 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

As of March 31, 2012, The PT acted as committee, SDM or attorney for 3,373 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 Labour. 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 – 2011/12

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>
End of Life Planning	Brandon	30
Role of The Public Trustee	Protection Order Training – Winnipeg	10
Health Care Directive and Wills	Red River Notre Dame Campus – Winnipeg	25
Power of Attorney, Health Care Directives and Wills	Downtown Princess Campus – Winnipeg	25
Role of The Public Trustee as Substitute Decision Maker – Vulnerable Persons Act – Quarterly Seminar	Regional Health – Union Centre – Winnipeg	120
End of Life Decisions	Manitoba Bar Association – Winnipeg	30
Legal Tests for Capacity	Selkirk Mental Health Centre – Selkirk	30
Financial Abuse – Quarterly Seminar	Knox United Church – Brandon	53
Legal Tests for Capacity	Selkirk Mental Health Centre – Selkirk	35
Elder Abuse and Aging Society	University of Manitoba – Human Ecology Class – Winnipeg	10
Role of Substitute Decision Maker	Provincial Building – Brandon	25
Decisions	Decisions Workshop – Winnipeg	30
Committeeship/Powers of Attorney/Competency	St. Boniface Hospital – Geriatric Day Hospital – Winnipeg	40
Delegated Authority	Mental Health – Brandon RHA	20
Committeeship and Power of Attorney – Quarterly Seminar	Kin Place Health Complex – Oakbank	62
Committeeship and Power of Attorney – Quarterly Seminar	Union Centre – Winnipeg	120
Role of The Public Trustee – WHRA	Health Sciences Centre – Winnipeg	15
Patients Relations Network		
Financial Abuse – Quarterly Seminar	Union Centre – Winnipeg	119
Financial Information from Community Service Workers and Agencies	Brandon	17
Committeeship – Role of The Public Trustee and Mentally Incompetent Adults – Building Relationships	Grace Hospital – Winnipeg	30
Role of The Public Trustee	University of Manitoba – Winnipeg	40
TOTAL		886

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 2011/12, The PT opened fifty-nine new RDSP accounts for clients, bringing the total number of RDSPs held by PT clients to 958. Contributions since inception of the program total \$1,803,500.00, with a total of \$8,459,889.00 being held in RDSPs.

3. Increased Staffing in Client Administration

During 2011/12, two new term positions were added to the Client Administration Section. An additional term Client Administration Officer position was added to address increasing workload issues among Client Administration Officers. The second position was term a Medical Claims Clerk. One of the major duties of this position is to ensure that extended health benefit claims are made on behalf of clients in a timely way. The addition of both these positions will improve service to clients while reducing risk of loss to The PT.

4. Client Administration Section – Activity for Year Ending March 31, 2012

	March 31, 2011	Files Opened in Year	Files Closed in Year	March 31, 2012 End of Year
Assets under Administration * (\$000's)	\$ 135,703			\$144,760
Number of Clients	3,299	454	380	3,373

*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 – 2011/12

1. Electronic Family Trees

Family Tree Maker software was installed on the desktops of the Manager, Estates and Trusts and each Estates Officer. All Estates Officers received training to create, maintain and print family tree documents. Effective January 1, 2012, all family tree information on new estates is tracked electronically. This enhances the creation and recording of family tree information so that deceased estates are paid to the rightful heirs in a timely way.

2. Estates and Trusts Section – Activity for the year ending March 31, 2012

	March 31, 2011	Files Opened in Year	Files Closed in Year	March 31, 2012 End of Year
Assets under Administration * (\$000's)	\$ 83,592			\$ 77,395
Deceased Estates caseload	342	104	140	306
Children's Trusts caseload	1,296	256	198	1,354
Adult Trusts caseload	285	135	57	363

*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 – 2011/12

1. Systems Requirements and Changes

As part of a long-term information systems review in consultation with Business Transformation and Technology and as a result of responses obtained from “Request For Information” completed in the year, a decision was made to retain a Business Analyst to assist it in preparing a complete set of business requirements and an organizational change management strategy for the eventual replacement of its information system. The Business Analyst will be retained in 2012/13 and is expected to complete the project in 2013/14.

2. Internal Control Improvements

As part of an ongoing process to enhance internal controls in financial administration, policies and procedures in the area of Registered Disability Savings Plans were reviewed and updated. Also, system modifications were made to track/monitor client Disability Tax Credit Certificates.

3. Systems Enhancements

System enhancements were completed in the following area:

The client budget program was expanded to children’s and adult trust accounts.

4. Financial Administration (Trust) Section – Activity for the year ending March 31, 2012

Magnitude (\$000's)	2010/11	2011/12
Total Assets under Administration *	\$ 221,771	\$ 226,000
Receipts for year	\$ 104,789	\$ 98,792
Disbursements for year	\$ 101,995	\$ 100,434
Total Accounts/Files	5,642	5,780
Total Financial Transactions	338,901	349,584

*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 – 2011/12

1. Workplace Safety & Health Initiatives

In the course of their day-to-day work, Inspectors are noting a significant increase in bed bug infestations in clients' and estates' properties. In order to assist them in taking appropriate safety precautions, an information presentation on bed bug infestations was provided to Agency employees by Gilles Lambert Pest Control.

2. Office Communication

During the year, the inspectors' cell phones were replaced with Blackberries. The accessibility to email while Inspectors are out doing field work has proven to be a very useful tool. Client Administration and Deceased Estate Officers and support staff can now provide additional information to the Inspector that is required to successfully complete assignments, resulting in greater efficiency and cost effectiveness.

LEGAL ACCOMPLISHMENTS - 2011/12

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 the administration of estates and incapable persons. 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 presented to the Faculty of Law at the University of Manitoba on the role of The Public Trustee.

2. 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, 2012

	March 31, 2011	Files Opened in Year	Files Closed in Year	March 31, 2012 End of Year
Number of Files at beginning of year	420	399	435	384

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 2011/12, The PT held 5 public education sessions.

