



# **2012 - 2013 ANNUAL REPORT**





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**ATTORNEY GENERAL  
MINISTER OF JUSTICE**

Room 104  
Legislative Building  
Winnipeg, Manitoba CANADA  
R3C 0V8

His Honour The Honourable Philip S. Lee, C.M., O.M.  
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, 2013.

Respectfully submitted,

A handwritten signature in cursive script, reading "Andrew Swan".

Honourable Andrew Swan  
Minister of Justice  
Attorney General



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, 2013.

The results of the 2012/13 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,



Donna J. Miller, Q.C.  
Deputy Minister of Justice  
Deputy Attorney General





Public Trustee  
of Manitoba

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

Donna J. Miller, Q.C.  
Deputy Minister of Justice and  
Deputy Attorney General  
110 Legislative Building  
Winnipeg, Manitoba R3C 0V8

Dear Madam:

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, 2013.

Yours truly,

Joanna K. Knowlton  
Public Trustee





## **RÉSUMÉ DES RÉALISATIONS 2012-2013**

### **ADMINISTRATION DES DOSSIERS DES CLIENTS**

1. Nous avons offert des présentations éducatives 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 1 105 personnes ont assisté à ces séminaires et exposés.
2. Au cours de l'exercice, le Bureau a ouvert 38 nouveaux comptes de Régime enregistré d'épargne-retraite (REER) pour des clients, ce qui a porté à 969 le nombre total de comptes détenus par ses clients. Les contributions depuis le lancement du programme en 2008 ont atteint au total 2 424 050 \$, dont 10 989 700 \$ au total détenus dans des Régimes enregistrés d'épargne-retraite.

### **SUCCESSIONS ET FIDUCIES**

3. Vingt-six modules de formation Power Point ont été élaborés afin de former les nouveaux membres du personnel chargé des successions et des fiducies. Chaque module porte sur des politiques et procédures précises, et fournit un cadre visant à guider les employés dans l'administration des successions et des fiducies.

### **ADMINISTRATION FINANCIÈRE**

4. Dans le cadre d'une étude à long terme des systèmes d'information, le Bureau a recruté un analyste des systèmes de gestion afin d'examiner les processus actuels de son système, de répertorier ses nouvelles exigences système et d'élaborer une « demande de propositions » pour un nouveau système d'information. Cette personne devrait avoir terminé cette phase du projet en 2013-2014.

### **SERVICES D'INSPECTION**

5. Un poste vacant de 0,6 année-personne a été transféré pour une durée déterminée du service des successions et des fiducies à celui de l'inspection. Le poste a été pourvu en fin d'exercice; il permettra d'améliorer l'efficacité et le niveau de services fournis par les Services de l'inspection aux clients.

### **CONTENTIEUX**

6. Des membres du Service du contentieux ont participé à plusieurs activités éducatives destinées au public, dont la semaine des testaments, la journée du droit et d'autres présentations et séminaires publics.



# TABLE OF CONTENTS

## **INTRODUCTION ----- 1**

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

## **ABOUT THE PUBLIC TRUSTEE ----- 2 – 6**

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

## **WHAT DOES THE PUBLIC TRUSTEE DO? ----- 7–10**

### **Client Administration ----- 7 – 9**

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

### **Estates and Trusts ----- 10**

- ❖ Deceased Estates
- ❖ Children's Trusts

## **DEPARTMENTAL ACCOMPLISHMENTS ----- 11 – 15**

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

# TABLE OF CONTENTS

<b>BUSINESS PLAN GOALS</b> .....	16 – 20
----------------------------------	---------

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

<b>INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS</b> .....	21 – 22
---	---------

<b>PUBLICATIONS</b> .....	23 – 24
---------------------------	---------

<b>PERFORMANCE FRAMEWORK</b> .....	25 – 35
------------------------------------	---------

<b>SUMMARY OF FINANCIAL RESULTS (SOA)</b> .....	36
---	----

## **FINANCIAL STATEMENTS:**

- ❖ The Public Trustee of Manitoba  
An Agency of the Special Operating Agencies  
Financing Authority - Province of Manitoba ..... 37 – 53
- ❖ The Public Trustee of Manitoba  
Estates and Trusts under Administration ..... 54 – 62

# 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 5,755 clients, estates and trusts. Assets under administration are currently valued at approximately \$233 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. As of March 31, 2013 the members of the Board were:

<b>CHAIR</b>	Jeffrey A. Schnoor, Q.C. Deputy Minister of Justice and Deputy Attorney General	
<b>MEMBERS</b>	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 Officer - 1
- Client Administrative Officers – 15
- 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 – 3.0
- 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 – 15.5

**Inspection Services:**

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

- Manager, Inspection Services
- Inspectors – 3.6
- Chattel Clerk

**Legal:**

This section has several mandates including:

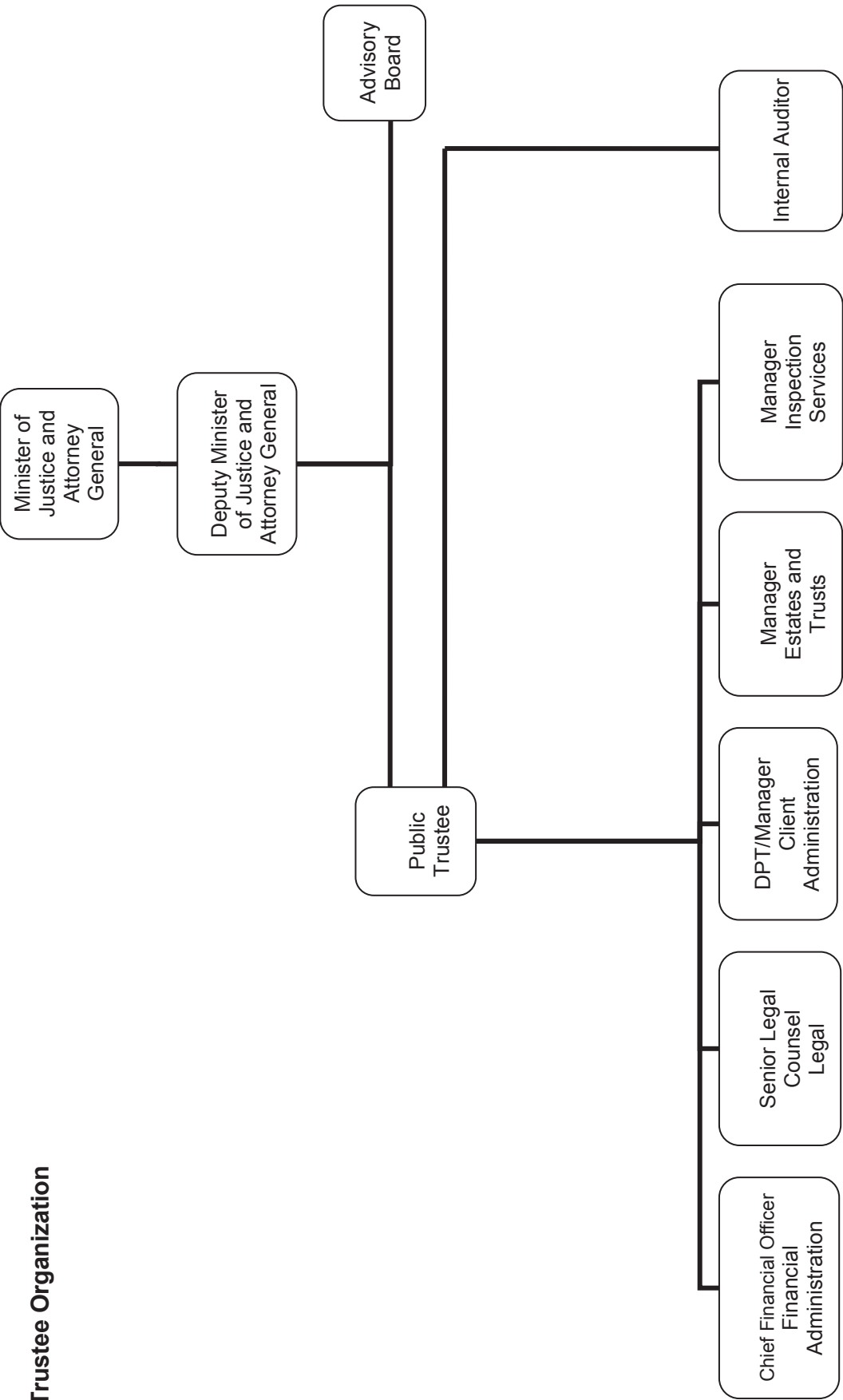
1. Providing the necessary legal representation for clients, estates, and trusts;
2. Ensuring the protection of rights and assets;
3. Fulfilling statutory duties as required and providing advice to the court as required; and
4. Providing advice to The PT.

