

OFFICE OF THE PUBLIC GUARDIAN AND TRUSTEE

# ANNUAL REPORT 2019-20



MINISTRY OF THE ATTORNEY GENERAL

Ontario 

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# Message from Ontario's Public Guardian and Trustee

I am pleased to present the Annual Report of the Office of the Public Guardian and Trustee for the period of April 1, 2019 to March 31, 2020.

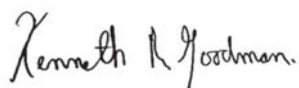
This was a landmark year for Ontario's Office of the Public Guardian and Trustee as we mark a century of proudly serving vulnerable Ontarians and the public. Being at the helm for the organization's 100<sup>th</sup> Anniversary is a source of great pride for me. It's hard to say what our founders envisioned this organization would look like 100 years later, but I am certain that they, and the 13 staff members who made up the organization at the time, would be immensely proud of the work being done today.

We celebrated with an open house, bringing together past and present employees, former trustees and dignitaries to celebrate our past successes and the new life being breathed into the organization through our ongoing modernization project. The celebrations reminded us of our evolution as an organization – including the expansion of our operations at various points, changes in physical location and the adoption of new technologies.

Our daily collective efforts are critical to protecting the legal, personal and financial interests of adults who cannot advocate for themselves. We take pride in this work and I am grateful to have such compassionate, hard-working employees in our organization. In addition to our daily successes, 2019 saw Ontario hosting the National Association of Public Trustees and Guardians Conference. Gathering with the community of Public Trustees and Guardians across Canada gave us an opportunity to share our expertise and learn from the experiences of our sister organizations. In addition, the OPGT continues to respond to the 2018 value-for-money audit of our operations conducted by the Office of the Auditor General of Ontario, which guides the organization's key strategic decisions today.

There is still plenty to be achieved in the OPGT's evolution and we will keep moving our modernization projects forward in pursuit of greater digitization, improved operational agility and stronger evidence-based decision making. At the close of this reporting cycle the organization was feeling the impact of the COVID-19 virus and resulting emergency declaration in Ontario. That experience has solidified that this is an organization ready to continue to evolve, to improve and enhance our service delivery as we enter a new decade and a new century as an organization.

I would like to thank our employees, our Investment Advisory Committee, Guardianship Advisory Committee and Audit Committee members, and our government partners for their devoted service and extraordinary contributions to the OPGT in 2019-20.

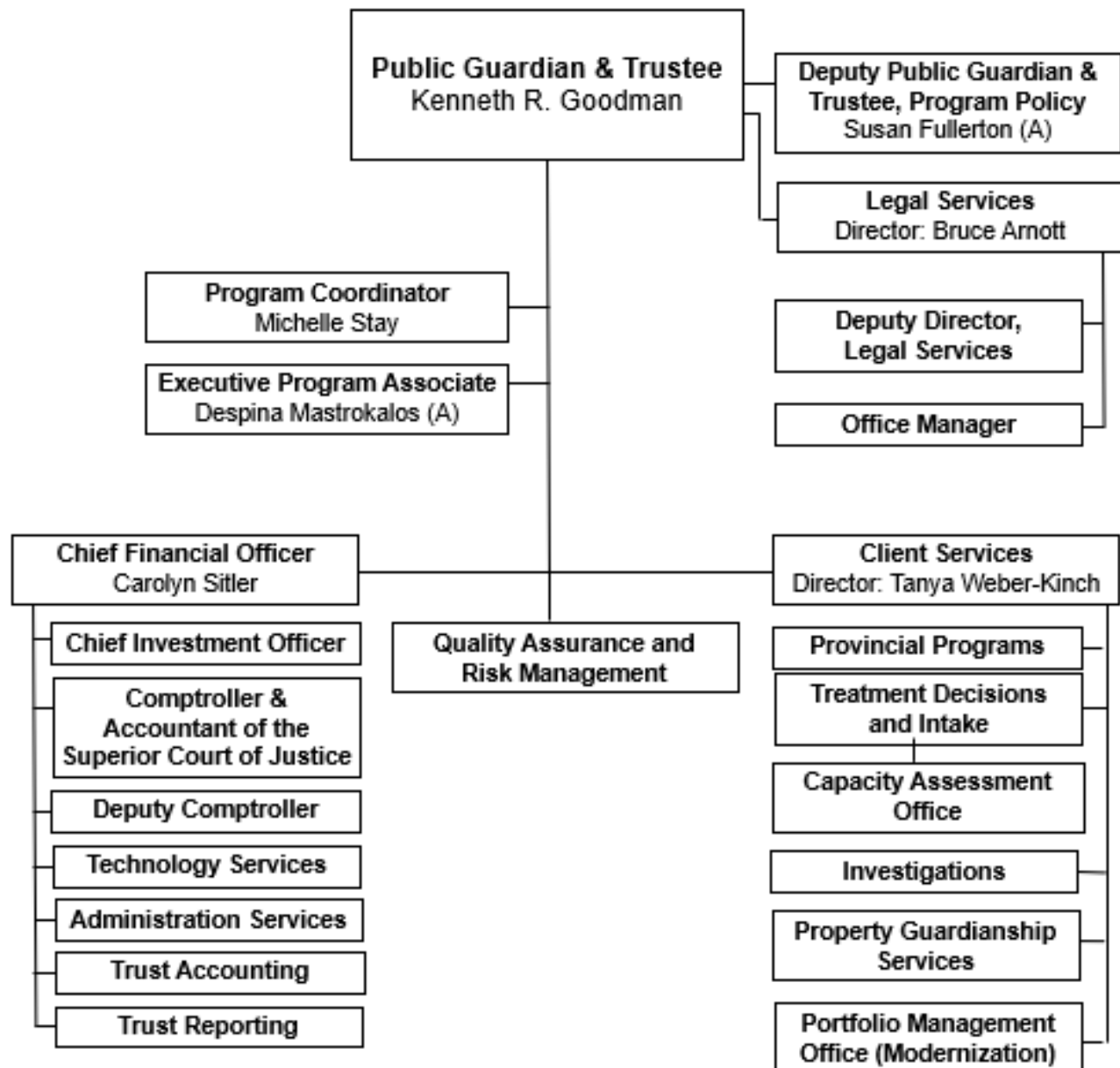


*Kenneth R. Goodman*  
*Public Guardian and Trustee for Ontario*

# Organizational Structure

The OPGT was created as an organization that is legally independent from government (a corporation sole) because many of its functions involve acting on behalf of individuals, in a fiduciary role as trustee. The OPGT currently operates as a program of the Ministry of the Attorney General, as part of the Victims and Vulnerable Persons Division.

