

2013 - 2014 ANNUAL REPORT



**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, 2014.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Allum", followed by a long horizontal line.

Honourable James Allum
Minister of Justice
Attorney General

Justice

Deputy Minister of Justice and Deputy Attorney General
Room 110 Legislative Building, Winnipeg, Manitoba, Canada R3C 0V8

Honourable James Allum
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, 2014.

The results of the 2013/14 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

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, 2014. With the proclamation of *The Public Guardian and Trustee Act* effective April 1, 2014 this will be the final annual report submitted under *The Public Trustee Act*.

I would also like to take this opportunity to acknowledge the contributions made by my predecessor, Joanna K. Knowlton who retired in 2014. I look forward to continuing the important work of this office along with a staff that each day demonstrates their commitment to serving the needs of our clients.

Yours truly,

Douglas R. Brown
Public Guardian and Trustee

RÉSUMÉ DES RÉALISATIONS 2013-2014

ADMINISTRATION DES DOSSIERS DES CLIENTS

1. Le Bureau du curateur public a organisé des présentations trimestrielles à Beausejour, à Dauphin et à Winnipeg. De plus, il a organisé plusieurs petits ateliers à la demande d'organismes publics, de groupes de service, de divers ministères gouvernementaux et du public. En tout, 1 121 personnes ont assisté à ces ateliers et présentations.
2. Le Bureau a ouvert 60 nouveaux REEI (Régime enregistré d'épargne-invalidité pour des clients, ce qui a porté à 1 061 le nombre total de REEI dont ses clients sont titulaires. Les cotisations depuis le lancement du programme en 2008 ont atteint au total 2 949 834 \$, dont 13 494 812,96 \$ dans des REEI.

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'un examen 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 a terminé cette phase du projet en 2013-2014.

SERVICES D'INSPECTION

5. L'ajout d'un poste de 0,6 année-personne au personnel des services d'inspection a aidé à faire que les objectifs de rendement soient toujours atteints en dépit d'un nombre croissant de tâches effectuées par les services d'inspection.

CONTENTIEUX

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

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INTRODUCTION

PROFILE OF THE PUBLIC TRUSTEE

The Public Trustee (PT) provides services for a fee to the people of Manitoba in accordance with its statutory mandate and existing policies. The PT operates with a high level of accounting, legal and professional expertise, which is necessary for the management of approximately 5,800 clients, estates and trusts. Assets under administration are currently valued at approximately \$239 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 Guardian and Trustee is Douglas R. Brown who was appointed by Order in Council effective April 7, 2014.

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, 2014 the members of the Board were:

CHAIR	Donna J. Miller, Q.C. Deputy Minister of Justice and Deputy Attorney General	
MEMBERS	John Fergusson Acting 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
	Denise Koss A/Assistant Deputy Minister Disability Programs and Early Learning and Child Care Family Services	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 - 2
- 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:

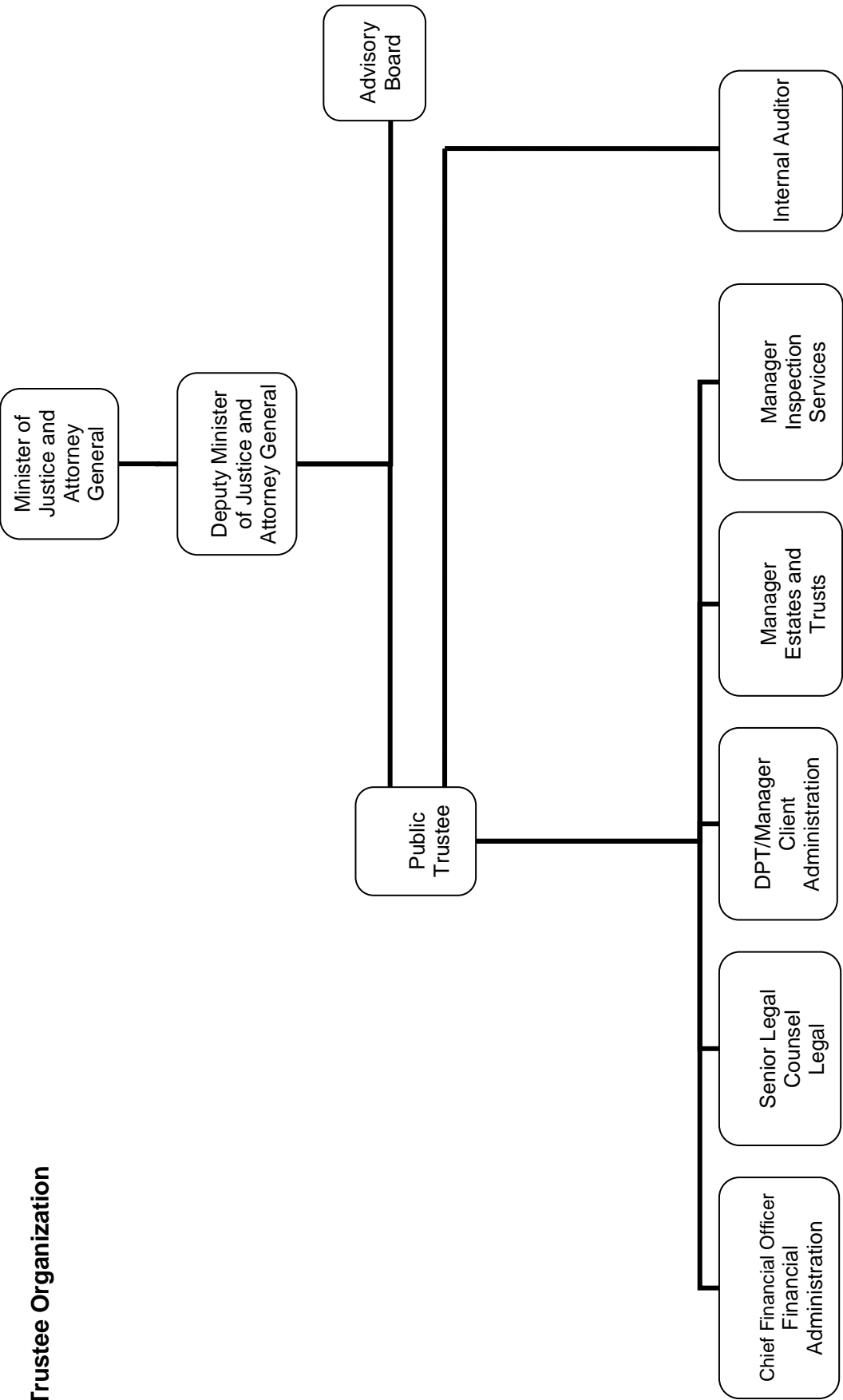
1. Providing the necessary legal representation for clients, estates, and trusts;
2. Ensuring the protection of rights and assets;
3. Fulfilling statutory duties as required and providing advice to the court as required; and
4. Providing advice to The PT.