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, 2013, The PT acted as committee, SDM or attorney for 3,348 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 – 2012/13

### 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>
Information relating to Will Week	Law Day 2012	50
Role of PT – Committeeship	Health Sciences Centre	30
Capacity, Powers of Attorney and Committee	Red River College	42
Wills, Powers of Attorney, Health Care Directives	St. Adolphe – Richot Seniors Services	30
Financial Abuse (combined presentation)	Seniors Residence – Winnipeg	30
<b>Financial Abuse</b>	<b>Quarterly Seminar – Oakbank</b>	<b>53</b>
Wills, Powers of Attorney, Health Care Directives	Sandy Lake Seniors Association	40
Role of PT	Wpg. Social Work Leadership Council	20
Financial Abuse (combined presentation)	Grace Hospital	30
Role of PT	Winnipeg Association of PCH Social Workers	20
Powers of Attorney	Age and Opportunity	20
Role of PT	First Nation & Inuit Health Branch	20
PT General	Teulon – Health Fair	20
Role of PT as Subsitute Decision Maker and Committee	WRHA – Deer Lodge Center	20
<b>Role of PT (myths, questions and misconceptions)</b>	<b>Quarterly Seminar – Brandon</b>	<b>57</b>
Deceased Estates and the PT	Winnipeg Medical Examiner's Office	8
Powers of Attorney	Age and Opportunity – Webinar	40
Careproviders/children of elderly – Financial Abuse	Golden Links PCH	40
Role of PT	Home Care Team Leaders – Winnipeg	20
<b>Financial Abuse</b>	<b>Quarterly Seminar – Winnipeg</b>	<b>120</b>
Capacity	Deer Lodge Centre	30
Delegated Authority	Home Care	40
Health Care Directives and Capacity	Grand Round – Health Sciences Centre	80
<b>Case Studies – Understanding the Role of the PT</b>	<b>Quarterly Seminar – Winnipeg</b>	<b>110</b>
Financial Abuse	Aboriginal Health Services	40
Wills and Estates	Good Neighbours Seniors Centre – Winnipeg	30
Wills and Estates	University of Manitoba	40
End of Life Decision Making	National Association of Public Guardians and Trustees – Regina, Saskatchewan	25
<b>TOTAL</b>		<b>1,105</b>

## **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 2012/13, The PT opened 38 new RDSP accounts for clients, bringing the total number of RDSPs held by PT clients to 969. Contributions since inception of the program total \$2,424,050.00, with a total of \$10,989,700.00 being held in RDSPs.

## **3. Increased Staffing in Client Administration**

During 2011/12, two new term positions were added to the Client Administration Section. A term Client Administration Officer position was added to address increasing workload issues among Client Administration Officers. The second position was a term 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. In 2012/13 these two term positions were made permanent. The addition of both these positions has improved service to clients while reducing risk of loss to The PT.

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

	<b>March 31, 2012</b>	<b>Files Opened in Year</b>	<b>Files Closed in Year</b>	<b>March 31, 2013 End of Year</b>
<b>Assets under Administration *</b> (\$000's)	<b>\$ 144,760</b>			<b>\$149,772</b>
<b>Number of Clients</b>	<b>3,373</b>	<b>441</b>	<b>466</b>	<b>3,348</b>

\*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 – 2012/13**

### **1. Training Modules for Deceased Estates, Childrens' and Adult Trusts**

Twenty-six Power Point training modules were developed which provide an overview of deceased estates and trust administration. They are presented to new Estates and Trusts employees, but are also available to all other PT employees. Each module refers to specific policies and procedures and provides a framework to guide employees in the administration of estates and trusts.

### **2. Estates and Trusts Section – Activity for the year ending March 31, 2013**

	<b>March 31, 2012</b>	<b>Files Opened in Year</b>	<b>Files Closed in Year</b>	<b>March 31, 2013 End of Year</b>
<b>Assets under Administration * (\$000's)</b>	<b>\$ 77,395</b>			<b>\$ 82,890</b>
<b>Deceased Estates caseload</b>	<b>306</b>	<b>97</b>	<b>117</b>	<b>286</b>
<b>Children's Trusts caseload</b>	<b>1,354</b>	<b>192</b>	<b>215</b>	<b>1,331</b>
<b>Adult Trusts caseload</b>	<b>363</b>	<b>124</b>	<b>71</b>	<b>416</b>

\*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 – 2012/13

### 1. Systems Requirements and Changes

As part of a long-term information systems review in consultation with Business Transformation and Technology , a Business Analyst has been retained to assist 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 is expected to complete this phase of the project in 2013/14.

### 2. Internal Control Improvements

As part of an ongoing process to enhance internal controls in financial administration, The Electronic Funds Deposit process was reviewed. As a result of the review Public Trustee forms were modified to improve controls.

### 3. Systems Enhancements

System enhancements were completed in the following areas:

- The system was changed to facilitate direct deposits of CPP;
- Disability Tax Certificate expiry dates are now tracked in the system;
- To accommodate future data base system restrictions, a change to data base access processes were implemented.

### 4. Financial Administration (Trust) Section – Activity for the year ending March 31, 2013

Magnitude (\$000's)	2011/12	2012/13
<b>Total Assets under Administration *</b>	<b>\$ 226,000</b>	<b>\$ 233,248</b>
<b>Receipts for year</b>	<b>\$ 98,792</b>	<b>\$ 120,228</b>
<b>Disbursements for year</b>	<b>\$ 100,434</b>	<b>\$ 118,150</b>
<b>Total Accounts/Files</b>	<b>5,780</b>	<b>5,755</b>
<b>Total Financial Transactions</b>	<b>349,584</b>	<b>358,925</b>

\*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 – 2012/13**

During the year, a vacant .6 staff year was transferred on a term basis from Estates and Trusts to Inspection Services. This position was filled late in the fiscal year, thereby improving the efficiency and level of service provided by Inspection Services to clients.

## **LEGAL ACCOMPLISHMENTS - 2012/13**

### **1. Public Education**

One of The PT's 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.