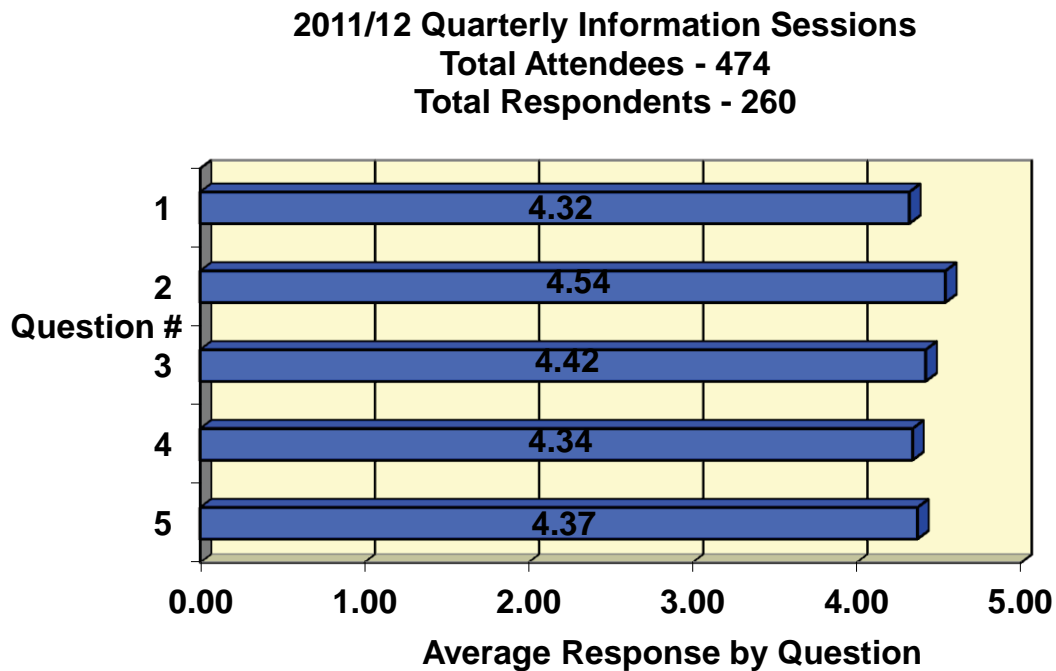
Particulars of the seminars held in 2011/12 are contained in the chart below.

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
May 24/11	Winnipeg	73 of 120 registrants	4.2 – Role of The Public Trustee as SDM
June 23/11	Brandon	34 of 53 registrants	4.59 – Financial Abuse
Dec. 6/11	Oakbank	35 of 62 registrants	4.22 – Committeeship and Power of Attorney
Feb. 15/12	Winnipeg	61 of 120 registrants	4.45 – Committeeship and Power of Attorney
March 20/12	Winnipeg	57 of 119 registrants	4.53 Financial Abuse
Total		260 of 474 registrants 55%	4.42

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



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. This will include developing training modules for new Estates and Trusts staff.

The Client Administration Section uses a series of training modules to provide standardized training to new client administration staff. These consist of 35 modules in PowerPoint format. The modules contain sufficient detail to guide and support staff on topics relevant to their duties.

The Estates and Trusts section is in the process of developing specific training modules in PowerPoint format relating to the administration of deceased estates as well as children and adult trusts.

In an effort to improve employee's understanding of the role of The PT, standardized orientation sessions about each section of the office are delivered twice per year to new and other interested staff. To supplement this process, a schedule of cross-training opportunities was developed during the year. This tool, used in conjunction with training modules, staff orientation sessions and external training opportunities is intended to improve new employees' understanding of the different areas of operation of The PT, and to give them hands-on experience in areas of the office in which they don't ordinarily work. A schedule of cross-training opportunities is provided to all new staff within the first two to three weeks of their employment, with participation being monitored by managers.

In addition, to provide ongoing training opportunities to all employees, a schedule of monthly information sessions was developed in January 2012. These sessions will take place each month between September and June. They include topics of relevance to employees, and are presented by internal or external presenters. The topics presented in 2011/12 were:

MONTH	TOPICS
January 2012	Real Estate
February 2012	"Everything You Wanted to Know About Bedbugs but Were Afraid to Ask"
March 2012	<i>The Dependent's Relief Act</i>

- 3. To continue to update policies and procedures relating to deceased estate administration and to have these included in the Agency's online Policy and Procedure Manual.**

All of the policies and procedures relating to deceased estate administration have now been included in the Agency's online Policy and Procedure Manual. These are updated regularly in accordance with legislative, regulatory or technological changes, as well as changes in the Agency's internal policies and procedures.

- 4. To conduct investigations into options to replace the Agency's current IBM Information and Technology system, including distributing a Request for Information to interested vendors.**

The Request for Information closed on July 29, 2011. Three responses were received and reviewed. During the fourth quarter, PT staff worked with a Systems Architect from BTT to establish parameters for retaining a Business Analyst from the private sector to assist in the development of a Request for Proposals to be issued in 2013/14.

INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS

1. Compliance Audits

The position of Internal Auditor was vacant during the period from September 16, 2011 to November 21, 2011. This resulted in a reduction of the number of compliance audits done during the year.

The internal auditor conducted compliance audits of 112 files and The PT, Deputy Public Trustee (DPT) and Senior Client Administration Officers (CAOs) conducted 37 compliance audits. All compliance audit findings were reported to the DPT. In addition, The PT and DPT began conducting three-month interim reviews of new files. During 2011/12, 326 three-month file reviews were conducted. All these audits have the following functions:

- to assess whether all procedures are followed and internal controls are adequate; and
- to identify and mitigate financial risks.

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

b) Audit of Cheque Disbursements

During the year, a monthly sample of cheque disbursements was tested to verify agreement with cheque disbursement procedures. This sample totalled 233 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 were reported to the DPT.

c) Audits of Real Estate Values

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.

d) Encroachment Audit

The internal auditor conducted a quarterly 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 findings were reported to the DPT.

e) Registered Disability Savings Plan (RDSP) Audit

The Government of Canada began offering RDSP's 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.

The findings were reported to the DPT.

f) Audit of Tax Returns

The internal auditor conducted a tax audit on a small sampling of tax returns. The purpose was to:

- ensure that the returns were completed accurately and completely;
- ensure that all returns had supporting documents; and
- compare incomes between years to assess reasonability

The findings were reported to the DPT.

3. Ongoing Review of Policies and Procedures

The internal auditor made recommendations for policy, procedure and process enhancements with the purpose of reflecting current practices, reducing risks and improving efficiency.

4. 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. All our publications are available in English and French.

1. The Committeeship Guidebook

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

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

3. The Powers of Attorney Pamphlet

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

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

5. Deceased Estates

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

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

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

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:

- Banking 101;
- Budgeting;
- Cost of Living;
- Credit & Credit Cards;
- Goal Setting;
- Investment Options; and
- Quiz: How are you with Money?