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, 2014, The PT acted as committee, SDM or attorney for 3,402 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. 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' 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 – 2013/14

1. Speaking Engagements

The PT conducts quarterly education seminars. Presentations are also made by The PT 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>
Financial Abuse - Webinar	Winnipeg – Age and Opportunity	26
Role of The PT	Winnipeg – New Directions	30
Power of Attorney, Health Care Directives and Wills	Winnipeg – 200 McIvor	60
Power of Attorney, Health Care Directives and Wills	Gimli – Policy Academy Road	50
Power of Attorney, Health Care Directives and Wills	Winnipeg – Victoria Inn	50
Mental Health Fair Exhibit	Winnipeg – Grace Hospital	150
Wills, Powers of Attorney, Health Care Directives	Beausejour, MB	30
Financial Abuse (combined presentation)	Winkler, MB	50
Financial Abuse	Quarterly Seminar - Dauphin, MB	77
Committeeship and Power of Attorney	Winnipeg	50
Committeeship	Winnipeg – St. Boniface Hospital	20
Power of Attorney, Health Care Directives and Wills	Winnipeg – 529 Country Club Blvd.	20
Role of The PT	Winnipeg – 275 Portage Avenue	10
Financial Management	Quarterly Seminar – Winnipeg – Union Centre	120
Power of Attorney, Health Care Directives and Wills	Winnipeg – 22 Strauss Drive	20
Role of The PT	Winnipeg – Donald Street	30
Role of The PT and Committeeship	Winnipeg – University of Manitoba	10
Role of The PT and Committeeship	Winnipeg – 120 Maryland	20
Financial Abuse	Winnipeg – Grace Hospital	30
Power of Attorney, Health Care Directives and Wills	Winnipeg – Winter Club	50
Case Studies – Understanding the Role of The PT	Quarterly Seminar – Winnipeg	88
Role of The PT	Winnipeg – 174 – 640 Main Street	30
Power of Attorney, Health Care Directives and Wills	Quarterly Seminar – Beausejour, MB	50
Role of The PT and Committeeship	Winnipeg – Union Centre	50

TOTAL **1,121**

2. Registered Disability Savings Plan (RDSP)

Registered Disability Savings Plans (RDSPs) 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 his or her 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 2013/14, The PT opened 60 new RDSP accounts for clients, bringing the total number of RDSPs held by PT clients to 1,061. Contributions since inception of the program total \$2,949,834.00, with a total of \$13,494,812.96 being held in RDSPs.

3. Client Administration Section – Activity for Year Ending March 31, 2014

The Client Administration Section continues to provide a variety of services to a significant number of clients. The position Medical Claims Clerk was made permanent in 2012/13. This has reduced the risk of loss by ensuring extended health benefit claims are made on behalf of clients in a timely manner. The benefit of the conversion to permanent status of one Client Administration Officer, also in 2012/13, was offset to some extent by staff turnover in the Client Administration Section. This situation is being actively managed to minimize any impact on clients.

	March 31, 2013	Files Opened in Year	Files Closed in Year	March 31, 2014 End of Year
Assets under Administration * (\$000's)	\$ 149,772			\$149,772
Number of Clients	3,348	436	382	3,402

*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 – 2013/14

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, 2014

	March 31, 2013	Files Opened in Year	Files Closed in Year	March 31, 2014 End of Year
Assets under Administration * (\$000's)	\$ 82,890			\$ 84,493
Deceased Estates caseload	286	85	134	237
Children's Trusts caseload	1,331	168	218	1,281
Adult Trusts caseload	416	161	40	537

*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 – 2013/14

1. Systems Requirements and Changes

As part of a long-term information and technology systems review in consultation with Business Transformation and Technology, high level documentation of system requirements was completed in the later part of 2013. Based on the documentation a Request for Proposal (RFP) for the development of a new information and technology system was prepared in 2014. The RFP will be distributed early in 2014/15.

2. Internal Control Improvements

As part of an ongoing process to enhance internal controls in financial administration, communication between the Investment Officer and the Client Administration Officers was reviewed. As a result of the review communication protocols were refined.

3. Systems Enhancements

System enhancements were minimal due to the system review. An enhancement was completed to accommodate tax e-filing of both current and prior year returns.

4. Financial Administration Section – Activity for the year ending March 31, 2014

Magnitude (\$000's)	2012/13	2013/14
Total Assets under Administration *	\$ 233,248	\$ 238,951
Receipts for year	\$ 120,228	\$ 122,983
Disbursements for year	\$ 118,150	\$ 123,698
Total Accounts/Files	5,755	5,800
Total Financial Transactions	358,925	365,595

*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 – 2013/14

The addition of a permanent 0.6 staff year in Inspection Services in 2012/13 assisted to ensure performance targets continue to be achieved despite an increasing number of assignments being carried out by Inspection Services. The number of service requests increased from 4072 in 2012/13 to 4912 in 2013/14. This continues a trend which has been occurring over the past several years and which will be actively monitored to ensure there is no negative impact on services to clients.

LEGAL ACCOMPLISHMENTS - 2013/14

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, 2014

	March 31, 2013	Files Opened in Year	Files Closed in Year	March 31, 2014 End of Year
Number of Files at beginning of year	374	362	469	365

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 2013/14, The PT held 4 public education sessions.

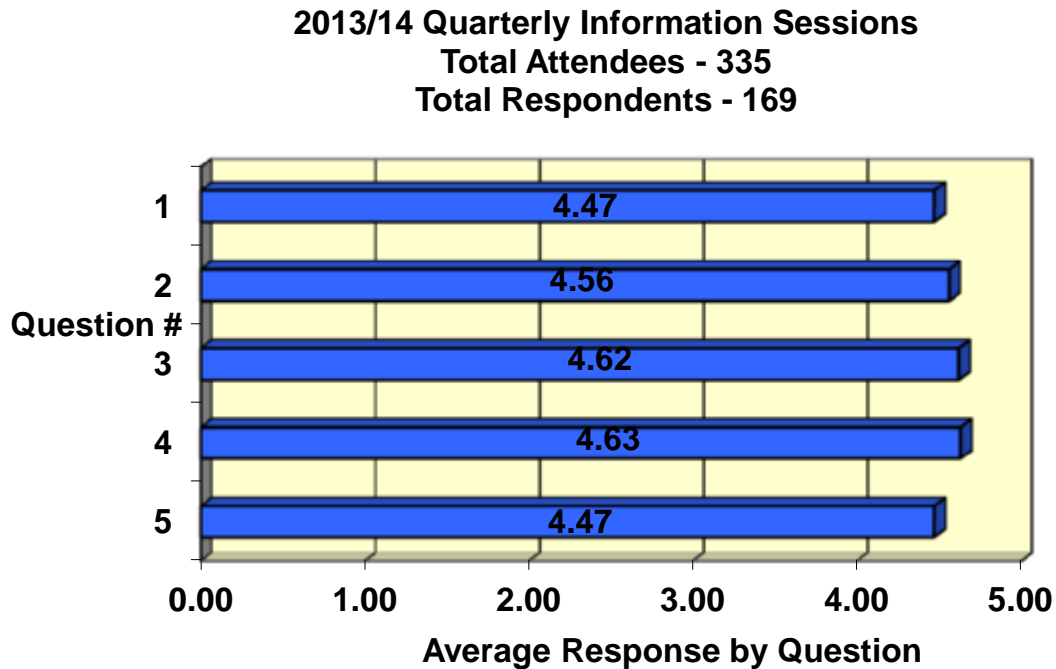
Particulars of the seminars held in 2013/14 are contained in the chart below.