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. Legal Section – Activity for the year ending March 31, 2013**

	<b>March 31, 2012</b>	<b>Files Opened in Year</b>	<b>Files Closed in Year</b>	<b>March 31, 2013 End of Year</b>
<b>Number of Files at beginning of year</b>	<b>384</b>	<b>405</b>	<b>415</b>	<b>374</b>

## 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 2012/13, The PT held 4 public education sessions.

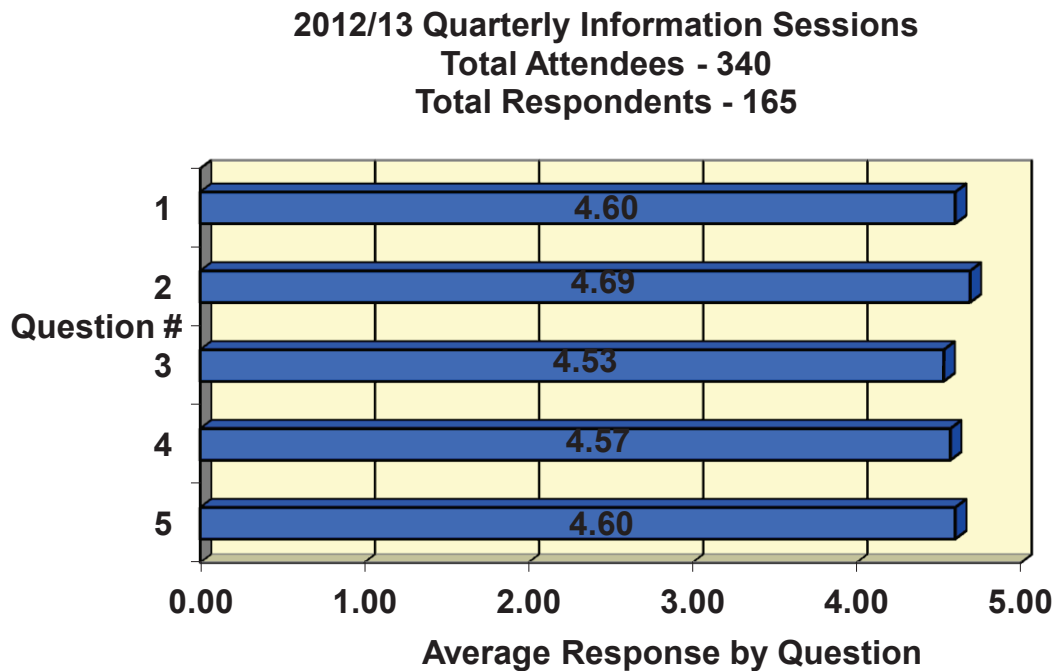
Particulars of the seminars held in 2012/13 are contained in the chart below.

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

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

Date	Location	Number of Respondents	Average Seminar Rating out of 5
June 21/12	Dugald, MB	39 of 53 registrants	4.6 – Financial Abuse
Oct. 25/12	Brandon, MB	35 of 57 registrants	4.7 – Role of Public Trustee
Jan. 23/13	Winnipeg	57 of 120 registrants	4.6 – Financial Abuse and Power of Attorney
March 7/13	Winnipeg	34 of 110	4.46 – Case Studies – Role of Public Trustee
<b>Total</b>		<b>165 of 340 registrants 48%</b>	<b>4.59</b>

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 and an Employee Handbook for new 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.

During the year, the Estates and Trusts section developed specific training modules in PowerPoint format relating to the administration of deceased estates as well as children and adult trusts. These modules are presented to new Estates and Trusts employees, and are available to all other PT employees as well.

During the year, an “Employee Handbook” was developed to provide employees with important information about the office of The PT. This handbook is available online and is updated as required.

In addition, to provide ongoing training opportunities to all employees, a series of monthly information sessions is presented to employees. These sessions 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 2012/13 were:

<b>MONTH</b>	<b>TOPICS</b>
April 2012	The PT's Business Plan
May 2012	Discretionary and Disability Trusts
June 2012	Working Smart – presented by Internal Auditor
September 2012	Information about the Medical Examiner's Office
October 2012	FIPPA
November 2012	The City of Winnipeg Vacant Building ByLaw
December 2012	Introduction to Client Benefits and Finances
February 2013	Employee Assistant Program – general presentation on the EAP program and the services provided
March 2013	Residential Charges – presented by Manitoba Health

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

In October 2012, The PT retained a business analyst from Online Business Systems to work with PT management and staff to document The PT's business requirements in preparation for distributing a Request for Proposals. This proved to be a much more extensive process than anticipated, and now is expected to continue into the second quarter of 2013/14. Thereafter, a Request for Proposals will be drafted and distributed.

**4. To ensure that the Agency maintains the delivery of its deceased administration services in a cost effective and efficient manner by establishing performance measures for deceased estate administrators.**

Starting in 2010/11 and continuing through 2012/13, data was gathered to determine the number of applications to Court of Queen's Bench for letters of administration that were accepted by the court on initial submission. The data collected will be used to establish a new performance measure for 2013/14.

In addition, during 2012/13, data was gathered to determine:

1. the average time between the receipt of a Clearance Certificate from Canada Revenue Agency to distribution of releases to heirs or beneficiaries; and
2. the average time taken from receipt of the last release from heirs or beneficiaries to pay-out of estate assets.

The PT will continue to gather data on the above two matters during 2013/14 with a view to establishing new performance measures in 2014/15.

These areas of deceased estates administration are within the control of The PT, and are indications of the level of efficiency in administering estates and trusts. If court applications are correct when they are submitted, administration will commence more quickly. If releases are sent to beneficiaries as soon as possible after Clearance Certificates are received from Canada Revenue Agency, and estate assets are paid out quickly after receipt of the last properly executed release from heirs and beneficiaries, administration of the estate is completed more efficiently, and assets transferred into the hands of heirs and beneficiaries more quickly.

**5. To enhance systems for recording and tracking values for clients with Registered Disability Savings Plan (RDSP) accounts.**

During the year, system improvements were made to increase the amount of information about RDSPs available to PT employees online. A spreadsheet was developed to track RDSP contributions, grants, bonds and interest. These improvements enhance The PT's ability to analyze, track and report RDSP values, streamline the process of determining clients' entitlements, and ensure all qualified clients receive maximum benefits from the RDSP program.



# **INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS**

## **1. Compliance Audits**

The internal auditor conducted compliance audits of 115 files and The PT, Deputy Public Trustee (DPT) and Senior Client Administration Officers (CAOs) conducted 59 compliance audits. All compliance audit findings were reported to the DPT. During 2012/13, 120 three-month file reviews were conducted. All these audits have the following functions:

- to assess compliance with procedures and statutory responsibilities;
- to identify and mitigate financial risks;
- to assess adequacy of internal controls; and
- to identify need for policy and procedure development or training enhancement.

## **2. Operational Audits**

### **a) Audits of Transactions**

The internal auditor conducted audits of transactions of clients to provide reasonable assurance that The PT properly exercises its fiduciary responsibilities and follows internal policies and procedures. The audits sampled transactions for:

- clients with low cash balances;
- clients receiving or dropping Employment and Income Assistance (EIA),
- clients with EIA disability trusts, secondary accounts and adult discretionary trusts; and
- childrens' trusts.

Findings were reported to the DPT and PT.