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

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:

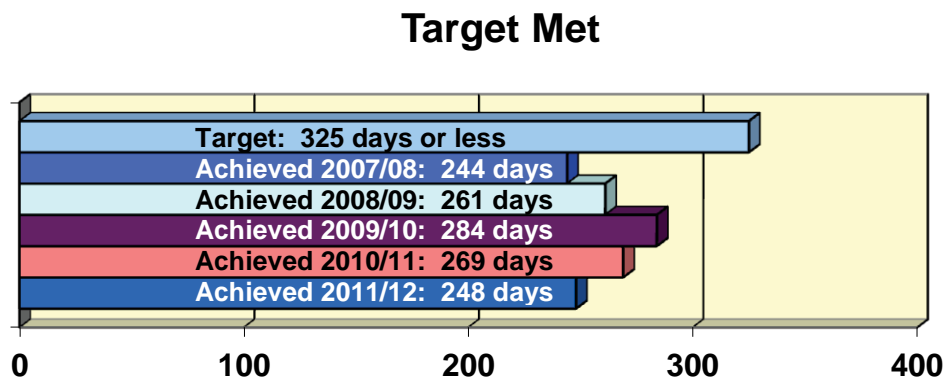
Estates of former clients will be paid out to the executor or administrator in a timely manner.

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.

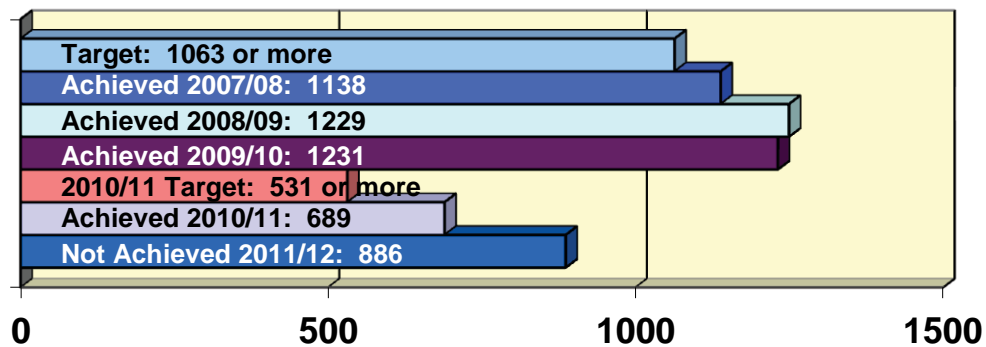
The PT's programs and services are critical to a certain segment of society's functioning. Its programs and services are not widely understood by the general public and we realize that even stakeholders and service providers in the field need regular education about The PT's programming and such topics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

Performance Target:

To maintain the number of persons who are educated with respect to The PT at 1,063 people.

In 2011/12, The PT held 5 regular seminars and presented at several additional programs (see page 11 for details). However, these programs were attended by only 886 people. The PT will be reviewing the venues and topics of presentation in future years in an effort to improve attendance.

Target Not Met



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.

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%
2011/12	500	485	97.7

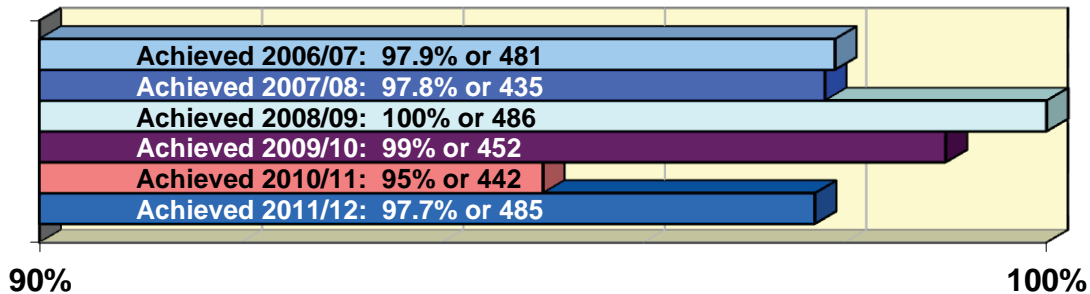
Due to expenditure management directives in 2010/11, the target number of visits and percentage required were temporarily reduced. They were returned to their pre-2010/11 targets in 2011/12.

CLIENT ADMINISTRATION continued

Performance Target:

Client administration officers will complete at least 97% of the target number of visits to clients in each year.

Target Met



4. Objective:

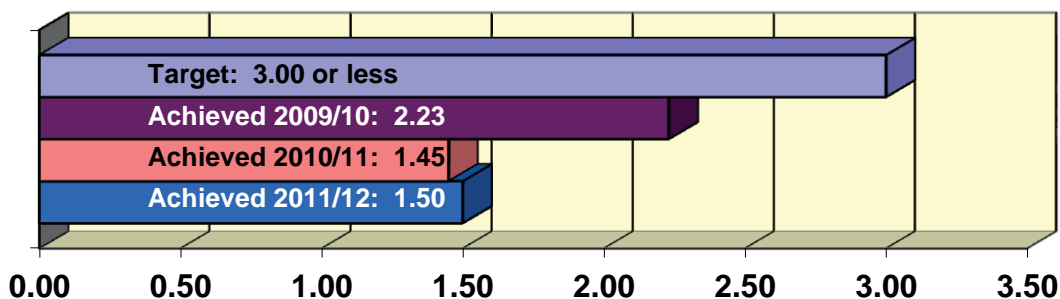
Adult clients will begin receiving management and protective services from The PT in a timely manner after receipt by The PT of authority to act.

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:

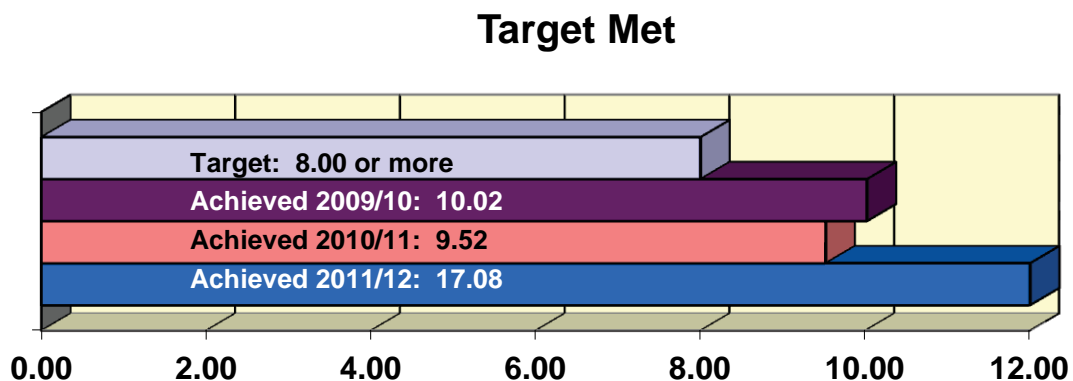
Client Administration employees will receive ongoing training and education on relevant topics to ensure they are able to provide a high quality of service to clients.