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	Topic	Location	Number of Respondents	Average Seminar Rating our of 5
June 21/13	Financial Abuse	Dauphin, MB	46 of 77 registrants	4.57
Sept. 24/13	Financial Management	Winnipeg	60 of 120 registrants	4.32
Jan. 14/14	Case Studies – role of Public Trustee	Winnipeg	35 of 88 registrants	4.41
March 10/14	Power of Attorney, Health Care Directives and Wills	Beausejour, MB	28 of 50	4.55
Total			169 of 335 registrants	4.55

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 create an educational pamphlet for individuals who are considering acting as personal representative of a deceased estate.**

The ***Deceased Estate Handbook*** was completed and is in proof form with the printer. It will be available for distribution to the public on the Public Guardian and Trustee's website as well as in hard copy during fiscal 2014/15.

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

Online Business Systems worked with PT management and staff to document The PT's business requirements in preparation for distributing a RFP for the development of a new information and technology system. The RFP will be distributed early in 2014/15.

4. **To ensure that the Agency maintains the delivery of its deceased administration services in a cost effective and efficient manner by tracking baseline data to measure performance in two areas as follows:**

- a) **The number of applications to Court of Queen's Bench for Estate Administration that are accepted by the court on initial submission;**

The PT established a performance target that 85% of applications to appoint The PT as administrator of deceased estates will be accepted by the court on initial submission. Please see the Performance Framework section of this report for results.

- b) **The number of days between receipt of all signed releases from heirs or beneficiaries of an estate and payment to them of their entitlement.**

During 2013/14, the PT continued to gather data to determine the number of days between receipt of all signed releases from heirs and beneficiaries of an estate and payment of their entitlement. This data will be used to establish a performance target for a new performance measure in 2015/16.

Establishing this performance measure will ensure The PT transfers estate assets into the hands of heirs and beneficiaries of estates quickly, once properly executed releases are received.

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.

6. **Employee Training and Information**

Ongoing training opportunities and information sessions are presented to employees. These sessions take place between September and June. They include topics of relevance to employees, and are presented by internal or external presenters. The topics presented in 2013/14 were:

MONTH	TOPICS
April 2013	Employee Assistance Program – Stress at Work
May 2013	The PT's Business Plan
June 2013	AED (Automated External Defibrillation) Training by Canadian First-Aid Training
September 2013	Employee Guide to Attendance Management
October 2013	Confidentiality, Conflict of Interest and Client Service
December 2013	Alzheimer's Society – presentation on Dementia
January 2014	MPIC Benefits
March 2014	Renunciations vs. Nominations

INTERNAL AUDITOR AUDIT REPORT HIGHLIGHTS

1. Compliance Audits

The internal auditors, PT, Deputy Public Trustee (DPT) and Senior Client Administration Officer (Senior CAO) reviewed 97%, or a total of 270 files that were between three to six months old.

Reviews 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 the need for policy and procedure development or training enhancement.

Review findings are reported to the DPT and to the Senior CAO who review the findings and determine what action needs to be taken.

2. Operational Audits

a) Audits of Transactions

The internal auditors 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 four categories of transactions including those of:

- Clients in receipt of Employment and Income Assistance (EIA) benefits;
- clients with low balances but are not in receipt of EIA;
- clients whose balances had encroached by more than \$2,000 within a one year period; and
- clients with disability trusts, secondary accounts and discretionary trusts.

Findings were reported to The PT as well as the DPT. Generally, policies and procedures were followed.

b) Audit of EFT Deposits to Client Bank Accounts

Internal audit created an audit program and tested EFT deposits to bank accounts. Sample transactions were reviewed to ensure compliance with policy and procedures. While policies and procedures were generally followed, procedures were enhanced to ensure the office exercises optimum fiduciary responsibility.

c) Audit of Cheque Disbursements

During the year, cheque disbursements were 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
- payment was made in a timely manner.

Findings were reported to the PT. Generally, policies and procedures were followed.

d) Audit of Registered Disability Savings Plan Applications

Internal audit verified the applications of clients eligible for benefits in the fiscal year, sampled 5% of benefit receipts, and confirmed that policies and procedures are followed.

Findings were reported to the PT.

3. Ongoing Review of Policies and Procedures

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

4. Development of Risk Matrix

Internal audit is developing a risk matrix for each section of PT. In 2013/14, internal audit interviewed various staff and detailed any risks and mitigation strategies associated with their job duties and outcomes. The overall goal is the effective and efficient utilization of resources to mitigate identified risks.

5. Ad Hoc Audits

Internal audit 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:

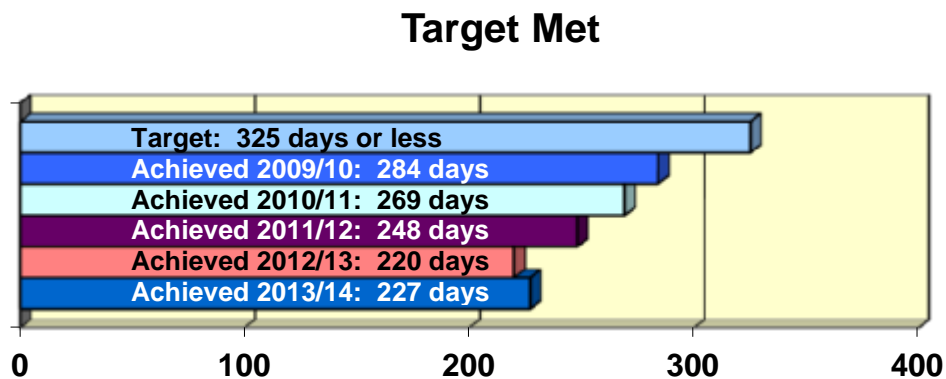
Estates of former clients will be paid out to the executor or administrator in a timely manner.

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.