### **b) Audit of Cheque Disbursements**

During the year, a monthly sample of cheque disbursements was tested to verify agreement with cheque disbursement procedures. 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) Encroachment Audit**

The internal auditor conducted a semi-annual 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.

### **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 Training**

The internal auditor compiled a reference guide and provided training to client administration staff in the areas of Old Age Pension, Guaranteed Income Supplement, Pharmacare, Residential changes, RentAid, Rent supplement, Portable Housing Benefit and Canada Pension Plan.

### **5. Development of Risk Matrix**

During the year, the internal auditor began a long-term plan toward the development of a risk matrix for each department. The internal auditor began the first step in the development by researching and documenting functions within the accounting department, defining risks and identifying current mitigation strategies.

### **6. Ad Hoc Audits**

The internal auditor conducted numerous ad hoc audits at the request of The PT.

## **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:

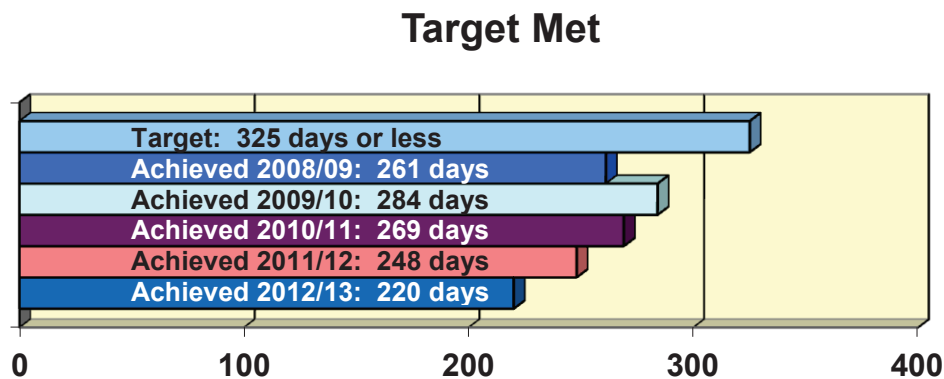
**Estates of former clients will be paid out to the executor or administrator in a timely manner.**

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.**

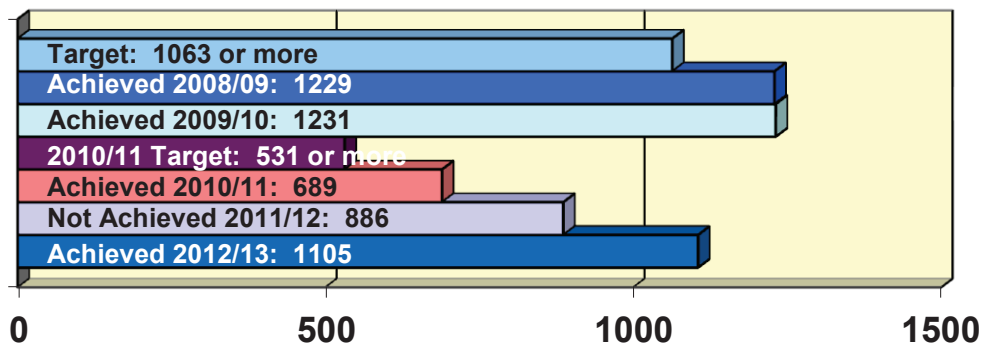
The PT's programs and services are critical to a certain segment of society's functioning. Its programs and services are not widely understood by the general public and we realize that even stakeholders and service providers in the field need regular education about The PT's programming and such topics 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 2012/13, The PT held 4 regular seminars and presented at several additional programs (see page 11 for details). These programs were attended by 1,105 people.

### Target 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:

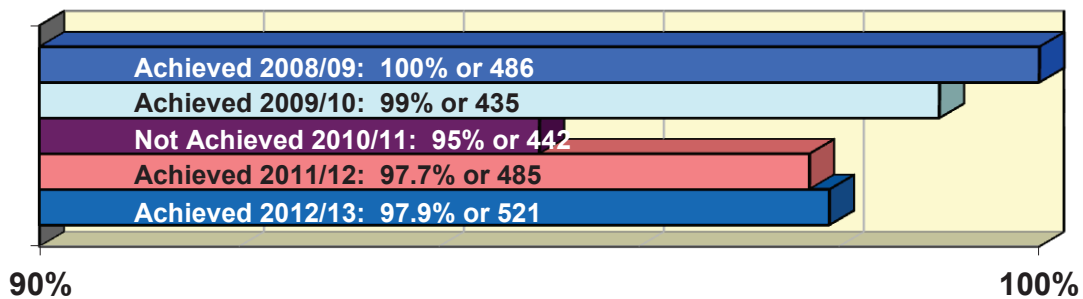
Year	Target Number of Visits Required	Number Made	Percentage
2008/09	486	486	100%
2009/10	456	452	99%
2010/11	464	442	95%
2011/12	500	485	97.7
2012/13	525	521	97.9%

## 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:

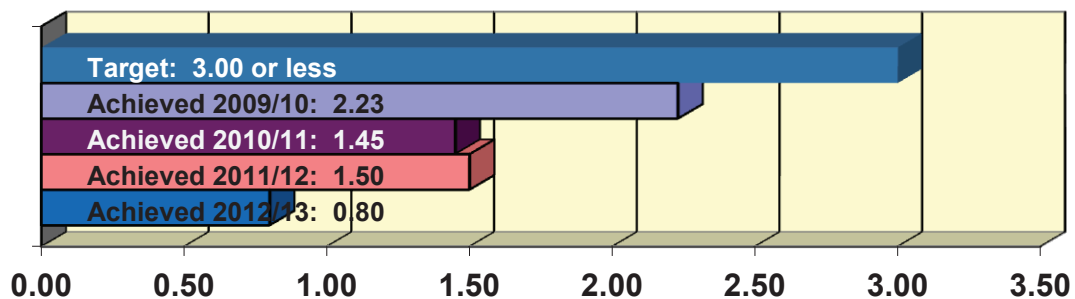
Adult clients will begin receiving management and protective services from The PT in a timely manner after receipt by The PT of authority to act.

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:

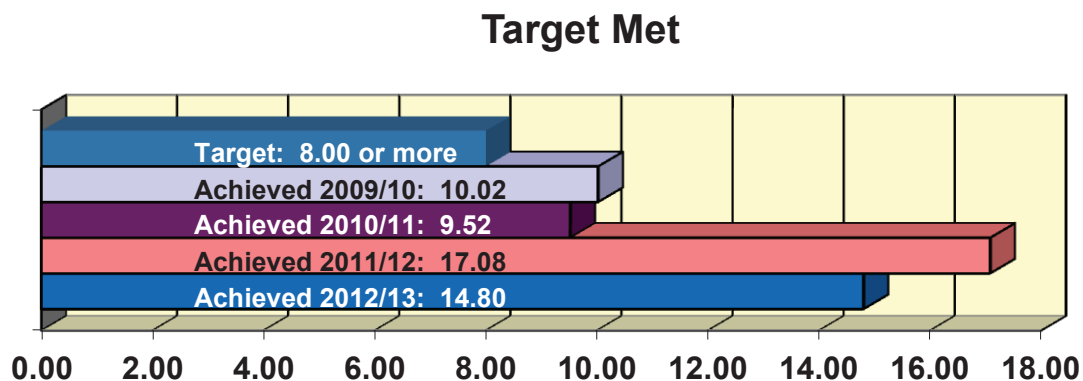
**Client Administration employees will receive ongoing training and education on relevant topics to ensure they are able to provide a high quality of service to clients.**