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:

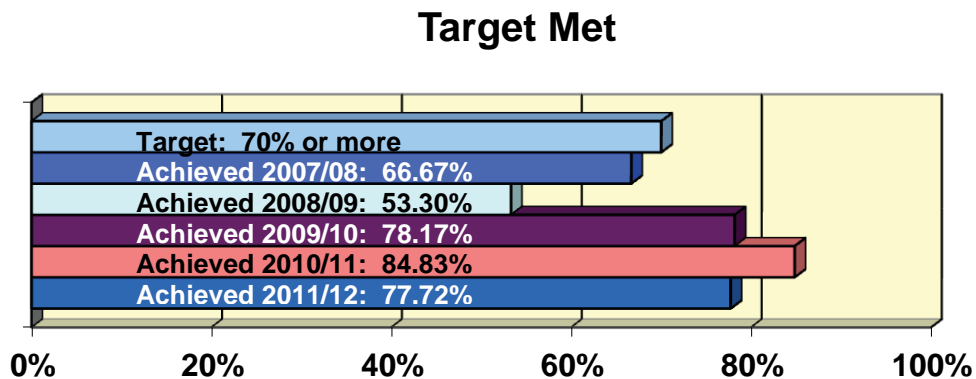
Children's trusts will be paid out in a timely fashion upon children achieving the age of majority.

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 193 children's trusts in 2011/12. The service level was met in 150 cases or 77.72%.



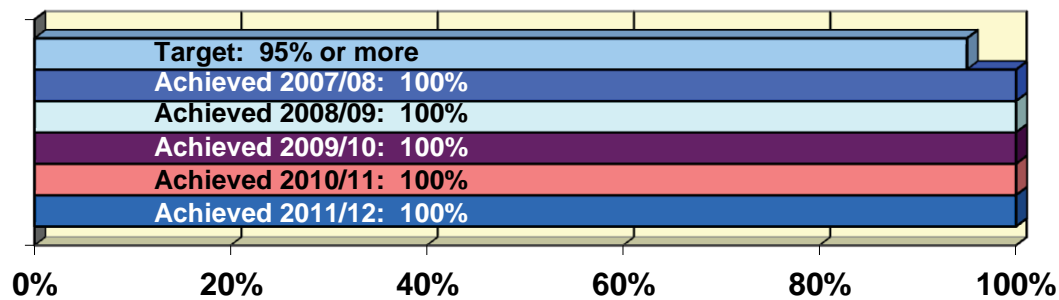
ESTATES AND TRUSTS ADMINISTRATION continued

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.

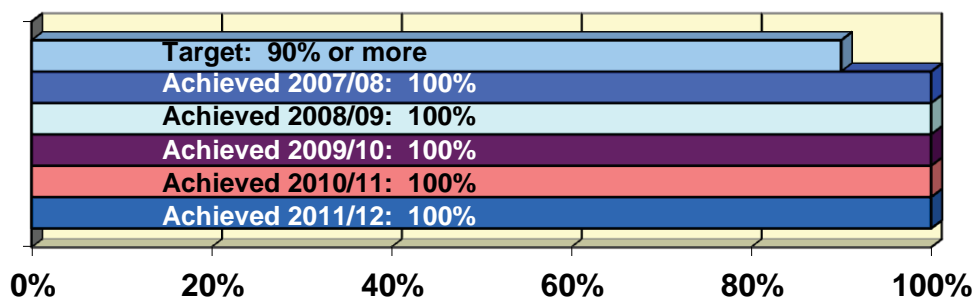
Decisions include decisions to approve or deny payment, or to request clarification or further information in support of the request for payment.

Performance Target:

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

In 2011/12, 256 decisions were made. All were made within 10 business days of receipt of the request.

Target Met



FINANCIAL ADMINISTRATION

1. Objective:

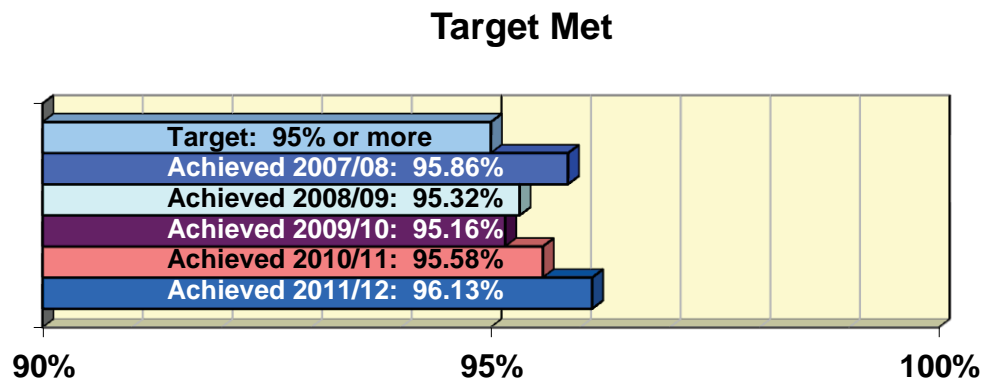
The PT will process authorized payments from clients, estates, and trusts in an efficient manner.

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 72,833 cheque requisitions during 2011/12. Of these, 70,016 or 96.13% were processed within the 5 day turnaround target.