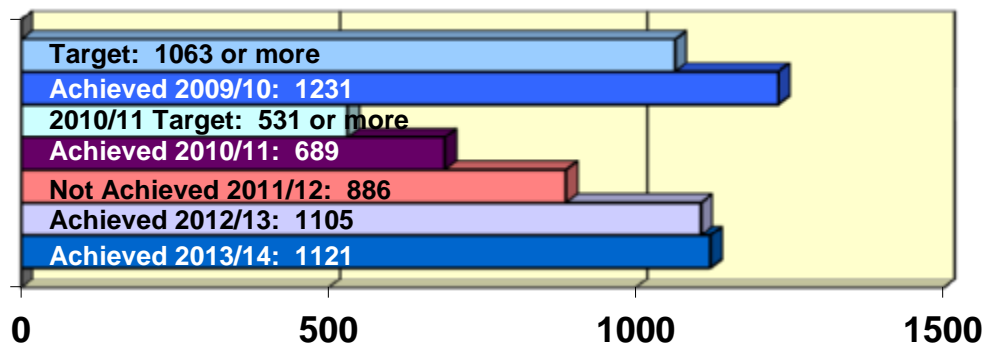
The PT's programs and services are critical to a certain segment of society's functioning. Its programs and services are not widely understood by the general public and we realize that even stakeholders and service providers in the field need regular education about The PT's programming and such topics 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 2013/14, The PT held 4 regular seminars and presented at several additional programs (see page 11 for details). These programs were attended by 1,121 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:

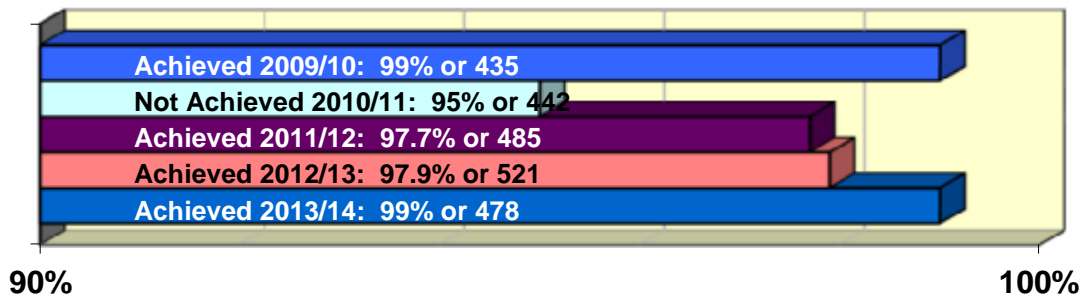
Year	Target Number of Visits Required	Number Made	Percentage
2008/09	486	486	100%
2009/10	456	452	99%
2010/11	464	442	95%
2011/12	500	485	97.7
2012/13	525	521	97.9%
2013/14	482	478	99%

CLIENT ADMINISTRATION continued

Performance Target:

Client administration officers will complete at least 99% of the target number of visits to clients in each year.

Target Met



4. Objective:

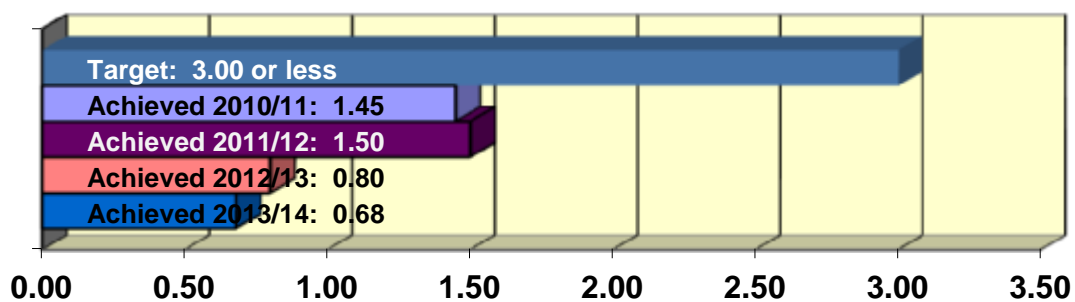
Adult clients will begin receiving management and protective services from The PT in a timely manner after receipt by The PT of authority to act.

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:

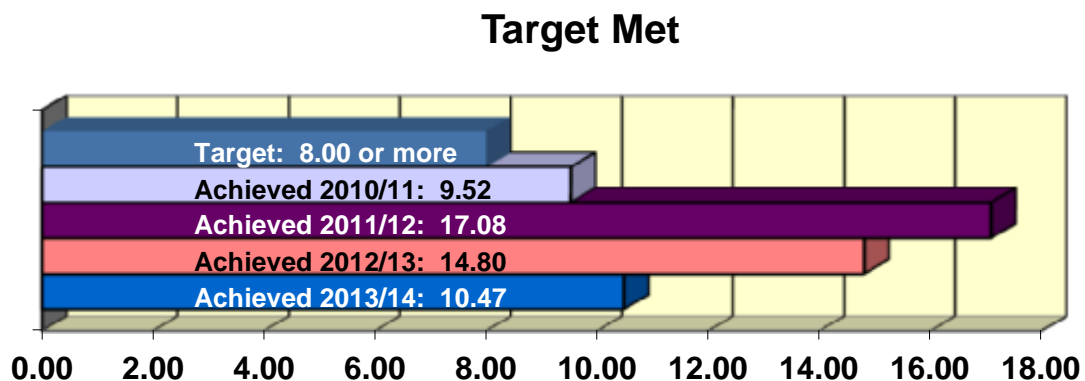
Client Administration employees will receive ongoing training and education on relevant topics to ensure they are able to provide a high quality of service to clients.

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:

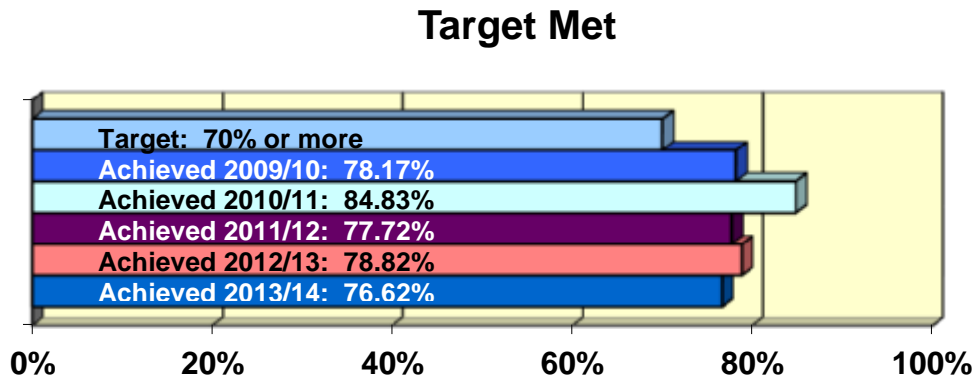
Children's trusts will be paid out in a timely fashion upon children achieving the age of majority.

The PT seeks to pay out children's trusts as soon as possible after a child achieves age of majority.