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:

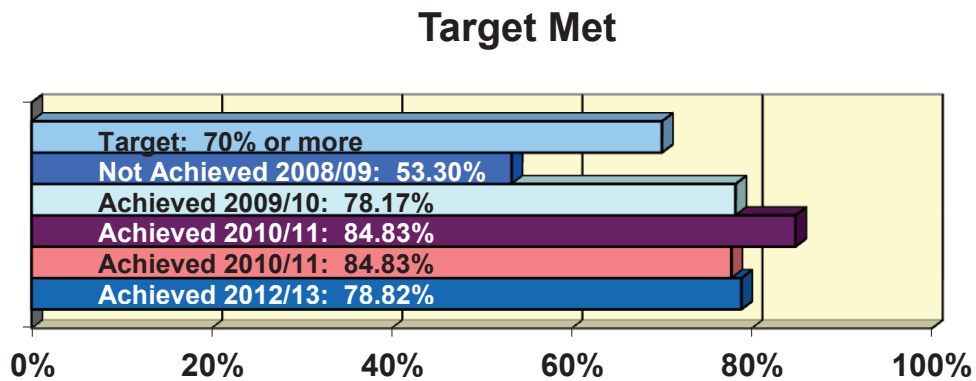
**Children's trusts will be paid out in a timely fashion upon children achieving the age of majority.**

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 203 children's trusts in 2012/13. The service level was met in 160 cases or 78.82%.



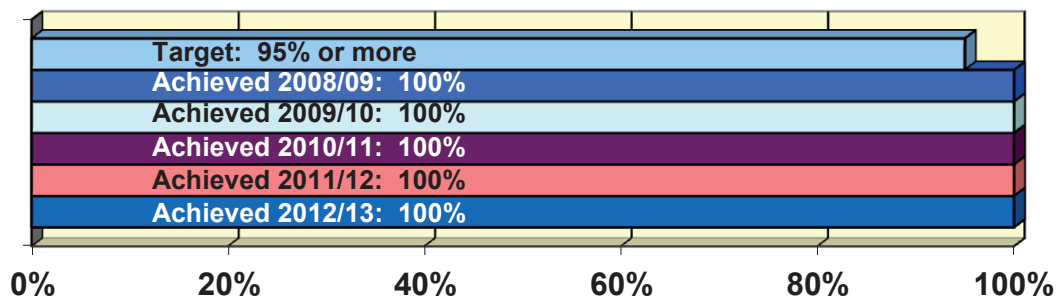
## ESTATES AND TRUSTS ADMINISTRATION continued

### 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.**

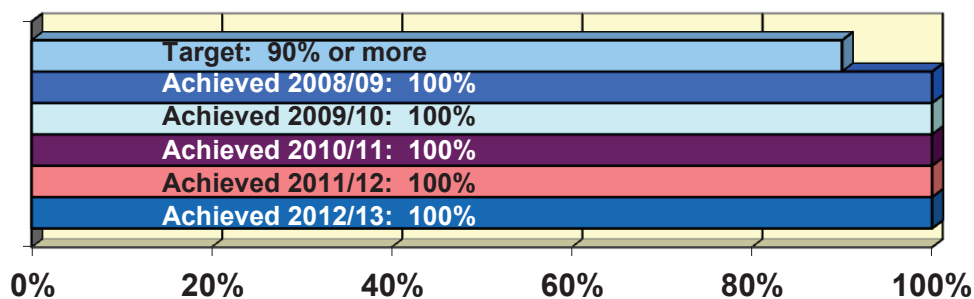
Decisions include decisions to approve or deny payment, or to request clarification or further information in support of the request for payment.

### Performance Target:

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

In 2012/13, 150 decisions were made. All were made within 10 business days of receipt of the request.

### Target Met



### 3. Objective:

**Applications to court to appoint The PT as administrator of deceased estates will be complete and accurate.**

Starting in 2010/11 and continuing through 2012/13, data was gathered to determine the number of applications made by The PT to Court of Queen's Bench for letters of administration that were accepted by the court on initial submission. We possess the following information in this area:

Year	Number of Applications Submitted	Number Accepted on Initial Submission	Percentage accepted on Initial Submission
2010/11	54	46	85%
2011/12	60	48	80%
2012/13	60	55	91%

This information is important, because if court applications are correct when they are submitted, administration of the estate will commence more quickly. With this baseline information, a reasonable performance target may be set for 2013/14.

## FINANCIAL ADMINISTRATION

### 1. Objective:

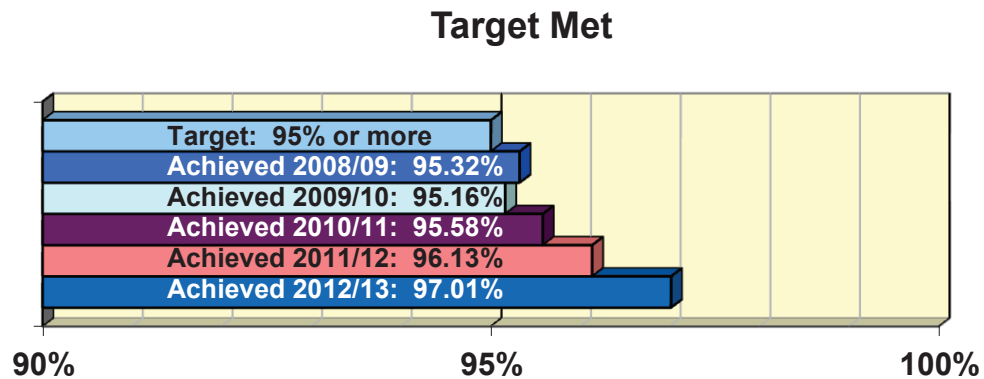
**The PT will process authorized payments from clients, estates, and trusts in an efficient manner.**

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 75,142 cheque requisitions during 2012/13. Of these, 72,900 or 97.01% were processed within the 5 day turnaround target.



## FINANCIAL ADMINISTRATION continued

### 2. Objective:

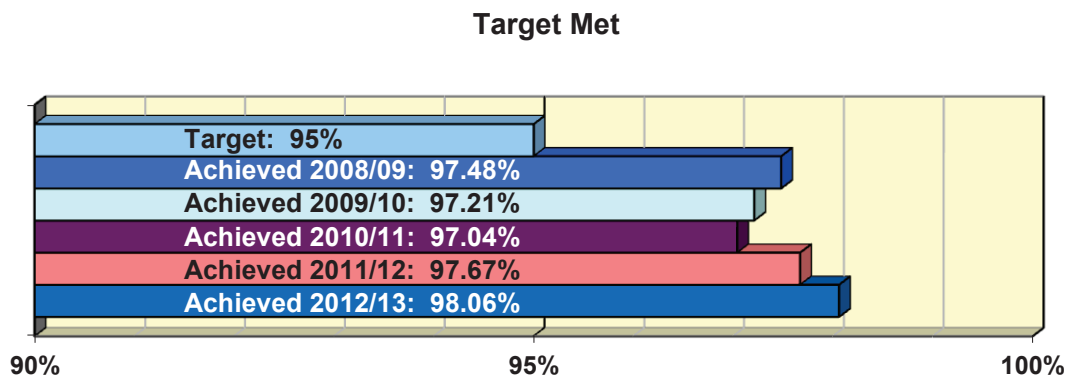
**The PT will process cheques and cash receipts received for clients, estates and trusts in an efficient manner.**

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 9,065 receipts during 2012/13. Of those receipts, 8,890 or 98.06% were processed in a 2 day turnaround.