FINANCIAL ADMINISTRATION continued

2. Objective:

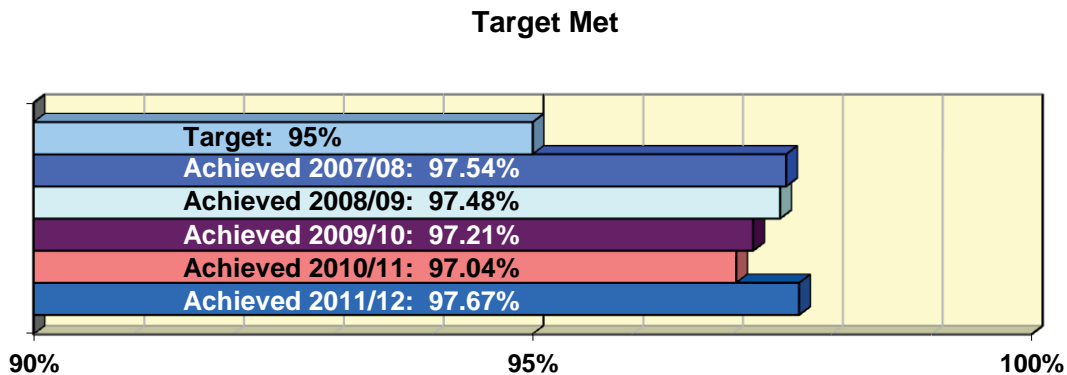
The PT will process cheques and cash receipts received for clients, estates and trusts in an efficient manner.

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 8,914 receipts during 2011/12. Of those receipts, 8,707 or 97.67% were processed in a 2 day turnaround.



INSPECTION SERVICES

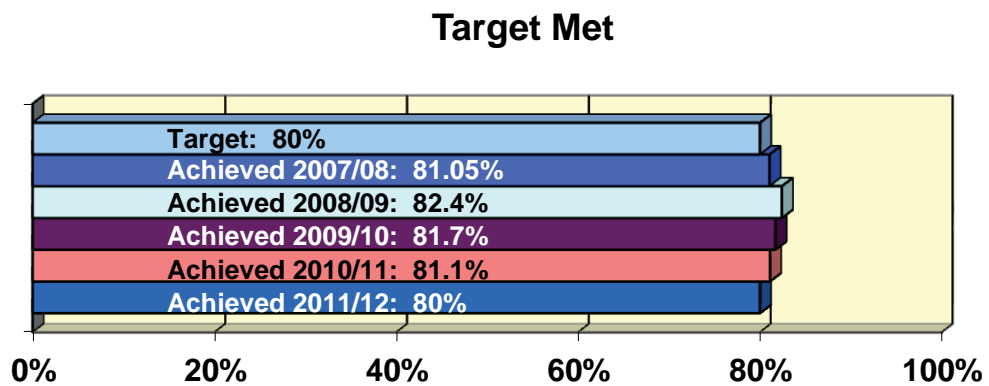
1. Objective:

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 2011/12, 135 search and inventory procedures were completed. Of those, 107 or 80% were completed within 7 days.



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

	Actual 2010/11	Actual 2011/12	Budget 2011/12	% Variance
Total Revenue	6,510	6,682	6,116	9.25%
Salaries & Benefits	4,158	4,207	4,360	3.52%
Employee Pension Costs	220	223	196	-13.78%
Accommodation Costs	401	410	401	-2.24%
Other Administration Costs	915	1,020	1,088	6.25%
Amortization: Capital Assets	24	17	31	45.16%
Total Expenses	5,721	5,877	6,076	3.28%
NET INCOME (Loss)	789	805	40	

Variance Analysis (Actual to Budget)

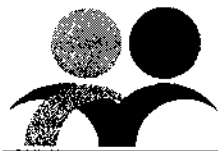
Fees: The upward movement in fees continued at a slower rate for 2011/12.

Total Expenses: The total expenses were less than budget due to position vacancies throughout the year.



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

**Financial Statements
March 31, 2012**



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 23, 2012. 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



OFFICE OF THE
AUDITOR GENERAL
MANITOBA

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 statement of financial position as at as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the years ended March 31, 2012 and March 31, 2011, 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 public sector accounting standards 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.

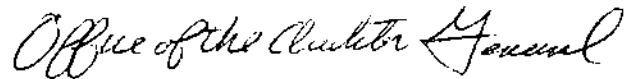
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations, changes in net financial assets and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes the basis of accounting. For the year ending March 31, 2012, the Public Trustee of Manitoba adopted Canadian public sector accounting standards. This resulted in significant changes to the presentation of the financial statements as compared to the prior year. These standards were applied retrospectively by management to the comparative information in these financial statements.

A handwritten signature in cursive script, reading "Office of the Auditor General".

Office of the Auditor General

July 23, 2012

Winnipeg, Manitoba

THE PUBLIC TRUSTEE OF MANITOBA
 (An Agency of the Special Operating Agencies Financing Authority – Province of Manitoba)
 Statement of Financial Position
 As at
 (In Thousands)

	<u>March 31,</u> <u>2012</u>	<u>March 31,</u> <u>2011</u> (Restated - Note 4)	<u>April 1,</u> <u>2010</u> (Restated - Note 4)
Financial assets			
Cash and cash equivalents (Note 6)	\$ 3,456	\$ 2,116	\$ 1,639
Portfolio investments (Note 11)	515	1,015	715
Accounts receivable (Note 7)	<u>915</u>	<u>931</u>	<u>836</u>
	<u>4,886</u>	<u>4,062</u>	<u>3,190</u>
Liabilities			
Accounts payable and accrued liabilities (Note 8)	576	569	540
Employee future benefits (Note 9)	<u>582</u>	<u>582</u>	<u>549</u>
	<u>1,158</u>	<u>1,151</u>	<u>1,089</u>
Net financial assets	<u>3,728</u>	<u>2,911</u>	<u>2,101</u>
Non-financial assets			
Prepaid expenses	4	6	3
Tangible capital assets (Note 10)	<u>47</u>	<u>57</u>	<u>81</u>
	<u>51</u>	<u>63</u>	<u>84</u>
Accumulated surplus	<u>\$ 3,779</u>	<u>\$ 2,974</u>	<u>\$ 2,185</u>

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

THE PUBLIC TRUSTEE OF MANITOBA
 (An Agency of The Special Operating Agencies Financing Authority – Province of Manitoba)
 Statement of Operations and Accumulated Surplus
 For the Year Ended March 31
 (In Thousands)

	<u>2012 Budget (Note 19)</u>	<u>2012 Actual</u>	<u>2011 Actual (Restated - Note 4)</u>
Revenue			
Fees and other revenue (Note 13)	\$ 6,109	\$ 6,641	\$ 6,489
Investment income	<u>7</u>	<u>41</u>	<u>21</u>
Total revenue	<u>6,116</u>	<u>6,682</u>	<u>6,510</u>
Expenses			
Amortization of tangible capital assets	31	17	27
Accommodation costs (Note 12)	401	410	401
Other administration expenses (Note 14)	1,088	1,020	915
Salaries and benefits	4,360	4,207	4,158
Pension benefits (Note 15)	<u>196</u>	<u>223</u>	<u>220</u>
Total expenses	<u>6,076</u>	<u>5,877</u>	<u>5,721</u>
Annual surplus	40	805	789
Accumulated surplus, beginning of year	<u>2,974</u>	<u>2,974</u>	<u>2,185</u>
Accumulated surplus, end of year	<u>\$ 3,014</u>	<u>\$ 3,779</u>	<u>\$ 2,974</u>