The Public Guardian and Trustee (PGT) delegates his authority and responsibilities to staff to act on his behalf. As staff are acting under the authority of the appointed PGT, in this report we refer to our activities as being delivered by the OPGT.



## About the Office of the Public Guardian and Trustee

The OPGT delivers a unique and diverse range of services that safeguard the legal, personal and financial interests of individuals who have been deemed mentally incapable<sup>1</sup> under the *Substitute Decisions Act, 1992*. The OPGT protects mentally incapable adults and maximizes their quality of life by managing all financial decisions and conducting transactions that these individuals would otherwise handle themselves as guardian of property. The role of OPGT is of last resort when there is no other person, such as a relative, who is available, capable and willing to do so.

The OPGT protects some of the most vulnerable Ontarians who lack the capacity to make decisions about their finances and health. In addition to that important role, the organization provides numerous services aimed at protecting the public good. We:

- Investigate allegations an individual may be at risk of suffering serious financial or personal harm as a result of incapacity to make decisions about their property or personal care.
- Make decisions regarding personal care, treatment and admission to long-term care.
- Hold funds in trust with the Accountant of the Superior Court of Justice.
- Administer estates where there is no one else capable of doing so.
- Act as Litigation Guardian or Legal Representative in legal proceedings.
- Review applications from family/partners to replace the OPGT.
- Keep a register of all appointed guardians of property.
- Review accounts from private guardians and estate trustees.
- Works to protect charitable property.
- Maintain trust accounts for cemeteries.
- Provide outreach and education sessions.
- Provide free Power of Attorney kits.

Legislation governing the OPGT:

- |  |  |
|--|--|
| • <i>Public Guardian and Trustee Act</i> | • <i>Religious Organizations' Land Act</i>   |
| • <i>Substitute Decisions Act, 1992</i>  | • <i>Crown Administration of Estates Act</i> |
| • <i>Health Care Consent Act</i>         | • <i>Escheats Act</i>                        |
| • <i>Mental Health Act</i>               | • <i>Estates Act</i>                         |
| • <i>Charities Accounting Act</i>        | • <i>Trustee Act</i>                         |

OPGT services are offered across Ontario. Offices are in Toronto, Hamilton, London, Ottawa, Sudbury and Thunder Bay.

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<sup>1</sup> **Mental incapacity** is when someone cannot understand relevant information or cannot appreciate what may happen as a result of decisions they make—or do not make—about their finances, health or personal care.

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**MISSION:**

*We make a difference by protecting the value of property and promoting the quality of life for those we serve. We do this in a cost-effective manner for the benefit of all Ontarians.*

**VISION:**

*Working together, we value and protect our clients.*

**GUIDING  
PRINCIPLES:**

*Accountable • Creative • Effective • Honest • Respectful • Informative*

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## The Scope of Our Work

The OPGT is a fiduciary whose powers and duties shall be exercised and performed diligently, with honesty and integrity and in good faith, for the incapable person's benefit. The obligation as a fiduciary and prudent investor provides the foundation for the business and financial practices and policies that are established at the OPGT. They are guided pursuant to the *Public Guardian and Trustee Act, R.S.O. 1990*, the *Trustee Act, R.S.O. 1990* and the *Substitute Decisions Act, 1992, S.O. 1992*. These are further described in the Investment Management section of this report.

The OPGT administers approximately \$2.1 billion in assets for more than 57,000 individual accounts. These assets are held on behalf of the following client groups:

- Property Guardianship Clients (incapable adults)
- Accountant of the Superior Court of Justice – Litigants
- Accountant of the Superior Court of Justice – Minors
- Cemeteries, Charities and Other Trusts
- Corporate Trusts and Dissolved Corporations
- Un-administered Estates, Charity Trusts and Others

## Public Education

The OPGT responds to general inquiries from the public and presents at outreach and education sessions to more than 30,000 Ontarians annually. Outreach sessions are conducted to increase the public's awareness of the OPGT's services, and issues such as mental incapacity, guardianship processes and powers of attorney. OPGT staff participate in information and job fairs, meet with the public and present to key stakeholders, including health and community organizations.

For more detailed information about the programs offered by the OPGT please visit our website at [www.ontario.ca/opgt](http://www.ontario.ca/opgt) to view copies of our brochures and publications.

During the 2019-20 fiscal year, 29 outreach sessions were held across the province.