## INSPECTION SERVICES

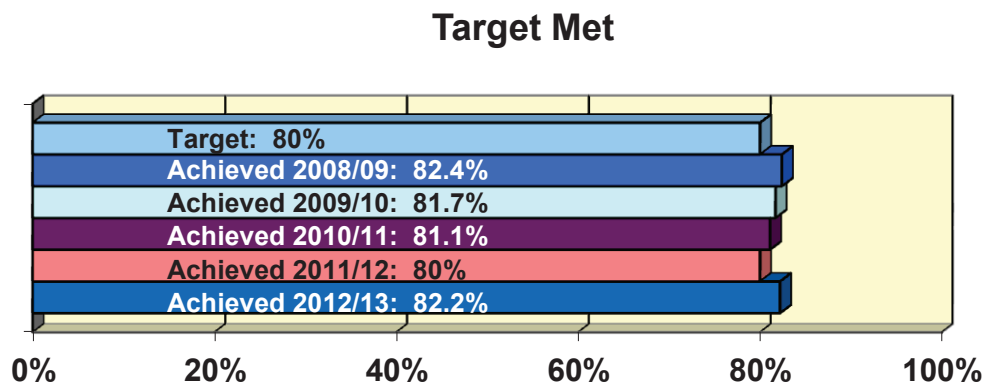
### 1. Objective:

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 2012/13, 135 search and inventory procedures were completed in Winnipeg. Of those, 111 or 82.2% were completed within 7 days.



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

	<b>Actual March 2012</b>	<b>Actual March 2013</b>	<b>Budget 2013</b>	<b>Budget Variance</b>
<b>Total Revenue</b>	<b>6,682</b>	<b>6,941</b>	<b>6,416</b>	<b>8.18%</b>
<b>Salaries &amp; Benefits</b>	<b>4,207</b>	<b>4,507</b>	<b>4,581</b>	<b>1.62%</b>
<b>Employee Pension Costs</b>	<b>223</b>	<b>254</b>	<b>230</b>	<b>-10.43%</b>
<b>Accommodation Costs</b>	<b>410</b>	<b>411</b>	<b>401</b>	<b>-2.49%</b>
<b>Other Administration Costs</b>	<b>1,020</b>	<b>1,147</b>	<b>1,128</b>	<b>-1.68%</b>
<b>Amortization: Capital Assets</b>	<b>17</b>	<b>11</b>	<b>26</b>	<b>57.69%</b>
<b>Total Expenses</b>	<b>5,877</b>	<b>6,330</b>	<b>6,366</b>	<b>.57%</b>
<b>NET INCOME (Loss)</b>	<b>805</b>	<b>611</b>	<b>50</b>	

**Variance Analysis (Actual to Budget)**

**Fees:** Revenues are better than expected due to higher capital receipt fees. Capital receipt fees are based on the value of assets of new clients, trusts and estates. A number of high value accounts were received during the year.

**Total Expenses:** The year-end total expenses are in line with the budget.





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

**Financial Statements  
March 31, 2013**

## **MANAGEMENT REPORT**

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. In managements' 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 25, 2013. 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 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



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 which comprise the statement of financial position as at March 31, 2013, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **The Public Trustee's Responsibility for the Financial Statements**

The Public Trustee 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 the Public Trustee 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 auditors consider 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 the Public Trustee, 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 Public Trustee of Manitoba as at March 31, 2013, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Office of the Auditor General*

Office of the Auditor General  
Winnipeg, Manitoba  
July 25, 2013

**PUBLIC TRUSTEE OF MANITOBA**  
 (An Agency of the Special Operating Agencies  
 Financing Authority - Province of Manitoba)  
 Statement of Financial Position  
 As at March 31, 2013  
 (In Thousands)

	<u>March 31,</u> <u>2013</u>	<u>March 31,</u> <u>2012</u>
Financial assets		
Cash and cash equivalents (Note 5)	\$ 4,247	\$ 3,456
Portfolio investments (Note 10)	515	515
Accounts receivable (Note 6)	<u>932</u>	<u>915</u>
	<u>5,694</u>	<u>4,886</u>
Liabilities		
Accounts payable and accruals (Note 7)	703	576
Employee future benefits (Note 8)	<u>647</u>	<u>582</u>
	<u>1,350</u>	<u>1,158</u>
Net financial assets	<u>4,344</u>	<u>3,728</u>
Non-financial assets		
Prepaid expenses	7	4
Tangible capital assets (Note 9)	<u>39</u>	<u>47</u>
	<u>46</u>	<u>51</u>
Accumulated surplus	<u>\$ 4,390</u>	<u>\$ 3,779</u>

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

**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, 2013  
 (In Thousands)

	2013 <u>Budget</u> (Note 18)	2013 <u>Actual</u>	2012 <u>Actual</u>
Revenue			
Fees and other revenue (Note 12)	\$ 6,395	\$ 6,874	\$ 6,641
Investment income	<u>21</u>	<u>67</u>	<u>41</u>
Total revenue	<u>6,416</u>	<u>6,941</u>	<u>6,682</u>
Expenses			
Amortization of tangible capital assets	26	11	17
Accommodation costs (Note 11)	401	411	410
Other administration expenses (Note 13)	1,128	1,147	1,020
Salaries and benefits	4,581	4,507	4,207
Pension benefits (Note 14)	<u>230</u>	<u>254</u>	<u>223</u>
Total expenses	<u>6,366</u>	<u>6,330</u>	<u>5,877</u>
Annual surplus	50	611	805
Accumulated surplus, beginning of period	3,779	3,779	2,974
Accumulated surplus, end of period	<u>\$ 3,829</u>	<u>\$ 4,390</u>	<u>\$ 3,779</u>

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

**PUBLIC TRUSTEE OF MANITOBA**  
 (An Agency of the Special Operating Agencies  
 Financing Authority - Province of Manitoba)  
**Statement of Cash Flow**  
 For the Year Ended March 31, 2013  
 (In Thousands)

	<u>2013</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash provided by (applied to)		
Operating		
Annual surplus	\$ 611	\$ 805
Amortization of tangible capital assets	<u>11</u>	<u>17</u>
	622	822
Change in:		
Accounts receivable	(17)	16
Accounts payable and accruals	127	7
Employee future benefits	65	-
Prepaid expenses	<u>(3)</u>	<u>2</u>
Cash provided by operating activities	<u>794</u>	<u>847</u>
Capital		
Acquisition of tangible capital assets	<u>(3)</u>	<u>(7)</u>
Cash applied to capital activities	<u>(3)</u>	<u>(7)</u>
Investing		
Proceeds from redemption of portfolio investments	<u>0</u>	<u>500</u>
Cash provided by investment activities	<u>0</u>	<u>500</u>
Increase in cash	791	1,340
Cash and cash equivalents		
Beginning of year	<u>3,456</u>	<u>2,116</u>
End of year	<u>\$ 4,247</u>	<u>\$ 3,456</u>
Supplemental cash flow information		
Interest received, net	\$ <u>73</u>	\$ <u>35</u>

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

**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, 2013  
 (In Thousands)

	2013 <u>Budget</u> (Note18)	2013 <u>Actual</u>	2012 <u>Actual</u>
Annual surplus	\$ 50	\$ 611	\$ 805
Tangible capital assets			
Acquisition of tangible capital assets	(15)	(3)	(7)
Amortization of tangible capital assets	<u>26</u>	<u>11</u>	<u>17</u>
Net change in tangible capital assets	<u>11</u>	<u>8</u>	<u>10</u>
Other non-financial assets			
Decrease (increase) in prepaid expenses	<u>-</u>	<u>(3)</u>	<u>2</u>
Net change in other non-financial assets	<u>-</u>	<u>(3)</u>	<u>2</u>
Increase in net financial assets	61	616	817
Net financial assets, beginning of year	<u>3,728</u>	<u>3,728</u>	<u>2,911</u>
Net financial assets, end of year	<u>\$ 3,789</u>	<u>\$ 4,344</u>	<u>\$ 3,728</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 the Agency’s operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating Agency status, assists the Agency to sustain the provision of high quality service to her clients.