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

THE PUBLIC TRUSTEE OF MANITOBA
 (An Agency of The Special Operating Agencies Financing Authority – Province of Manitoba)
Statement of Cash Flows
For the Year Ended March 31
(In Thousands)

	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u> (Restated - Note 4)
Cash provided by (applied to)		
Operating		
Annual surplus	\$ 805	\$ 789
Amortization of tangible capital assets	<u>17</u>	<u>27</u>
	822	816
Change in:		
Accounts receivable	16	(95)
Accounts payable and accrued liabilities	7	29
Employee future benefits	-	33
Prepaid expenses	<u>2</u>	<u>(3)</u>
Cash provided by operating activities	<u>847</u>	<u>780</u>
Capital		
Acquisition of tangible capital assets	<u>(7)</u>	<u>(3)</u>
Cash applied to capital activities	<u>(7)</u>	<u>(3)</u>
Investing		
Purchases of portfolio investments	-	(500)
Proceeds from redemption of portfolio investments	<u>500</u>	<u>200</u>
Cash provided by (applied to) investing activities	<u>500</u>	<u>(300)</u>
Increase in cash and cash equivalents	1,340	477
Cash and cash equivalents		
Beginning of year	<u>2,116</u>	<u>1,639</u>
End of year	<u>\$ 3,456</u>	<u>\$ 2,116</u>
Supplemental cash flow information		
Interest received (paid), net	\$ <u>35</u>	\$ <u>11</u>

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

THE PUBLIC TRUSTEE OF MANITOBA
 (An Agency of The Special Operating Agencies Financing Authority – Province of Manitoba)
Statement of Change in Net Financial Assets
 For the Year Ended March 31
 (In Thousands)

	<u>2012 Budget (Note 19)</u>	<u>2012 Actual</u>	<u>2011 Actual (Restated - Note 4)</u>
Annual surplus	\$ 40	\$ 805	\$ 789
Tangible capital assets			
Acquisition of tangible capital assets	(15)	(7)	(3)
Amortization of tangible capital assets	<u>31</u>	<u>17</u>	<u>27</u>
Net change in tangible capital assets	<u>16</u>	<u>10</u>	<u>24</u>
Other non-financial assets			
Decrease (increase) in prepaid expenses	<u>-</u>	<u>2</u>	<u>(3)</u>
Net change in other non-financial assets	<u>-</u>	<u>2</u>	<u>(3)</u>
Increase in net financial assets	56	817	810
Net financial assets, beginning of year	<u>2,911</u>	<u>2,911</u>	<u>2,101</u>
Net financial assets, end of year	<u><u>\$ 2,967</u></u>	<u><u>\$ 3,728</u></u>	<u><u>\$ 2,911</u></u>

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

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.

2. Basis of accounting

As of April 1, 2011 the Agency adopted Canadian Public Sector Accounting (PSA) Standards with a transition date of April 1, 2010.

The adoption of PSA Standards includes the early adoption of Sections PS 3450 *Financial Instruments*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*.

3. Significant accounting policies

a) Revenue recognition

- i. Administration fees are charged as earned 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.
- ii. Other fees are recognized and charged to an account as services are provided.
- iii. Statutory fees are recognized as revenue when received.

b) Tangible capital assets

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

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

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

c) Measurement Uncertainty

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

d) Capital disclosures

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

The Agency's capital management policy is to maintain sufficient capital to meet its objectives through its accumulated surplus. The Agency has developed risk management strategies, as described in Note 5, to preserve the accumulated surplus. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

e) Cash and cash equivalents

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

f) Prepaid expenses

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

g) Expenses

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

Transfers include entitlements, grant and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

4. First-time adoption of Public Sector Accounting Standards

In previous fiscal years, the Agency classified itself as a Government Business-Type Organization (GBTO) and followed the recommendations of the Canadian Institute of Chartered Accountants Handbook – Part V. In October 2009, the Public Sector Accounting Board (PSAB) determined that this category would cease to exist for fiscal years beginning on or after January 1, 2011 and that GBTO's are required to reclassify themselves in accordance with Public Sector Accounting (PSA) Standards. In accordance with the recommendations of the Public Sector Accounting Handbook, the Agency has determined that it is an "other government organization" and has determined that the PSA Standards are the most appropriate framework for reporting purposes.

The Agency has not utilized any transitional exemptions on the adoption of PSA standards.

Under the previous accounting standards, the Agency was not required to accrue a liability for sick pay benefits that accumulated but did not vest. However, PSA Standards require accrual of non-vesting sick pay benefits as they are earned by employees. The impact of this change is as follows:

a) Employee future benefits	<u>March 31, 2011</u>	<u>April 1, 2010</u>
Severance liability as per previous financial statements	\$ 497	\$ 464
Add: sick pay benefits -	<u>85</u>	<u>85</u>
Employee future benefits as per PSA Standards	<u>\$ 582</u>	<u>\$ 549</u>
 b) Accumulated surplus	 <u>March 31, 2011</u>	 <u>April 1, 2010</u>
Equity as per previous financial statements	\$ 3,059	\$ 2,270
Less: sick pay benefits -	<u>(85)</u>	<u>(85)</u>
Accumulated surplus as per PSA Standards	<u>\$ 2,974</u>	<u>\$ 2,185</u>

There was no impact on net income for the years ended March 31, 2012 and 2011. In addition, the above-noted adjustments have not resulted in significant changes to the Agency's operating, capital and investing cash flows as presented in the statement of cash flow in financial statements previously reported.

5. Financial Instruments and Financial Risk Management

Measurement

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

The Agency records its financial assets at amortized cost. Financial assets include cash and cash equivalents, portfolio investments and accounts receivable. The Agency also records its financial liabilities at cost. Financial liabilities include accounts payable and accrued liabilities.

Gains and losses on financial instruments measured at fair value are recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations and accumulated surplus. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations and accumulated surplus in the period the gain or loss occurs.

The Agency did not incur any re-measurement gains and losses during the year ended March 31, 2012 (2011 - \$nil).