## Staff Training

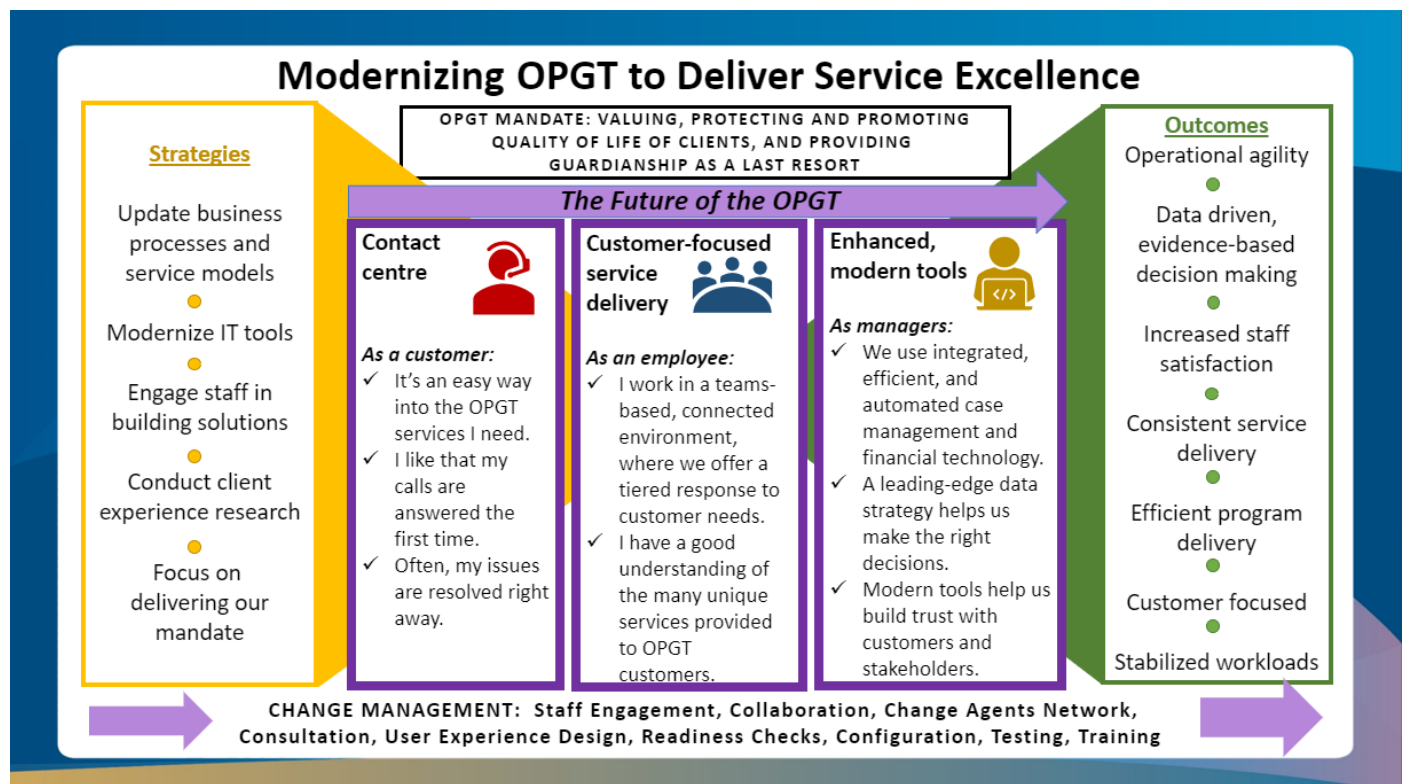
A dedicated unit is responsible for establishing policy and procedures and training curriculum to be distributed and taught to new and existing staff. This unit advises staff of policy and procedure changes and distributes reminders and key updates on stakeholders, special projects and training opportunities.

In September 2019, the OPGT joined the OPS-wide LearnOn system as part of the Our People priority in our strategic plan. This established portal allows OPGT to deliver accessible, internet-based, 24/7, single point of access to both OPGT specific and OPS-wide courses, e-learning and training materials.

In the 2019-20 fiscal year 263 hours of new staff training was delivered to 107 new staff members.

## Strategic Plan and Modernization Project

This year the OPGT continued implementation of its strategic plan which aims to guide the organization through substantial modernization and related changes over the next few years. The strategic plan: aligns with the government's direction towards building simpler, faster and better government services and maintaining fiscal accountability for the people of Ontario; supports broader government priorities around combating elder abuse and providing support to those with mental health challenges, and; includes strategies to modernize business processes and tools to improve the efficiency and effectiveness of service delivery to the clients we serve.



## Focusing on Technology

This past year, the Modernization Project team met key project milestones required to gain government-wide support for information technology initiatives, helping to ensure a successful future including:

- A Contact Centre that allows calls to be answered the first time and issues to be resolved in real time, whenever possible;
- A leading-edge data management strategy to help build transparency and trust with clients, the community, stakeholders and the public;
- A suite of modern financial, case and document management tools that are integrated, efficient, and automated providing greater operational agility and evidence-based decision making; and
- In addition, the Modernization team completed commissioned research on Ontarians' attitudes and perceptions about Power of Attorneys (POAs).

# Primary Services: Protecting Incapable Adults

## Client Profile: Amelia and Edwardo Escola\*

The OPGT became substitute decision maker for treatment decisions for a Cambridge-based couple who lived in their house with their daughter. The area medical centre staff were very concerned about the ability of the daughter to care for her parents, Amelia and Edwardo Escola\*. She was not abusive, but rather unintentionally neglectful and the house was very cluttered.



Their daughter Victoria made it difficult for other family members or the local health integrated network (LHIN) to help and was found incapable of making long-term care decisions for her parents. Another family member stepped in to provide food and assistance from time to time and investigated the couple's POA status. Unfortunately, they had named each other and the alternate, their original lawyer, had since retired. Their new lawyer said there was no one who would take on the role of POA.

The OPGT visited on a day the geriatric team (physician, nurse, social worker and interpreter) were also at the house doing a memory clinic update, as well as a representative from the LHIN. The visit confirmed that the family needed intervention.

Amelia was sitting up in bed and was able to converse through the interpreter, but she looked very thin and frail. Victoria showed us a bowl of "food" from the floor that she was trying to feed her mother – a mixture of flour and water. Amelia did not get out of bed so the OPGT could not assess her mobility, but she said that she had not been outside for a long time, perhaps over two years. Edwardo was standing in the crowded kitchen throughout the visit; he said very little. He was thin but not gaunt. The house was chilly, and there may not have been any heat.

When a long-term care option was discussed their daughter resisted that idea, seeming concerned that all the family's money and house would be taken away. The OPGT was able to explain to Victoria that that is not what happens, to ease her worries.

Amelia had already met the criteria for crisis placement due to the concerns about her situation. Choices were submitted and a bed offer was received within the month.

After participating in the admission care conference for Amelia about a month after intake, the OPGT learned that she was up and about using a walker, eating and receiving supplements (her weight was 44kg upon admission), and out of her room most of the time. The language barrier, Portuguese, was a challenge but she can express her needs. Edwardo is waiting for spousal reunification and is currently at number four on the list.

The admission to long-term care has resulted in a significant improvement in Mrs. Escola's quality of life and will hopefully do the same for Mr. Escola when he is able to join her.

*\* Note: Names and photo are not of the clients in order to protect their privacy.*

## Property Guardianship Services

The *Substitute Decisions Act, 1992* sets out the criteria and authority of the OPGT to manage its clients' finances as guardian of property.

The OPGT provides services to adults with diverse backgrounds and abilities. Clients may have mental illness, developmental disabilities, brain injuries or age-related conditions such as dementia or Alzheimer's. Some may be confined to wheelchairs, or require service animals to navigate their daily lives, while others require assisted living environments, a group home or are in a hospital or long-term care facility. Many clients live independently in apartments or their own home in the community.

The role of a guardian of property is to step into the shoes of the incapable person and conduct the financial decisions and transactions that the person would otherwise do themselves. This includes, but is not limited to: applying, redirecting and receiving income; maintaining and making investments; filing tax returns and paying for services and medications; maintaining and selling property, vehicles and purchasing medical equipment; and providing funds directly to the incapable person to maintain independence in the community.