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 201 children's trusts in 2013/14. The service level was met in 154 cases or 76.62%.



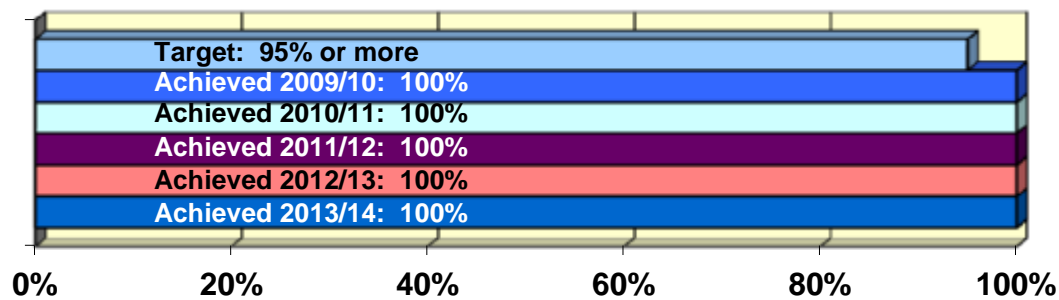
ESTATES AND TRUSTS ADMINISTRATION continued

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 childrens' trusts will be made in a timely fashion.

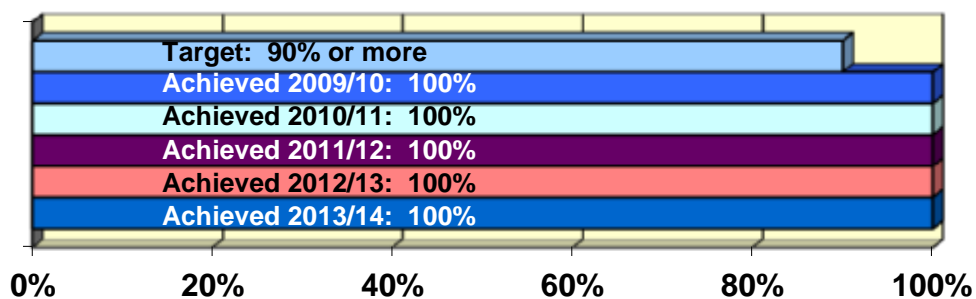
These include decisions to approve or deny payment, or to request clarification or further information in support of the request for payment from children's trusts.

Performance Target:

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

In 2013/14, 217 decisions were made. All were made within 10 business days of receipt of the request.

Target Met



3. Objective:

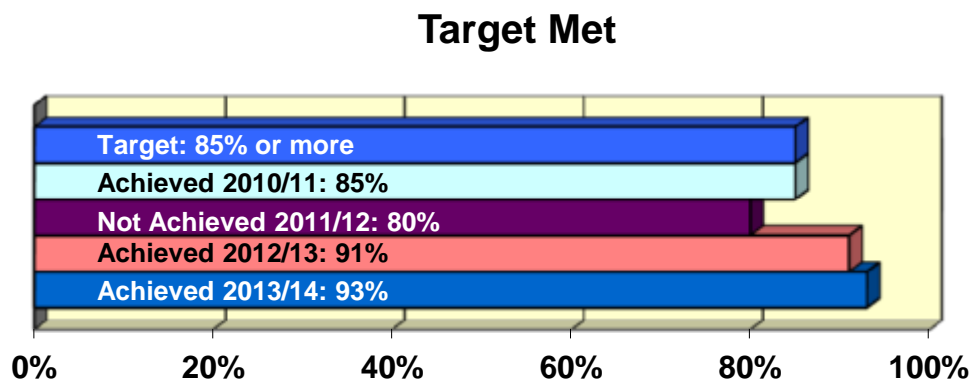
Applications that are submitted to court to appoint The PT as administrator of deceased estates will be complete and accurate.

The PT commences its administration of a deceased estate after receipt of the court grant. Applications must be complete and accurate to ensure that the administration can commence in a timely fashion.

Performance Target:

That 85% of The PT's applications for deceased estate administration are accepted by the court on initial submission.

In 2013/14, 63 applications were submitted to court. Of these, 59 or 93% were accepted on initial submission. By submitting court applications correctly in the initial submission, The PT is able to commence administering a deceased estate quickly.



FINANCIAL ADMINISTRATION

1. Objective:

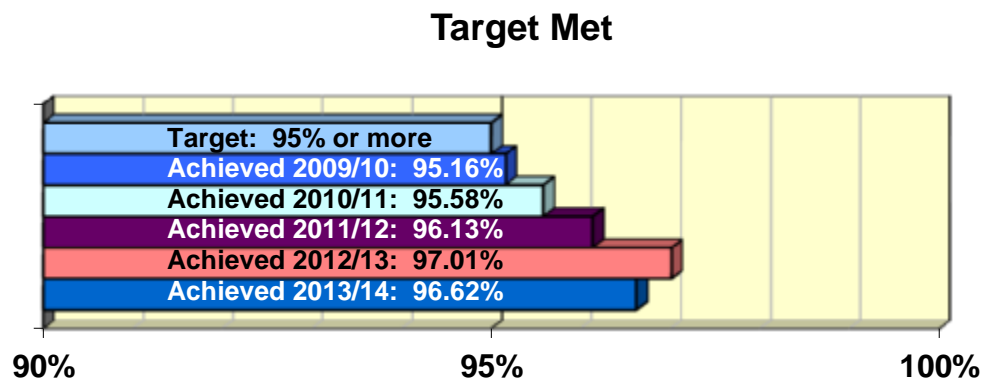
The PT will process authorized payments from clients, estates, and trusts in an efficient manner.

Efficient turnaround of disbursement requests allows obligations of clients, estates and trusts 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 79,243 cheque requisitions during 2013/14. Of these, 76,571 or 96.62% were processed within the 5 day turnaround target.



FINANCIAL ADMINISTRATION continued

2. Objective:

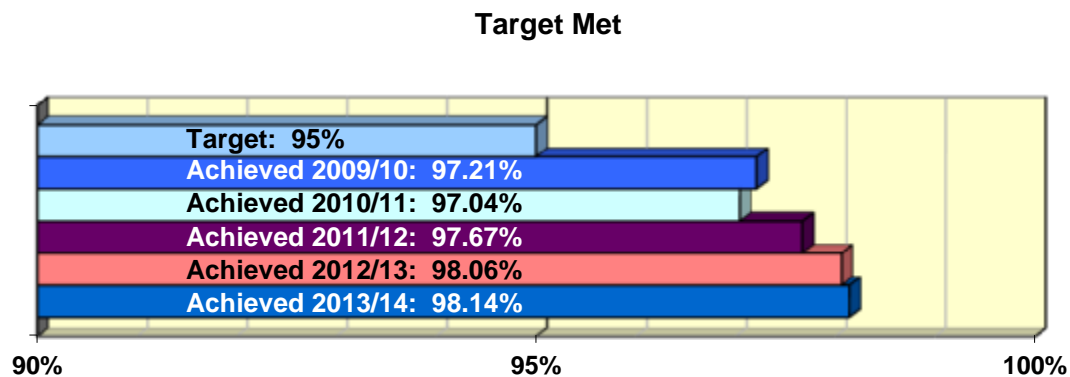
The PT will process cheques and cash receipts received for clients, estates and trusts in an efficient manner.