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

Credit risk

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

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

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 3,456	\$ 2,116
Portfolio investments	515	1,015
Accounts receivable	<u>915</u>	<u>931</u>
	\$ 4,886	\$ 4,062

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

Accounts receivable: The Agency is not exposed to significant credit risk as the receivable is composed of fees due from 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.

The aging of accounts receivable and allowance for doubtful accounts as at March 31, 2012 was:

	<u>Net</u>	<u>Allowance</u>
Current	\$ 915	\$ 39
30-60 days past billing date	-	-
61-90 days past the billing date	-	-
Greater than 90 days past the billing date	-	-
	<u>\$ 915</u>	<u>\$ 39</u>

Liquidity risk

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

The Agency manages liquidity risk by maintaining adequate cash balances. The Agency prepares and monitors detailed forecasts of cash flows from operations and anticipated investing and financing activities. The Agency continuously monitors and reviews both actual and forecasted cash flows through periodic financial reporting.

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 cash and cash equivalents and portfolio investments.

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

Foreign currency risk

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

6. Cash and cash equivalents

	<u>2012</u>	<u>2011</u>
Cash	\$ 1,731	\$ 926
Demand deposits	1,725	990
Guaranteed investment certificates	-	200
	<u>\$ 3,456</u>	<u>\$ 2,116</u>

7. Accounts receivable

	<u>2012</u>	<u>2011</u>
Fees receivable	\$ 920	\$ 945
Allowance for doubtful accounts	<u>(39)</u>	<u>(40)</u>
	881	905
Interest receivable	20	14
Advances to client accounts	8	6
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 915</u>	<u>\$ 931</u>

8. Accounts payable and accrued liabilities

	<u>2012</u>	<u>2011</u>
Operating expenses payable	\$ 109	\$ 135
Salaries and benefits payable	88	66
Vacation entitlements earned	349	340
GST payable to Canada Revenue Agency	<u>30</u>	<u>28</u>
	<u>\$ 576</u>	<u>\$ 569</u>

9. Employee future benefits

	<u>2012</u>	<u>2011</u>
Severance benefits	\$ 497	\$ 497
Sick pay benefits	<u>85</u>	<u>85</u>
	<u>\$ 582</u>	<u>\$ 582</u>

Severance benefits

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

An actuarial report was completed for the severance pay liability as of March 31, 2011. The report provides a formula to update the liability on an annual basis. The Agency's actuarially determined net liability for accounting purposes as at March 31, 2012 was \$590 (2011 - \$560). An actuarial loss of \$93 (2011 - \$63) will be amortized over the 15 year expected average remaining service life (EARSL) of the employee group.

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

	<u>2012</u>	<u>2011</u>
Accrued benefit liability	\$ 590	\$ 560
Unamortized actuarial gains (losses)	<u>(93)</u>	<u>(63)</u>
Severance benefit liability	<u>\$ 497</u>	<u>\$ 497</u>

The total expenses related to severance benefits at March 31 include the following components:

	<u>2012</u>	<u>2011</u>
Interest on obligation	\$ 38	\$ 38
Employer service cost	17	16
Amortization of actuarial loss over EARSL	<u>(2)</u>	<u>(8)</u>
Total expense related to severance benefit	<u>\$ 53</u>	<u>\$ 46</u>

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2012 present value of the accrued severance benefit obligation were:

Annual rate of return	
Inflation component	2.00%
Real rate of return	<u>4.00%</u>
	<u>6.00%</u>
Assumed salary increase rates	
Annual productivity increase	1.00%
Annual general salary increase	<u>2.75%</u>
	<u>3.75%</u>

Sick pay benefits

The Agency provides its employees with sick leave benefits that accumulate but do not vest. The accrued benefit obligation related to sick leave entitlement earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% discount rate and a 3.75% annual salary increase.

10. Tangible capital assets

	2012			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings & equipment	\$ 312	\$ 7	\$ -	\$ 319
Computer hardware & software	118	-	-	118
Leasehold improvements	37	-	-	37
Total cost	<u>\$ 467</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 474</u>
Accumulated Amortization				
Furnishings & equipment	\$ 265	\$ 11	\$ -	\$ 276
Computer hardware & software	113	4	-	117
Leasehold improvements	32	2	-	34
Total accumulated amortization	<u>\$ 410</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 427</u>
Net book value	<u>\$ 57</u>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ 47</u>

	2011			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings & equipment	\$ 312	\$ -	\$ -	\$ 312
Computer hardware & software	118	-	-	118
Leasehold improvements	34	3	-	37
Total cost	<u>\$ 464</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 467</u>
Accumulated Amortization				
Furnishings & equipment	\$ 253	\$ 12	\$ -	\$ 265
Computer hardware & software	105	8	-	113
Leasehold improvements	25	7	-	32
Total accumulated amortization	<u>\$ 383</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 410</u>
Net book value	<u>\$ 81</u>	<u>\$ (24)</u>	<u>\$ -</u>	<u>\$ 57</u>

11. Designated assets

Portfolio investments consist of designated assets and non-redeemable investments and guaranteed investment certificates. The Agency has allocated \$515 (2011 - \$515) of its portfolio investments as designated assets for cash received from the Province of Manitoba for the severance pay benefits accumulated to March 31, 1998 for certain of their employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balance is re-invested annually.

12. 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 \$410 for the year ended March 31, 2013.

13. Fees and other revenue

	<u>2012</u>	<u>2011</u>
Administration	\$ 5,640	\$ 5,582
Legal	455	399
Income tax	321	298
Inspection	<u>225</u>	<u>210</u>
	<u>\$ 6,641</u>	<u>\$ 6,489</u>

14. Other Administration expenses

	<u>2012</u>	<u>2011</u>
Computer expenses	\$ 591	\$ 574
Courier charges	7	5
Insurance, loss, damage	43	19
Office supplies	66	57
Other	8	4
Personnel expenses	28	23
Photocopy	6	8
Postage	64	57
Professional fees	36	13
Publications	7	6
Public communications	7	2
Records Centre charges	16	26
Rentals, equipment	7	4
Repairs and maintenance	4	3
SAP costs	7	6
Support services - Department of Justice	21	21
Telephone	53	49
Travel	<u>49</u>	<u>38</u>
	<u>\$ 1,020</u>	<u>\$ 915</u>

15. 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 annually to the Province an amount equal to her employees' current pension contributions. The amount paid at March 31, 2012 was \$223 (2011 - \$220). Under this agreement, The Public Trustee has no further pension liability.

16. 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.