The OPGT liaises with more than 21,000 vendors to manage clients' property including government and private pension plans, public agencies, health and long-term care facilities, utility companies, pharmacies, insurance companies, financial institutions, extended health care benefit carriers, funeral homes and health care professionals.

At the end of 2019-20, the OPGT was actively managing the finances of 12,900 clients (an increase of 404 clients from the previous fiscal year).

### The Legal Responsibilities of a Guardian:

- Consider the well-being of the incapable person when making financial decisions.
- Manage the property in alignment with any personal care decisions.
- Inform the incapable person of your powers and duties and encourage the incapable person to participate in your decision-making process.
- Consult with family, friends and with others providing personal care (nurses, doctors, support workers) to the incapable person.
- Make reasonable efforts to determine whether the incapable person has a Will.

## Increasingly Complex Cases

Client files are reviewed and assigned based on the level of complexity. A file is considered complex if there is:

- over \$50,000 in cash or cash equivalents under management;
- complex legal issue (for example, a motor vehicle accident claim);
- real estate;
- extended health care coverage;
- trusts administered outside the OPGT;
- non-fixed income investment;
- RRSPs; or
- custody of minor children or dependents.

At the end of the 2019-20 fiscal year, 4,759 of the OPGT's 12,900 clients were considered to have a complex financial file.

Non-complex client files may have up to \$50,000 in cash or cash equivalents or a non-complex legal issue (for example, an interest in an estate). Most clients in this category are recipients of Ontario Disability Support Program or basic government pensions such as Old Age Security, Canada Pension Plan and Guaranteed Income Supplement. In the 2019-20 fiscal year the OPGT managed 8,110 non-complex files.

### Client Equity

Of all 12,900 guardianship and trusteeship clients, 86% have equity less than \$100,000.

## Asset Management

In addition to managing day-to-day transactions for its clients, the OPGT manages their assets. This includes everything from their savings accounts and investments to real estate and vehicles.

Figures in the following sections reflect assets being managed on behalf of property guardianship services clients. Figures for asset management in other areas, including estates and the Accountant of the Superior Court of Justice, are included in the relevant sections of this report.

## Cash and Investments

In order to satisfy the goals and needs of the OPGT's diverse client groups a variety of investment options offering differing levels of risk and return potential are available to clients. Most guardianship clients require high liquidity to allow the payment of their day-to-day living expenses. Funds held on behalf of these property guardianship clients are primarily invested in low risk fixed income investments to earn a reasonable rate of return and preserve capital. Clients may also be invested in the OPGT's Diversified and Canadian

Income and Dividend Funds, as well as in external options for clients whose needs are better met with these investment types.

## **Fixed Income Investments**

At the end of the 2019-20 fiscal year, the OPGT was managing \$535.7 million in fixed income investments for guardianship clients. This is an increase of \$12.1 million or 2 per cent since the previous fiscal year, and a 51 per cent increase since 2009/10.

## **Diversified and Canadian Income and Dividend Fund Assets**

The OPGT manages funds on behalf of clients who need to preserve and enhance the purchasing power of capital over the longer term and maximize the need for current income. The OPGT manages \$36.7 million in these funds on behalf of clients.

## **External Investments**

At the end of the 2019-2020 fiscal year, the OPGT managed \$205.3 million worth of external investments on behalf of property guardianship clients. These include investments which are held in the following types of accounts:

- Registered Disability Savings Plans
- Registered Retirement Savings Plan
- Tax-Free Savings Accounts
- Non-registered accounts holding primarily segregated funds

## **Real Estate and Other Assets**

At the end of the 2019-20 fiscal year, the OPGT continued to manage properties worth \$167.8 million.

In addition to properties, the OPGT was managing \$16.3 million of other assets on behalf of guardian clients. These assets include:

- Pre-paid funerals
- Life insurance policies
- Loans receivable
- Chattels and vehicles



# **MARKING A CENTURY OF PROUDLY SERVING THE PUBLIC AND VULNERABLE ONTARIANS**

MINISTRY OF THE ATTORNEY GENERAL





# A Brief History of the OPGT

**1868**

The first Premier of Ontario, John Sandfield Macdonald, established a role called "Inspector of Prisons, Asylums and Public Charities" whose job included managing the financial affairs of persons who had been admitted to the provincial asylums.

**1919**

Premier Sir William Hearst (1914-1919), set up the Office of the Public Trustee, the Public Trustee in Ontario was the first to bear this name in Canada. On September 1, 1919, the Office of the Public Trustee of Ontario opened its doors.

**1920**

The total number of estates under administration was 410 with an aggregate value of \$91,170. The Public Trustee had 13 staff members: One Public Trustee, one Chief Accountant, three Trust Officers, one Cashier, three Investigators, three Stenographers, and one Office Boy.

**1995**

The Substitute Decisions Act, 1992 came into force as the primary governing legislation for the Public Trustee, renaming the office to what we know today—the Public Guardian and Trustee—and restructuring and consolidating most of its substitute decision-making functions for incapable persons.

**1996**

The Accountant of the Superior Court of Justice was incorporated. The Accountant accepts payments into court and manages the funds or holds other assets until it is required to pay out of court under judgments and orders of the Superior Court of Justice or other provisions of law.

**Today**

The OPGT delivers unique and diverse range of services that safeguard the legal, personal and financial interests of certain private individuals and estates, and intervenes where there is no one else willing or suitable to act on behalf of the most vulnerable adults in our society.



## Personal Care Guardianship

While most situations where a personal needs help with their person care are resolved using the framework for treatment and placement decisions pursuant to the *Health Care Consent Act*, there are people who just don't have someone who can provide that support.

In these cases, the OPGT may be appointed by the court to make decisions of a personal nature (health care, nutrition, shelter, clothing, hygiene or safety) for an incapable person in order to protect them from extreme physical risk.

Over the course of the 2019-20 fiscal year, the OPGT continued to act as the court appointed guardian of personal care on behalf of 49 clients.

## Litigation Guardianship

The OPGT acts on behalf of individuals who are involved in lawsuits and who, in the court's opinion, lack the mental capacity to properly instruct a lawyer or make decisions about important matters, such as settlements, and who have no family or friends willing to act in this role.