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 9,124 receipts during 2013/14. Of those receipts, 8,955 or 98.14% were processed in a 2 day turnaround.



INSPECTION SERVICES

1. Objective:

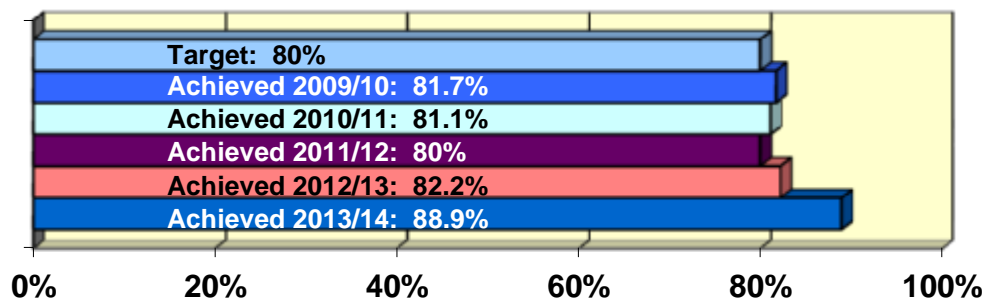
Clients' and estates' assets will be inventoried and secured in a timely fashion.

Performance Target:

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

During 2013/14, 153 search and inventory procedures were completed in Winnipeg. Of those, 136 or 88.9% were completed within 7 days.

Target Met



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

	Actual March 2013	Actual March 2014	Budget 2014	Budget Variance
Total Revenue	6,941	7,093	6,561	8.11%
Salaries & Benefits	4,507	4,778	4,659	-2.55%
Employee Pension Costs	254	306	235	-30.21%
Accommodation Costs	411	411	410	-.24%
Other Administration Costs	1,147	1,095	1,178	7.05%
Amortization: Capital Assets	11	21	17	-23.53%
Total Expenses	6,330	6,611	6,499	-1.72%
NET INCOME (Loss)	611	482	62	

Variance Analysis (Actual to Budget)

Fees: Due to movements in the client base, both in numbers and in financial resources, the PT cannot predict fees with certainty.

Total Expenses: The employer portion of pension and benefit were under estimated in the budget.



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

**Financial Statements
March 31, 2014**



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 August 6, 2014. 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 of Manitoba – An Agency of the Special Operating Agencies Financing Authority – Province of Manitoba are properly safeguarded.

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

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

Douglas R. Brown
Public Guardian and Trustee



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Public Trustee of Manitoba which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, changes 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 Guardian and Trustee's Responsibility for the Financial Statements

The Public Guardian and 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 Guardian and 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 Guardian and 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, 2014, 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
August 6, 2014
Winnipeg, Manitoba

PUBLIC TRUSTEE OF MANITOBA
 (An Agency of the Special Operating Agencies
 Financing Authority - Province of Manitoba)
 Statement of Financial Position
 As at March 31, 2014
 (In Thousands)

	<u>March 31,</u> <u>2014</u>	<u>March 31,</u> <u>2013</u>
Financial assets		
Cash and cash equivalents (Note 5)	\$ 4,666	\$ 4,247
Portfolio investments (Note 10)	515	515
Accounts receivable (Note 6)	<u>1,003</u>	<u>932</u>
	<u>6,184</u>	<u>5,694</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	743	703
Employee future benefits (Note 8)	<u>657</u>	<u>647</u>
	<u>1,400</u>	<u>1,350</u>
Net financial assets	<u>4,784</u>	<u>4,344</u>
Non-financial assets		
Prepaid expenses	6	7
Tangible capital assets (Note 9)	<u>82</u>	<u>39</u>
	<u>88</u>	<u>46</u>
Accumulated surplus	<u><u>\$ 4,872</u></u>	<u><u>\$ 4,390</u></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, 2014
 (In Thousands)

	2014 <u>Budget</u> (Note 18)	2014 <u>Actual</u>	2013 <u>Actual</u>
Revenue			
Fees and other revenue (Note 12)	\$ 6,520	\$ 7,042	\$ 6,874
Investment income	<u>41</u>	<u>51</u>	<u>67</u>
Total revenue	<u>6,561</u>	<u>7,093</u>	<u>6,941</u>
Expenses			
Amortization of tangible capital assets	17	21	11
Accommodation costs (Note 11)	410	411	411
Other administration expenses (Note 13)	1,178	1,095	1,147
Salaries and benefits	4,659	4,778	4,507
Pension benefits (Note 14)	<u>235</u>	<u>306</u>	<u>254</u>
Total expenses	<u>6,499</u>	<u>6,611</u>	<u>6,330</u>
Annual surplus	62	482	611
Accumulated surplus, beginning of period	4,390	4,390	3,779
Accumulated surplus, end of period	<u>\$ 4,452</u>	<u>\$ 4,872</u>	<u>\$ 4,390</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 Flows
 For the Year Ended March 31, 2014
 (In Thousands)

	2014 <u>Actual</u>	2013 <u>Actual</u>
Cash provided by (applied to)		
Operating		
Annual surplus	\$ 482	\$ 611
Amortization of tangible capital assets	<u>21</u>	<u>11</u>
	503	622
Changes in non-cash working capital balances:		
Accounts receivable	(71)	(17)
Accounts payable and accrued liabilities	40	127
Employee future benefits	10	65
Prepaid expenses	<u>1</u>	<u>(3)</u>
Cash provided by operating activities	<u>483</u>	<u>794</u>
Capital		
Acquisition of tangible capital assets	<u>(64)</u>	<u>(3)</u>
Cash applied to capital activities	<u>(64)</u>	<u>(3)</u>
Net increase in cash	419	791
Cash and cash equivalents		
Beginning of year	<u>4,247</u>	<u>3,456</u>
End of year	<u>\$ 4,666</u>	<u>\$ 4,247</u>
Supplemental cash flow information		
Interest received	\$ <u>51</u>	\$ <u>73</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 Changes in Net Financial Assets
 For the Year Ended March 31, 2014
 (In Thousands)

	<u>2014 Budget (Note18)</u>	<u>2014 Actual</u>	<u>2013 Actual</u>
Annual Surplus	\$ 62	\$ 482	\$ 611
Tangible capital assets			
Acquisition of tangible capital assets	(65)	(64)	(3)
Amortization of tangible capital assets	<u>17</u>	<u>21</u>	<u>11</u>
Net change in tangible capital assets	<u>(48)</u>	<u>(43)</u>	<u>8</u>
Other non-financial assets			
Decrease (increase) in prepaid expenses	<u>-</u>	<u>1</u>	<u>(3)</u>
Net change in other non-financial assets	<u>-</u>	<u>1</u>	<u>(3)</u>
Net increase in net financial assets	14	440	616
Net financial assets, beginning of year	<u>4,344</u>	<u>4,344</u>	<u>3,728</u>
Net financial assets, end of year	<u>\$ 4,358</u>	<u>\$ 4,784</u>	<u>\$ 4,344</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)

Notes to Financial Statements

March 31, 2014
(In Thousands)

1. Nature of organization

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

Effective April 1, 1996, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Agency is financed through the Special Operating Agencies Financing Authority (“SOAFA”). SOAFA has the mandate to hold and acquire assets required for and resulting from the Agency’s operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating Agency status, assists the Agency to sustain the provision of high quality service to its clients.