17. 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 \$326 (2011 - \$584). These amounts are not reflected in these financial statements.

18. Estates and trusts under administration

The client assets under administration at March 31, 2012 total approximately \$226,000 (2011 - \$222,000). The trust activities of The Public Trustee are reported in the financial statements of Estates and Trusts under Administration.

19. Budgeted figures

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

20. Reclassification of comparative financial statements

Certain amounts in the financial statements for the year ended March 31, 2011, presented for comparative purposes, have been reclassified to conform to the presentation adopted in the financial statements for the year ended March 31, 2012.

21. 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 in an amount exceeding \$50 annually to any officer or employee of the Agency. For the year ended March 31, 2012, the following employees received compensation in excess of \$50:

<u>Employee</u>	<u>Position</u>	<u>Amount</u>
Carroll, Jori	Investment Officer	\$ 58
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 3	64
Hunter, Allison	Estates Officer 3	55
Hupe, Paul	Estates Officer 2	51
Hyman, Bryan	Legal Counsel 2	97
Jagger, Edna	Administrative Assistant	52
Knowlton, Joanna	Public Trustee	134
Kozusko, Norman	Information Technologist 4	82
Lawrence, Margaret	Estates Officer 3	52
Lovallo, Lindsay	Estates Officer 3	54
Ranson, Keri	Legal Counsel 3	128
Regier, Barbara	Estates Officer 3	57
Samagalski, Michelle	Estates Officer 4	64
Sohor, Richard	Finance Officer 6	77
Stephenson, Brian	Estates Officer 2	51
Taylor, Jana	Legal Counsel 2	106
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, 2012**



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 27, 2012. 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.

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, 2012, 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, 2012, 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.

A handwritten signature in cursive script, reading "Office of the Auditor General", is positioned above the printed name and address.

Office of the Auditor General
Winnipeg, Manitoba
September 27, 2012

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Balance Sheet as at March 31, 2012

ASSETS	2012	2011
Cash on hand and in bank	\$ 4,244,125	\$ 5,886,391
Investments - Common Fund (Notes 2(a) and 3)	163,847,995	161,722,393
- Specific Estates and Trusts (Notes 2(b) and 4)	25,507,037	27,553,463
Accrued interest receivable on Common Fund investments (Note 2(a))	1,848,779	1,892,405
Other assets at nominal value (Note 2(c))	<u>1</u>	<u>1</u>
	<u>\$195,447,937</u>	<u>\$197,054,653</u>
 LIABILITIES		
Other liabilities at nominal value (Note 2(d))	\$ 1	\$ 1
Public Trustee- Fees payable (Note 1)	81,701	91,749
- Expenditures payable (Note 5)	<u>8,725</u>	<u>6,533</u>
	90,427	98,283
Estates and Trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	119,714,952	115,927,994
<i>The Public Trustee Act</i>	<u>75,642,558</u>	<u>81,028,376</u>
	<u>\$195,447,937</u>	<u>\$197,054,653</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, 2012

RECEIPTS	2012	2011
Funds held by estates and trusts brought under administration	\$ 16,064,470	\$ 15,505,974
Realization of equities in other estates	1,898,917	2,163,403
Pensions, compensation and assistance	30,958,704	29,722,365
Sickness, disability and other insurance benefits	7,808,169	8,162,290
Investment income	7,487,936	7,495,251
Sale of estate property	3,891,351	8,080,776
Collections on accounts receivable	<u>1,811,657</u>	<u>1,706,934</u>
Total receipts, before sale or redemption of securities	69,921,204	72,836,993
Sale and redemption of securities - Common Fund	22,300,000	21,800,000
Sale and redemption of securities - Specific Estates and Trusts	<u>6,570,912</u>	<u>10,152,459</u>
Total Cash Receipts	<u>98,792,116</u>	<u>104,789,452</u>
DISBURSEMENTS		
Room, board and other maintenance expense	28,706,659	27,906,459
Preservation of estates	5,849,057	5,825,079
Other estate expenses	1,961,836	1,957,407
Administration and passing of accounts (Note 1)	6,340,669	6,081,538
Estates and trusts released from administration	<u>31,797,685</u>	<u>34,306,981</u>
Total disbursements, before purchase of securities	74,655,906	76,077,464
Purchase of securities - Common Fund	25,253,800	25,459,920
Purchase of securities - Specific Estates and Trusts	<u>524,676</u>	<u>457,500</u>
Total Cash Disbursements	<u>100,434,382</u>	<u>101,994,884</u>
Excess cash receipts (disbursements)	(1,642,266)	2,794,568
Cash position beginning of year	<u>5,886,391</u>	<u>3,091,823</u>
Cash position at end of year	<u>\$ 4,244,125</u>	<u>\$ 5,886,391</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2012

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 essentially 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 par value;
- iv. certain shares (note 2(b)) 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.

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Balance Sheet

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

a) Investments - Common Fund

Investments of the Common Fund, established pursuant to Section 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.

b) 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.

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c) 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.

d) 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.

3. Investments - Common Fund

	2012 <u>Market Value</u>	2012 <u>Par Value</u>	2012 <u>Book Value</u>	2011 <u>Book Value</u>
Term deposits & investment certificates	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 11,000,000
Province of B.C.	6,576,960	6,000,000	6,159,153	6,179,831
Province of Manitoba	49,195,700	46,000,000	46,249,587	41,336,100
Province of Quebec	25,703,523	24,000,000	24,589,204	20,510,022
Province of Ontario	21,657,546	20,700,000	21,086,025	26,384,034
Province of New Brunswick	7,789,355	7,000,000	7,246,594	7,287,900
Canada Mortgage & Housing	18,629,352	18,500,000	18,535,099	18,745,695
Canada Housing Trust	<u>25,862,660</u>	<u>25,000,000</u>	<u>24,982,333</u>	<u>30,278,811</u>
	<u>\$170,415,096</u>	<u>\$ 162,200,000</u>	<u>\$163,847,995</u>	<u>\$161,722,393</u>

4. Investments - Specific Estates and Trusts

	<u>2012</u>	<u>2011</u>
Term deposits, investment certificates and treasury bills	\$ 18,290,896	\$ 18,812,576
Government of Canada and other bonds	334,220	497,871
Shares of capital stock and mutual funds	5,078,870	6,872,516
Registered Disability Savings Plan Funds	<u>1,803,051</u>	<u>1,370,500</u>
	<u>\$ 25,507,037</u>	<u>\$ 27,553,463</u>

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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.