The OPGT has about 200 active litigation guardianship files and 100 active legal representative files at any point in time.

## Investigations

The OPGT conducts investigations when information is received alleging that an individual may be incapable and at risk of suffering serious financial or personal harm and there is no alternative solution available. An investigation may result in the OPGT asking the court for authority to make decisions on a person's behalf on a permanent or temporary basis, for property or personal care. Severe self-neglect, physical abuse and financial exploitation of incapable people are some issues that the OPGT investigates.

In 2019-20 the OPGT handled more than 23,673 individual incoming and outgoing communications involving 1,786 allegedly incapable persons.

### Caring for Clients During Covid-19

"During this unprecedented time, there is a wide variety of impacts. I received a great deal of positive feedback from clients and stakeholders alike about our responsiveness, cooperation and continuity. When the meal and grocery delivery vendors were mandated to temporarily discontinue their services in March, I had clients from Kitchener to Brampton to Guelph to Muskoka who rely on these services for the majority, if not all, of their access to food. I successfully found alternatives to meet each client's unique needs and abilities. This was possible because of the work we do, our ability to adapt to circumstances and our productivity." – **Charlene Skolnik, Client Representative, OPGT, Hamilton Regional Office**

The OPGT conducted 171 investigations based on allegations from the public that an individual may be incapable and at risk of suffering serious financial or personal harm. In addition, more than 1,240 property and estate investigations were performed throughout the province on behalf of existing clients to gather information that is vital to the administration and management of these files.

## **Substitute Treatment Decisions**

The OPGT's role is to serve people who are incapable of making their own health-related decisions. The *Health Care Consent Act* confirms the right of capable individuals to make informed decisions about health treatment. It spells out the elements of consent to health care services and it applies to treatment provided in all settings by health care professionals.

The OPGT makes decisions for a variety of treatments such as those related to dental, medication, surgery, treatment plans, medical investigation, personal assistance devices, end of life or palliative care, and admission to long-term care. In 2019-20, the OPGT made 9,115 treatment decisions.

### **Client Profile: Advocating for appropriate supports and housing in the best interests of the person**

Norman, a 67-year-old man, was found wandering underdressed on a cold winter day. He was admitted to hospital and OPGT was contacted to make treatment decisions. In addition, he was assessed to be mentally incapable so the OPGT took over his financial affairs. An investigation discovered Norman was living in a lodging home with no family or other supports in the community.

OPGT advocated that he not be discharged back to his previous residence and instead asked the hospital social worker to make a referral to the Local Health Integration Network (LHIN) to assess his eligibility for long-term care (LTC). Once it was determined that he was eligible, OPGT stepped in to make his admission decisions. We advocated that he be

## **Substitute Decision-Makers**

Substitute decision-makers are ranked in a hierarchy. The health practitioner—or the Local Health Integration Network (LHIN) staff, in the case of admission to long-term care—goes down the list until a substitute who is available, capable and willing to make the incapable person's decision is found. The order is:

1. A guardian appointed by the court if the court order authorizes the guardian to make health care decisions;
2. A person with a "power of attorney for personal care" authorizing them to make health care decisions;
3. A representative appointed by the Consent and Capacity Board (any person may apply to the board to be appointed as the substitute decision maker);
4. A spouse or partner;
5. A child or parent (custodial parent if the patient is a minor);
6. A parent who has access rights (if the patient is a minor);
7. A brother or sister;
8. Any other relative; or
9. The OPGT.

considered to be “in crisis” to ensure that he would not be returned to his previous living situation and that his options for a LTC home were expanded. As a result of our involvement, he was offered admission to a LTC home within a few weeks and he now enjoys a stable and caring placement.

## Reviewing Guardianship Applications

Family members/partners who wish to replace the OPGT as guardian of property for an incapable relative may apply to the OPGT to take over the role. Nonfamily members may seek a court order to take over the role.

The potential guardian must submit a management plan detailing how they will manage the incapable person's finances and property in accordance with the person's needs and financial situation. The application and management plan are reviewed by the OPGT in detail. This includes looking at the relationship between the applicant and incapable person, as well as the views of other people who are involved in the incapable person's life.

### Consider applying to take over guardianship duties

The OPGT acts as a guardian of last resort, usually where a power of attorney was not in place. If your friend or loved one is under the OPGT's care, consider applying to take over responsibility as a substitute decision maker for them. The duty includes managing the finances in a way that respects their personal care decisions where possible.

This year the OPGT received 311 applications and approved 145 of the 311 applications. Of the remainder, some are still being reviewed, some were withdrawn, and some were refused.

### The OPGT would like to thank the members of the GAC during this fiscal year:

Christine Conrad  
Nancy Cooper  
Laura Lee Edmiston  
Lynette Katsivo  
Dr. Rosemary Meier  
Alex Procope  
Kim Gale  
Gillian Fournie  
Graham Webb  
Dr. Peter Prendergast

## Guardianship Advisory Committee

The Guardianship Advisory Committee (GAC) advises the OPGT on matters relating to substitute decision-making under the *Substitute Decisions Act* and the *Health Care Consent Act* and generally on guardianship matters.

It provides advice and feedback on the community's perception of, comprehension of and experience with the Office of the Public Guardian and Trustee, its substitute decision-making policies, procedures and public education initiatives. It also flags issues in the sector and advises the OPGT on options for resolving key systemic issues and policy returns.

# Primary Services: Trust Operations

## Administering Estates

The OPGT protects the interest of potential heirs when an Ontario resident dies, and no eligible person is available to administer the estate.

The *Crown Administration of Estates Act* gives the OPGT the right to apply to administer certain estates. This often involves an extensive search for information about the deceased's assets and next of kin prior to agreeing to seek authority.

The OPGT will administer an estate if:

- the deceased was an Ontario resident or owned real estate here; and
- the deceased did not make a Will or the deceased did make a Will but the executor has since died or become incapable; and
- there are no known next-of-kin living in Ontario or the next-of-kin are minors or mentally incapable adults; and
- the estate is valued at a minimum of \$10,000.00 after payment of the funeral and all debts owing by the estate.

Once an estate is under OPGT's authority, OPGT is responsible to secure and manage the deceased's assets and apply to court to become the Estate Trustee. The objective of the estate administration process is to liquidate and distribute assets to heirs efficiently and effectively. As such, assets are reviewed, typically redeemed and invested to provide a reasonable return and liquidity to facilitate the payment of liabilities, taxes and distribution to heirs.