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

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

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

## **2. Basis of accounting**

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



### 3. Significant accounting policies

#### a) Revenue recognition

- i. Administration fees are charged quarterly as earned to client accounts based on the anniversary date of the account in accordance with 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 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 and 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 and 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 approximate risk management strategies, as described in Note 4, to preserve the accumulated surplus. There were no changes in the Agency's approach to capital management during the period.

The Agency is not subject to externally imposed capital requirements.

e) Cash and cash equivalents

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

f) Prepaid expenses

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

g) Expenses

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

#### 4. Financial instruments and financial risk management

##### Measurement

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

Financial instruments including cash and cash equivalents, portfolio investments, accounts receivables and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost. Gains and losses on financial instruments measured at 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, 2013 (2012 - \$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>2013</u>	<u>2012</u>
Cash and cash equivalents	\$4,247	\$3,456
Portfolio investments	515	515
Accounts receivable	<u>932</u>	<u>915</u>
	\$5,694	\$4,886

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, 2013 was:

	Net	Allowance
Current	\$932	\$ 39
30-60 days past billing date	-	-
61-90 days past the billing date	-	-
More than 90 days past the billing date	-	-
	<u>\$932</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. The Agency's current liabilities mature within 12 months.

### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Agency's income or the fair values of its financial instruments. The significant market 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 because amounts are re-invested annually.

## Foreign currency risk

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

### 5. Cash and cash equivalents

	<u>2013</u>	<u>2012</u>
Cash	\$ 1,722	\$ 1,731
Demand deposits	<u>2,525</u>	<u>1,725</u>
	<u>\$ 4,247</u>	<u>\$ 3,456</u>

### 6. Accounts receivable

	<u>2013</u>	<u>2012</u>
Fees receivable	\$ 942	\$ 920
Allowance for doubtful accounts	<u>(39)</u>	<u>(39)</u>
	903	881
Interest receivable	15	20
Advances to client accounts	8	8
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 932</u>	<u>\$ 915</u>

### 7. Accounts payable and accrued liabilities

	<u>2013</u>	<u>2012</u>
Operating expenses payable	\$ 186	\$ 109
Salaries and benefits payable	97	88
Vacation entitlements earned	393	349
GST payable to Canada Revenue Agency	<u>27</u>	<u>30</u>
	<u>\$ 703</u>	<u>\$ 576</u>

### 8. Employee future benefits

	<u>2013</u>	<u>2012</u>
Severance benefits	\$ 562	\$ 497
Sick pay benefits	<u>85</u>	<u>85</u>
	<u>\$ 647</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, 2013 was \$646 (2012 - \$590). An actuarial loss of \$84 (2012 - \$93) 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>2013</u>	<u>2012</u>
Accrued benefit liability	\$ 646	\$ 590
Unamortized actuarial losses	<u>(84)</u>	<u>(93)</u>
Severance benefit liability	<u>\$ 562</u>	<u>\$ 497</u>

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

	<u>2013</u>	<u>2012</u>
Interest on obligation	\$ 38	\$ 38
Employer service cost	18	17
Amortization of actuarial loss over EARSL	<u>(9)</u>	<u>(2)</u>
Total expense related to severance benefit	<u>\$ 47</u>	<u>\$ 53</u>

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2013 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% annual return and a 3.75% annual salary increase.

## 9. Tangible capital assets

	2013			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 319	\$ -	\$ -	\$ 319
Computer hardware and software	118	3	-	121
Leasehold improvements	37	-	-	37
Total cost	<u>\$ 474</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 477</u>
Accumulated Amortization				
Furnishings and equipment	\$ 276	\$ 9	\$ -	\$ 285
Computer hardware and Software	117	1	-	118
Leasehold improvements	34	1	-	35
Total accumulated amortization	<u>\$ 427</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 438</u>
Net book value	\$ 47	\$ (8)	\$ -	\$ 39

	2012			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Furnishings and equipment	\$ 312	\$ 7	\$ -	\$ 319
Computer hardware and software	118	-	-	118
Leasehold improvements	37	-	-	37
Total cost	<u>\$ 467</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 474</u>
Accumulated Amortization				
Furnishings and equipment	\$ 265	\$ 11	\$ -	\$ 276
Computer hardware and 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>

## 10. Designated assets

Portfolio investments consist of designated assets and non-redeemable investments and guaranteed investment certificates. The Agency has allocated \$515 (2012- \$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 its employees. This amount is held in an interest bearing account until the cash is required to discharge the related liabilities. Any unused balances is re-invested annually.

## 11. Commitments

The Public Trustee has an arrangement with the Province of Manitoba, through the Department of Infrastructure and Transportation, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be \$411 for the year ended March 31, 2014.

## 12. Fees and other revenue

	<u>2013</u>	<u>2012</u>
Administration	\$ 5,978	\$ 5,640
Legal	375	455
Income tax	291	321
Inspection	<u>230</u>	<u>225</u>
	<u>\$ 6,874</u>	<u>\$ 6,641</u>

## 13. Other administration expenses

	<u>2013</u>	<u>2012</u>
Computer expenses	\$ 593	\$ 591
Courier charges	15	7
Insurance, loss, damage	85	43
Office supplies	66	66
Other	1	8
Personnel expenses	11	28
Photocopy	6	6
Postage	66	64
Professional fees	128	36
Publications	3	7
Public communications	15	7
Records Centre charges	27	16
Rentals, equipment	1	7
Repairs and maintenance	9	4
SAP costs	7	7
Support services - Department of Justice	21	21
Telephone	51	53
Travel	<u>42</u>	<u>49</u>
	<u>\$ 1,147</u>	<u>\$ 1,020</u>

#### **14. Pension benefits**

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

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for her employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to her employees' current pension contributions. The amount paid at March 31, 2013 was \$254 (2012 - \$223). Under this agreement, the Agency has no further pension liability.

#### **15. Related party transactions**

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

#### **16. Escheats to the Crown**

Escheats to the Crown, received by the Agency during the year and remitted to the Minister of Finance, amounted to \$164 (2012 - \$326). These amounts are not reflected in these financial statements.

#### **17. Estates and trusts under administration**

The client assets under administration at March 31, 2013 total approximately \$233,000 (2012 - \$226,000). The trust activities of the Agency are reported in a separate Estates and Trusts under Administration financial statements. The Estates and Trusts financial reports present client assets at approximately \$203,000 as the value of certain client assets is set at \$1 for reporting purposes.