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

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

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

2. Basis of accounting

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

PUBLIC TRUSTEE OF MANITOBA
(An Agency of the Special Operating Agencies
Financing Authority – Province of Manitoba)

Notes to Financial Statements

March 31, 2014
(In Thousands)

3. Significant accounting policies

a) Revenue recognition

- i. Administration fees are charged quarterly as earned to client accounts based on the anniversary date of the account in accordance with the provisions of *The Public Trustee Act*. Fees revenue recognized during the year consists of all fees charged.
- ii. Other fees are recognized and charged to an account as services are provided.
- iii. Statutory 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 the year of acquisition, software purchases less than \$1 are expensed in year of acquisition
Leasehold improvements	20%, straight-line basis

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Agency's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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

d) Capital disclosures

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

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

The Agency is not subject to externally imposed capital requirements.

e) Cash and cash equivalents

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

f) Prepaid expenses

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

g) Expenses

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

4. Financial instruments and financial risk management

Measurement

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

Financial instruments including cash and cash equivalents, portfolio investments, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost. Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations and accumulated surplus in the period the gain or loss occurs. As at March 31, 2014, the Agency does not have any financial instruments measured at fair value. In the event financial instruments are measured at fair value gains and losses would be recorded in accumulated surplus as re-measurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative re-measurement gains and losses are reclassified to the statement of operations and accumulated surplus.

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The Agency did not incur any re-measurement gains and losses during the year ended March 31, 2014 (2013 - \$nil).

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

Credit risk

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

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

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$4,666	\$4,247
Portfolio investments	515	515
Accounts receivable	<u>1,003</u>	<u>932</u>
	\$6,184	\$5,694

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 fees receivable and allowance for doubtful accounts as at March 31, 2014 was as follows:

	Net	Allowance
Current (note 6)	\$1,023	\$ 43
30-60 days past the billing date	-	-
61-90 days past the billing date	-	-
More than 90 days past the billing date	-	-
	<u>\$1,023</u>	<u>\$ 43</u>

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Liquidity risk

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

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

Market risk

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

Interest rate risk

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

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

Foreign currency risk

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

5. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
Cash	\$ 1,665	\$ 1,722
Demand deposits	<u>3,001</u>	<u>2,525</u>
	<u>\$ 4,666</u>	<u>\$ 4,247</u>

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6. Accounts receivable

	<u>2014</u>	<u>2013</u>
Fees receivable	\$ 1,023	\$ 942
Allowance for doubtful accounts	<u>(43)</u>	<u>(39)</u>
	980	903
Interest receivable	15	15
Advances to client accounts	2	8
Cost recoveries	<u>6</u>	<u>6</u>
	<u>\$ 1,003</u>	<u>\$ 932</u>

7. Accounts payable and accrued liabilities

	<u>2014</u>	<u>2013</u>
Operating expenses payable	\$ 216	\$ 186
Salaries and benefits payable	113	97
Vacation entitlements earned	386	393
GST payable to Canada Revenue Agency	<u>28</u>	<u>27</u>
	<u>\$ 743</u>	<u>\$ 703</u>

8. Employee future benefits

	<u>2014</u>	<u>2013</u>
Severance benefits	\$ 559	\$ 562
Sick pay benefits	<u>98</u>	<u>85</u>
	<u>\$ 657</u>	<u>\$ 647</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.

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The Agency's actuarially determined net liability for accounting purposes as at March 31, 2014 was \$634 (2013 - \$646). The actuarial loss of \$140 based on actuarial reports is being amortized over the 15 year expected average remaining service life ("EARSL") of the employee group. Benefits paid during the year were \$75 (2013 – \$nil)

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

	<u>2014</u>	<u>2013</u>
Accrued benefit liability	\$ 634	\$ 646
Unamortized actuarial loss	<u>(75)</u>	<u>(84)</u>
Severance benefits liability	<u>\$ 559</u>	<u>\$ 562</u>

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

	<u>2014</u>	<u>2013</u>
Interest on obligation	\$ 42	\$ 38
Employer service cost	19	18
Amortization of actuarial loss over EARSL	<u>9</u>	<u>9</u>
Total expense related to severance benefits	<u>\$ 70</u>	<u>\$ 65</u>

Significant long-term actuarial assumptions used in the March 31, 2011 valuation, and in the determination of the March 31, 2014 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>

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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 5.00% annual return and a 3.00% annual salary increase.

9. Tangible capital assets

2014				
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>
Cost				
Furnishings and equipment	\$ 319	\$ 7	\$ -	\$ 326
Computer hardware and software	121	-	-	121
Leasehold improvements	37	57	-	94
Total cost	<u>\$ 477</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 541</u>
Accumulated amortization				
Furnishings and equipment	\$ 285	\$ 8	\$ -	\$ 293
Computer hardware and software	118	1	-	119
Leasehold improvements	35	12	-	47
Total accumulated amortization	<u>\$ 438</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 459</u>
Net book value	<u>\$ 39</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 82</u>

2013				
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing Balance</u>
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	<u>\$ 47</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ 39</u>

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10. Designated assets

Portfolio investments consist of designated assets and non-redeemable investments and guaranteed investment certificates. The Agency has allocated \$515 (2013 - \$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 balance is re-invested annually.

11. Commitments

The Agency has an arrangement with the Province of Manitoba, through the Department of Infrastructure and Transportation, for rental of its facilities at 155 Carlton Street in Winnipeg and its facility in the Provincial Building in Brandon. Accommodation costs are estimated to be \$411 for the year ended March 31, 2015.