On March 31, 2020 there were 1,535 estates under administration and the OPGT continued to manage \$165.7 million in fixed income assets related to estates.

In addition to cash assets, the OPGT continued to manage:

- properties with a collective market value of \$16.1 million
- \$0.4 million in chattels and vehicles
- \$12.3 million in external investments, and
- \$0.4 million in other assets including life insurance policies and loans receivable.

## Client Profile: Going the extra mile to do the ethical thing

Ivy Smith died in January 2018, and sadly, her husband George passed away two months later. Both Ivy and George had been receiving property guardianship services, but as their cases were fairly new, information about their assets and liabilities was still emerging at the time of their deaths.

George and Ivy's estate combined was substantial, valued at about \$870,000. The Smiths had no children of their own or any apparent next-of-kin, so the file was treated as if these were intestacy estates which means we searched for heirs. Eventually staff learned that there was one heir who would inherit most of the estate. Things got complicated when our staff learned of possible "mirror" wills but could only locate copies. Copies of wills do not typically remove an estate from the realm of intestacy.

Under the couples' wills, after some minor gifts, the remainder of each estate was to pay to the deceased's spouse. However, George's Will allowed for payments to be made to residual beneficiaries if Ivy predeceased him. These residual beneficiaries were 25 registered charities, most of which were associated with medical research and blindness. This was likely because his late wife, Ivy, was legally blind.

It was the view of our estates administration legal team, working with our heirship team, that a more holistic approach was necessary. So rather than take the easy route by proceeding under s. 47 of the *Succession Law Reform Act* (meaning the sole heir would inherit the full estate), the OPGT approached the charities to consult with their lawyers about the possibility of proving the validity of George's will, while keeping the sole identified heir in the loop. In July 2019, a settlement was reached: the 25 charities and the one heir-at-law would each receive a 1/26th share of the Estate.



This story highlights how OPGT staff strive to do the right thing for the best result for all involved. In this case, giving the will's cited charities a chance to obtain a benefit was the ethical thing to do. The OPGT went the extra mile to honour the intentions of both Ivy and George Smith. It wasn't easy but it was worth doing.

## Accountant of the Superior Court of Justice

The Accountant of the Superior Court of Justice is responsible for funds, mortgages and securities that are held in relation to court actions or on behalf of minors, and parties to litigation. Funds are held until a court order is received outlining how they are to be disbursed. In 2019-20 the OPGT managed the accounts of 33,149 minors and litigants, totalling \$878.1 million in value.

This year, \$71.7 million was distributed to minors who have reached the age they were eligible to receive funds.

Individual financial plans are completed for minor clients whose assets are held by the Accountant of the Superior Court of Justice. Minors are eligible for investment in the OPGT fixed income funds and the unit trusts. Typically, the longer the investment horizon the larger portion of a minor's assets will be invested in higher risk assets through the unit trusts.

Assets held by the Accountant of the Superior Court of Justice on behalf of litigants are held in the OPGT fixed income funds to earn a reasonable return until payment out of court occurs.

## **Cemetery Trusts**

In Ontario, cemetery owners are required to place a portion of the fees charged (including those for supplies or services purchased prior to death) into a trust fund, some of which are held by the OPGT. The OPGT manages the fund and pays out the annual income and cemetery owners use the interest earned on the trust funds for the upkeep of the cemetery.

# PRIMARY SERVICE: Protecting the public interest

## Capacity Assessment

If a person does not have a power of attorney and cannot make financial decisions, another person may have to be given legal authority to make decisions on their behalf. Before this authority is given, it must be determined that the person is mentally incapable. One way to do this is through a capacity assessment by a designated capacity assessor.

A capacity assessor is an eligible health professional who is qualified and designated under the *Substitute Decisions Act*. The Capacity Assessment Office is responsible for providing training to eligible health professionals and keeping a list of designated capacity assessors. There are currently 105 designated capacity assessors in Ontario as of Jun 1, 2020.

## Charitable Property Program

The OPGT plays a role in helping to ensure the proper use of charitable property and funds in Ontario. Charities and charitable gifts enjoy a special status under Canadian law and when the public donates money for charitable purposes, they expect it be used properly.

The OPGT:

- Protects the public interest in charitable property in court proceedings.
- Identifies charities that should receive benefit from an estate when specific charities are not named.
- Reviews and approves charities incorporation and corporate change documents.
- Acts on complaints from the public concerning the misappropriation of charitable property in Ontario.

The OPGT charities team worked on 56 litigation matters, handled 100 complaints and requests for information and reviewed 311 incorporations and amendments to corporate documents.

The OPGT also becomes involved in litigation involving charities, which is part of our role in protecting the public interest in charitable property. For example, the OPGT successfully obtained a settlement with a charity trustee that requires him to personally repay over \$1 million to the charitable trust.

Another important part of the work of the Charitable Property Program is developing policy and legislation around the use of charitable property in Ontario. This includes reviewing draft legislation and writing the corresponding guidelines for the public. In response to COVID-19, the OPGT developed a new temporary policy to assist charities to avoid closure by accessing their restricted funds on an expedited basis.

## Dissolved Corporations

When an Ontario corporation is dissolved and owns certain assets on the date it ceases to exist, the company's assets are forfeit to the Crown. If it is personal property, the OPGT, on behalf of the Crown, may sell or dispose of the property. The OPGT may act as trustee for property owing to unknown or missing corporate shareholders or creditors.

OPGT client funds are invested to preserve capital and maximize returns in a manner appropriate to individual client circumstances and investment risk levels.



# **Investment Management and Risk Management**

## **Investment Management**

One of the key principles that guides the investment activities of the OPGT is that investment goals should match client needs. This acknowledges the diverse nature of our clients. This belief is consistent with industry practices and standards. While many of the OPGT's clients have a low capacity for risk the OPGT considers individual factors and will invest clients at the higher end of the risk-return spectrum when circumstances warrant.

In order to satisfy the goals and needs of our diverse client groups a variety of investment options are available to clients. They offer differing levels of risk and return potential and include internal options such as the fixed income funds and unit trusts, as well as external options for clients whose needs are better met with these investment types.

## **Investment Options**

The OPGT has five common funds managed by external professional investment firms:

1. Laddered Buy and Hold Bond Fund
2. Diversified Fund
3. Canadian Income and Dividend Fund
4. Canadian Money Market Fund
5. U.S. Money Market Fund

Investment returns are evaluated using the investment industry standard of four-year rolling averages with information on returns provided by third party professional measurement services.