#### **18. Budgeted figures**

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



## 19. 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, 2013, the following employees received compensation in excess of \$50:

<u>Employee</u>	<u>Position</u>	<u>Amount</u>
Burkowski, Eleanor	Audit Accountant 2	\$ 65
Carroll, Jori	Investment Officer	60
Chernetski, Elaine	Accounting Clerk 2	50
Clark, Dwane	Estates Officer 3	60
Darrach, Bruce	Information Technologist 3	76
Fergusson, John	Legal Counsel 3	135
Fredborg, Darren	Estates Officer 3	59
Hunter, Allison	Estates Officer 3	58
Hupe, Paul	Estates Officer 2	53
Hyman, Brian	Legal Counsel 2	103
Kenler, Jennifer	Estates Officer 3	57
Knowlton, Joanna	Public Trustee	139
Kozusko, Norman	Information Technologist 4	85
Lawrenz, Margaret	Estates Officer 3	57
Lovallo, Lindsay	Estates Officer 3	58
Noel, Josee	Estates Officer 3	51
Ranson, Keri	Legal Counsel 3	132
Regier, Barbara	Estates Officer 3	59
Samagalski, Michelle	Estates Officer 4	66
Sohor, Richard	Finance Officer 6	80
Stephenson, Brian	Estates Officer 2	53
Taylor, Jana	Legal Counsel 3	116
Tessier, Rachelle	Estates Officer 4	74
Winning, Marla	Estates Officer 4	66

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

**Financial Statements  
March 31, 2013**



## 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 October 28, 2013. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance that the financial information is reliable and accurate and that the assets of The Public Trustee are properly safeguarded.

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

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

A handwritten signature in black ink, appearing to read 'Joanna K. Knowlton'.

Joanna K. Knowlton  
Public Trustee



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Public Trustee of Manitoba, Estates and Trusts under Administration, which comprise the balance sheet as at March 31, 2013, 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*.

### **The Public Trustee's Responsibility for the Financial Statements**

The Public Trustee 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 the Public Trustee 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 auditors consider 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 the Public Trustee, 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 of Manitoba, Estates and Trusts under Administration, for the year ended March 31, 2013, are prepared, in all material respects, in accordance with Section 19 of *The Public Trustee Act*.

### **Basis of Accounting and restriction on distribution and use**

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

*Office of the Auditor General*

Office of the Auditor General  
Winnipeg, Manitoba  
November 14, 2013

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba  
Estates and Trusts under Administration

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Balance Sheet  
as at March 31, 2013

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ASSETS	2013	2012
Cash on hand and in bank	\$ 6,321,293	\$ 4,244,125
Investments - Common Fund (Notes 2(a) and 3)	169,771,300	163,847,995
- Specific Estates and Trusts (Notes 2(b) and 4)	26,040,968	25,507,037
Accrued interest receivable on common fund investments (Note 2(a))	1,474,479	1,848,779
Other assets at nominal value (Note 2(c))	<u>1</u>	<u>1</u>
	<u>\$203,608,041</u>	<u>\$195,447,937</u>
LIABILITIES		
Other liabilities at nominal value (Note 2(d))	\$ 1	\$ 1
Public Trustee - Fees payable (Note 1)	100,918	81,701
- Expenditures payable (Note 5)	<u>7,254</u>	<u>8,725</u>
	108,173	90,427
Estates and trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	124,280,621	119,714,952
<i>The Public Trustee Act</i>	<u>79,219,247</u>	<u>75,642,558</u>
	<u>\$203,608,041</u>	<u>\$195,447,937</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, 2013

<b>RECEIPTS</b>	<b>2013</b>	<b>2012</b>
Funds held by estates and trusts brought under administration	\$ 19,048,577	\$16,064,470
Realization of equities in other estates	2,240,047	1,898,917
Pensions, compensation and assistance	32,235,633	30,958,704
Sickness, disability and other insurance benefits	9,742,167	7,808,169
Investment income	6,850,221	7,487,936
Sale of estate property	7,788,567	3,891,351
Collections on accounts receivable	<u>1,889,555</u>	<u>1,811,657</u>
Total receipts, before sale or redemption of securities	79,794,767	69,921,204
Sale and redemption of securities - Common Fund	33,200,000	22,300,000
Sale and redemption of securities - Specific Estates and Trusts	<u>7,233,061</u>	<u>6,570,912</u>
Total Receipts	<u>120,227,828</u>	<u>98,792,116</u>
<b>DISBURSEMENTS</b>		
Room, board and other maintenance expense	28,750,036	28,706,659
Preservation of estates	6,091,880	5,849,057
Other estate expense	1,948,096	1,961,836
Administration and passing of accounts (Note 1)	6,494,234	6,340,669
Estates and trusts released from administration	<u>34,383,912</u>	<u>31,797,685</u>
Total disbursements, before purchase of securities	77,668,158	74,655,906
Purchase of securities - Common Fund	39,981,680	25,253,800
Purchase of securities - Specific Estates and Trusts	<u>500,822</u>	<u>524,676</u>
Total Disbursements	<u>118,150,660</u>	<u>100,434,382</u>
Excess cash receipts (disbursements)	2,077,168	(1,642,266)
Cash position at start of year	<u>4,244,125</u>	<u>5,886,391</u>
Cash position at end of year	<u>\$ 6,321,293</u>	<u>\$ 4,244,125</u>

## GOVERNMENT OF THE PROVINCE OF MANITOBA

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

Notes to Financial Statements  
March 31, 2013

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#### 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.



## GOVERNMENT OF THE PROVINCE OF MANITOBA

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

Notes to Financial Statements  
March 31, 2013

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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, 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 RDSPs will be recorded under Investments – Specific Estates and Trusts at an amount representing cash contributions made plus accrued interest



## GOVERNMENT OF THE PROVINCE OF MANITOBA

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

#### Notes to Financial Statements March 31, 2013

##### 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

	2013 <u>Market Value</u>	2013 <u>Par Value</u>	2013 <u>Book Value</u>	2012 <u>Value</u>
Term deposits & investment certificates	\$ 33,000,000	\$ 33,000,000	\$ 33,000,000	\$ 15,000,000
Alberta Capital Finance	11,043,353	10,000,000	10,844,116	-
Province of B.C.	6,742,080	6,000,000	6,138,531	6,159,153
Province of Manitoba	48,661,555	46,000,000	46,157,582	46,249,587
Province of Quebec	21,933,311	20,000,000	20,845,238	24,589,204
Province of Ontario	16,379,460	16,000,000	16,090,979	21,086,025
Province of New Brunswick	7,849,149	7,000,000	7,205,401	7,246,594
Canada Mortgage & Housing	-	-	-	18,535,099
Canada Housing Trust	<u>30,183,188</u>	<u>29,500,000</u>	<u>29,489,453</u>	<u>24,982,333</u>
	<u>\$175,792,096</u>	<u>\$ 167,500,000</u>	<u>\$169,771,300</u>	<u>\$163,847,995</u>

#### 4. Investments - Specific Estates and Trusts

	<u>2013</u>	<u>2012</u>
Term deposits, investment certificates and treasury bills	\$ 14,708,800	\$ 18,290,896
Government of Canada and other bonds	1,468,470	334,220
Shares of capital stock and mutual funds	7,439,648	5,078,870
Registered Disability Savings Plan Funds	<u>2,424,050</u>	<u>1,803,051</u>
	<u>\$ 26,040,968</u>	<u>\$25,507,037</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba  
Estates and Trusts under Administration

Notes to Financial Statements  
March 31, 2013

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.