12. Fees and other revenue

	<u>2014</u>	<u>2013</u>
Administration	\$ 6,093	\$ 5,978
Legal fees	408	375
Income taxes	302	291
Inspection	<u>239</u>	<u>230</u>
	<u>\$ 7,042</u>	<u>\$ 6,874</u>

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13. Other administration expenses

	<u>2014</u>	<u>2013</u>
Computer expenses	\$ 605	\$ 593
Courier charges	5	8
Insurance, loss, damage	26	85
Office supplies	73	66
Other	1	1
Personnel expenses	27	18
Photocopies	3	6
Postage	67	66
Professional fees	114	128
Publications	2	3
Public communications	12	15
Records Centre charges	30	27
Rentals, equipment	1	1
Repairs and maintenance	4	9
SAP costs	7	7
Support services - Department of Justice	21	21
Telephone	54	51
Travel	<u>43</u>	<u>42</u>
	<u>\$ 1,095</u>	<u>\$ 1,147</u>

14. Pension benefits

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

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid at March 31 was \$306 (2013 - \$254). Under this agreement, the Agency has no further pension liability.

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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 \$176 (2013 - \$164). These amounts are not reflected in these financial statements.

17. Estates and trusts under administration

The client assets under administration at March 31, 2014 totaled approximately \$239,000 (2013 - \$233,000). 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 \$209,000 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.



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

**Financial Statements
March 31, 2014**



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 November 30, 2014. 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.

Douglas R. Brown
Public Guardian and Trustee



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Public Guardian and 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, 2014, 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 by the Public Guardian and Trustee based on Section 19 of *The Public Trustee Act*.

The Public Guardian and Trustee's Responsibility for the Financial Statements

The Public Guardian and Trustee is responsible for the preparation of these financial statements in accordance with the basis of accounting described in Note 2 to the financial statements, determining that the described framework is acceptable in the circumstances, and for such internal control as the Public Guardian and 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 Guardian and Trustee, as well as evaluating the 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, 2014, are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

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 Public Guardian and Trustee has determined that a basis of accounting other than GAAP is appropriate for the requirements of Section 19 of *The Public Trustee Act*. Because the statements were not prepared in accordance with GAAP, the financial statements may not be suitable for another purpose. Our report is intended solely for the Public Guardian and Trustee and Members of the Legislative Assembly and should not be used by other parties.

Office of the Auditor General

Office of the Auditor General
Winnipeg, Manitoba
November 30, 2014

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Balance Sheet as at March 31, 2014

ASSETS	2014	2013
Cash on hand and in bank	\$ 5,606,886	\$ 6,321,293
Investments - Common Fund (Notes 2(a) and 3)	174,544,533	169,771,300
- Specific Estates and Trusts (Notes 2(b) and 4)	27,727,902	26,040,968
Accrued interest receivable on common fund investments (Note 2(a))	1,144,026	1,474,479
Other assets at nominal value (Note 2(c))	<u>1</u>	<u>1</u>
	<u>\$209,023,348</u>	<u>\$203,608,041</u>
 LIABILITIES		
Other liabilities at nominal value (Note 2(d))	\$ 1	\$ 1
Public Trustee - Fees payable (Note 1)	116,913	100,918
- Expenditures payable (Note 5)	<u>14,307</u>	<u>7,254</u>
	131,221	108,173
 Estates and trusts under administration:		
Excess of recorded value of assets over liabilities		
<i>The Mental Health Act</i>	128,420,218	124,280,621
<i>The Public Trustee Act</i>	<u>80,471,909</u>	<u>79,219,247</u>
	<u>\$209,023,348</u>	<u>\$203,608,041</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, 2014

RECEIPTS	2014	2013
Funds held by estates and trusts brought under administration	\$ 18,233,147	\$ 19,048,577
Realization of equities in other estates	4,357,619	2,240,047
Pensions, compensation and assistance	33,812,775	32,235,633
Sickness, disability and other insurance benefits	7,621,128	9,742,167
Investment income	6,302,189	6,850,221
Sale of estate property	5,647,745	7,788,567
Collections on accounts receivable	<u>1,761,232</u>	<u>1,889,555</u>
Total receipts, before sale or redemption of securities	77,735,835	79,794,767
Sale and redemption of securities - Common Fund	37,000,000	33,200,000
Sale and redemption of securities - Specific Estates and Trusts	<u>8,247,480</u>	<u>7,233,061</u>
Total Receipts	<u>122,983,315</u>	<u>120,227,828</u>
DISBURSEMENTS		
Room, board and other maintenance expense	30,868,968	28,750,036
Preservation of estates	5,431,529	6,091,880
Other estate expense	1,849,910	1,948,096
Administration and passing of accounts (Note 1)	6,599,154	6,494,234
Estates and trusts released from administration	<u>35,966,587</u>	<u>34,383,912</u>
Total disbursements, before purchase of securities	80,716,148	77,668,158
Purchase of securities - Common Fund	42,498,820	39,981,680
Purchase of securities - Specific Estates and Trusts	<u>482,754</u>	<u>500,822</u>
Total Disbursements	<u>123,697,722</u>	<u>118,150,660</u>
Excess cash receipts (disbursements)	(714,407)	2,077,168
Cash position at start of year	<u>6,321,293</u>	<u>4,244,125</u>
Cash position at end of year	<u>\$ 5,606,886</u>	<u>\$ 6,321,293</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2014

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, 2014

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, 2014

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

	2014 <u>Market Value</u>	2014 <u>Par Value</u>	2014 <u>Book Value</u>	2013 <u>Value</u>
Term deposits & investment certificates	\$ 23,000,000	\$ 23,000,000	\$ 23,000,000	\$ 33,000,000
Alberta Capital Finance	10,798,329	10,000,000	10,581,006	10,844,116
Province of B.C.	6,599,340	6,000,000	6,117,910	6,138,531
Province of Manitoba	43,581,550	42,000,000	42,035,536	46,157,582
Province of Quebec	21,517,226	20,000,000	20,652,805	20,845,238
Province of Ontario	29,771,037	29,000,000	29,442,666	16,090,979
Province of New Brunswick	7,705,047	7,000,000	7,164,208	7,205,401
Canada Housing Trust	<u>35,890,061</u>	<u>35,500,000</u>	<u>35,550,402</u>	<u>29,489,453</u>
	<u>\$178,862,590</u>	<u>\$ 172,500,000</u>	<u>\$174,544,533</u>	<u>\$169,771,300</u>

4. Investments - Specific Estates and Trusts

	<u>2014</u>	<u>2013</u>
Term deposits, investment certificates and treasury bills	\$ 16,143,780	\$ 14,708,800
Government of Canada and other bonds	1,406,778	1,468,470
Shares of capital stock and mutual funds	7,443,511	7,439,648
Registered Disability Savings Plan Funds	<u>2,733,833</u>	<u>2,424,050</u>
	<u>\$ 27,727,902</u>	<u>\$ 26,040,968</u>

GOVERNMENT OF THE PROVINCE OF MANITOBA

The Public Trustee of Manitoba
Estates and Trusts under Administration

Notes to Financial Statements
March 31, 2014

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.