The performance of the Laddered Buy and Hold Bond Fund and Canadian Money Market fund enabled the OPGT to pay its clients an interest rate of 2.25 per cent throughout the past year. This rate is highly competitive while offering full liquidity and security of principal to OPGT clients.

## **Investment Advisory Committee**

The Investment Advisory Committee (IAC) to the Public Guardian approves the rates of interest to be paid on money in the hands of the Public Guardian and Trustee and advises the OPGT on investments, investment manager performance and any other aspects of the investment process.

## Audit Committee

The Audit Committee (AC) is an advisory body to the Public Guardian and Trustee whose mandate is to approve the annual audited financial statements and to review information and provide advice regarding the office's financial reporting processes, the system of internal control and risk management, and the audit process.

The OPGT would like to thank those who served as members of the IAC and AC during the fiscal year:		
<b>Investment Advisory Committee</b>		<b>Audit Committee</b>
Mark Fuller (Chair)	Stephen Sisokin	Jeanette Dias D'Souza
Juanita Dobson	Maureen Stapleton	Mike Anderson
Chris Kautzky	Linda Smith	Tamara Gilbert
Tanya Lai	Elke Rubach	Brad Obee
June Ntazinda	David Yu	Paula Reid

## Risk Management

The services of the OPGT are of critical importance to its clients and their well-being. The high volume and complex nature of the business processes involved in our work may create a risk of errors and omissions that would negatively impact clients.

The OPGT has a dedicated quality assurance and risk management unit which conducts several risk mitigation activities throughout the year, including:

- Fraud detection analysis
- Case file reviews
- Transaction reviews
- Cash disbursement analysis

The risk management unit has identified the four highest risks faced by the organization and the mitigating strategies in minimizing their impacts:

<b>Risk</b>	<b>Nature of Risk</b>	<b>Major Mitigation Strategies</b>
Priority Setting and Capacity Planning	Risk that the PGT has inadequate capacity planning and is committing to multiple priorities and may lack capacity to deliver on those priorities.	<p>OPGT's capacity planning will be focused on the five priorities outlined in the 2019 - 2021 Strategic Plan:</p> <p>#1 - Our Clients and Partners  #2 - Our People  #3 - Branding  #4 - Business Processes &amp; Technology  #5 - Policy &amp; Legislative Reform</p> <p>Management is committed to strategic implementation of priorities.</p>

Information System Management	Risk that PGT's fragmented information systems are not adequate in managing client, vendor as well as other external & internal data to provide best in class services to clients.	The current OPGT's Modernization Project is committed to deliver an integrated information, financial and case management system solution to replace, enhance and/or complement OPGT's current fragmented systems into a fully integrated system.
Non compliance with PGT policies and procedures	Risk of employees intentionally or unintentionally not following PGT policies and procedures	The OPGT is committed to expand the use of data analytics and exceptions reporting to identify potential errors and omission for enhanced management oversight. Utilize advanced analytical tools & Audits to identify exceptions and implement mitigation strategies to minimize recurring errors and costs.
Legislative Impact	Risk that changes in public policy and amendments to key legislations such as the <i>Substitute Decisions Act</i> (SDA), or other legislation impacting the OPGT, may result in substantial changes to OPGT's roles & responsibilities, ultimately affecting all aspects of its operation	<p>The OPGT will continue to participate and monitor all cross jurisdictional &amp; provincial discussions.</p> <p>The OPGT will continue to review and modify operations/processes to ensure compliance and alignment to legislative changes. Ensure new information &amp; financial systems are able to adapt to a change in legislative environment.</p>

## Key Performance Indicators (KPIs)

The OPGT performs operational and strategic oversight by KPIs that cover all three branches of the office:

1. Client Services; KPIs reported on the efficiency of the office in responding to client needs;
2. Finance, Technology & Administration; KPI reported on the organization's effectiveness in managing client's assets in terms of return on investment; and
3. Legal Services; KPI reported on the departments' timeliness in resolving legal cases on behalf of clients.

Management monitors these KPIs against established targets to meet the office's mandate, and to make improvements where necessary.

### **Selected KPIs: Descriptions, Units of measure, Targets and Results**

Please note that the following KPIs are only some of the KPIs that the OPGT is tracking.

<b>KPI Description</b>	<b>Unit of Measure</b>	<b>Target</b>	<b>2019/20 Annualized Results</b>
Allegations Investigations - measures the timeliness of the office in conducting investigations into concerns regarding alleged incapable persons' well-being and finances.	% completed within target	80% completed within target	78.1%
CS-3.1: Team Leader Review - measures the timeliness of first oversight checkpoint to ensure issues with new clients are identified and attended to.	% completed within six months	100%	50.3%
KPI CS-5.1: Applications to Replace - measures the responsiveness in processing applications to replace the OPGT as Property Guardian and to ensure Ontarians interested in taking over OPGT's guardianship role receive appropriate information and guidance on a timely basis.	Average number of months to complete application	6 Months	46.5%
GS-Overall: Initiate Critical Services - measures result from nine individual performance measures on organization's effectiveness in providing critical services to new clients.	% completed within 30 days	100%	90.0%

RET-1; Prudent Investment - measures how well the office manages client's financial assets, using industry benchmark as a reference.	% of pooled investment funds for which the rate of return exceeds the benchmark (thereby contributing to the financial welfare of OPGT's clients)	Rates of return exceed benchmark over rolling four-year periods	100.0%
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**The Public Guardian and Trustee  
for the Province of Ontario**

**Financial Statements**

**For the year ended March 31, 2020**

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## Management's Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented with the financial statements. The financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS), and, where appropriate, include amounts based on management's best estimates and judgments.

Management is also responsible for developing and maintaining systems of internal control that provide reasonable assurance that financial information is reliable, that all financial transactions are properly authorized, that assets are safeguarded, and that the Public Guardian and Trustee for the Province of Ontario adheres to legislation and regulatory requirements. These systems include the communication of policies and the Public Guardian and Trustee for the Province of Ontario's code of ethics and business conduct throughout the organization. Management continually monitors the systems of internal controls for compliance.

The financial statements have been examined by the Office of the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards (IFRS). The Auditor's Report outlines the scope of the auditor's examination and opinion.



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Kenneth R. Goodman  
Public Guardian and Trustee



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Carolyn Sitler, CPA, CMA  
Chief Financial Officer

July 16, 2020





## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE PUBLIC GUARDIAN AND TRUSTEE FOR THE PROVINCE OF ONTARIO**

#### **Opinion**

I have audited the accompanying financial statements of the Public Guardian and Trustee (PGT), which comprise the statement of financial position as at March 31, 2020, and the statements of income and comprehensive income, changes in net assets attributable to beneficiaries of estates and trusts, changes in equity of the administration fund and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PGT as at March 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### **Basis for Opinion**

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

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

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

In preparing the financial statements, management is responsible for assessing PGT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless PGT either intends to cease operations, or has no realistic alternative but to do so.

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

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Office of the Auditor General of Ontario  
Bureau de la vérificatrice générale de l'Ontario

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Susan Klein, CPA, CA, LPA  
Assistant Auditor General

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Toronto, Ontario  
July 16, 2020

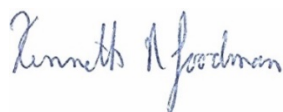
## Statement of Financial Position

As at March 31

in thousands of dollars

	Note	2020	2019
<b>Estates and Trusts</b>			
<b>Assets</b>			
Cash and cash equivalents	4.1	\$ 98,783	\$ 87,420
Accounts receivable	6	5,284	5,282
Investments at fair value through profit or loss:			
Bonds and other debt securities - client owned	4.1	64,085	62,530
Diversified fund	4.2	91,088	97,481
Canadian income and dividend fund	4.3	99,943	106,715
Equity securities - client owned	4.4	62,988	57,079
Investments in Fixed income funds	4.5	1,490,009	1,455,763
Real estate		157,324	134,165
Other assets	7	15,918	14,523
<b>Total assets</b>		<b>2,085,422</b>	<b>2,020,958</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	93,261	79,092
<b>Net assets attributable to beneficiaries of Estates and Trusts</b>		<b>1,992,161</b>	<b>1,941,866</b>
<b>Total liabilities and net assets attributable to beneficiaries of Estates and Trusts</b>		<b>\$ 2,085,422</b>	<b>\$ 2,020,958</b>
<b>Administration Fund</b>			
<b>Assets</b>			
Cash and cash equivalents		\$ 3,542	\$ 597
Accounts receivable	6	2,696	1,999
Investments at fair value through profit or loss:			
Diversified fund	4.2	88,948	91,335
Canadian income and dividend fund	4.3	26,467	27,620
Investments in Fixed income funds	4.5	20,813	18,257
<b>Total assets</b>		<b>142,466</b>	<b>139,808</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	8,303	5,438
<b>Total liabilities</b>		<b>8,303</b>	<b>5,438</b>
<b>Equity</b>			
Funds and reserves		17,500	17,500
Unappropriated fund		116,663	116,870
<b>Total equity</b>		<b>134,163</b>	<b>134,370</b>
<b>Total liabilities and equity</b>		<b>\$ 142,466</b>	<b>\$ 139,808</b>

On behalf of The Public Guardian and Trustee for the Province of Ontario



Public Guardian and Trustee



Chief Financial Officer

## Statement of income and comprehensive income - Estates and Trusts

For the year ended March 31

*in thousands of dollars*

	Note	2020	2019
<b>Estates and Trusts</b>			
<b>Income</b>			
Social benefits		\$ 115,765	\$ 111,567
Pensions		107,568	103,092
Other income		37,496	41,371
		<u>260,829</u>	<u>256,030</u>
<b>Expenses</b>			
Accommodation		144,962	139,110
Allowances		47,860	46,100
Fees charged by the Public Guardian and Trustee	9	32,745	32,385
Real estate		18,019	8,848
Taxes		13,403	14,974
Living expenses		11,376	11,097
Other expenses		7,677	6,500
Medical expenses		7,080	7,011
Funeral expenses		6,517	6,761
Utilities		5,548	5,354
Insurance		2,246	2,213
<b>Total expenses</b>		<u>297,433</u>	<u>280,353</u>
<b>Net loss</b>		<u>(36,604)</u>	<u>(24,323)</u>
<b>Net investment income</b>			
Interest income from fixed income funds		32,977	29,522
Change in fair value on investments at fair value through profit or loss	10	(393)	24,429
		<u>32,584</u>	<u>53,951</u>
<b>Change in net assets attributable to beneficiaries before undernoted:</b>		<u>\$ (4,020)</u>	<u>\$ 29,628</u>
- Client Capital Contributions during the year		577,865	590,882
- Client Capital Distributions during the year		(519,578)	(496,850)
- Funds escheated to the Crown	14	(3,972)	(6,544)
<b>Change in net assets attributable to beneficiaries</b>		<u>\$ 50,295</u>	<u>\$ 117,116</u>

## Statement of income and comprehensive income - Administration Fund

For the year ended March 31

*in thousands of dollars*

	Note	2020	2019
<b>Administration Fund</b>			
<b>Revenue</b>			
Fees charged on estates and trusts	9	\$ 32,745	\$ 32,385
Grants received from the Ministry of the Attorney General	13	19,717	20,698
		<u>52,462</u>	<u>53,083</u>
<b>Expenses</b>			
Salaries, wages and benefits	11	38,735	37,595
General administration	12	4,437	3,702
Fees incurred		1,922	1,971
Transportation and communication expenses		781	901
Supplies and equipment expenses		295	283
Claims		570	306
<b>Total expenses</b>		<u>46,740</u>	<u>44,758</u>
<b>Net income</b>		<u>5,722</u>	<u>8,325</u>
<b>Net investment income</b>			
Interest income from fixed income funds		361	1,219
Change in fair value on investments at fair value through profit or loss	10	(3,540)	5,161
		<u>(3,179)</u>	<u>6,380</u>
Investment expenses		2,750	2,686
Net investment (loss) income		<u>(5,929)</u>	<u>3,694</u>
<b>Total comprehensive (loss) income</b>		<u>\$ (207)</u>	<u>\$ 12,019</u>

## Statement of changes in net assets attributable to beneficiaries of Estates and Trusts

*(in thousands of dollars)*

	Client Trusts	Minors	Litigants	Deceased Estates	Cemetery Trusts	Forfeited Corporate Assets	Corporate Trusts	Land Titles	Total
Balance at March 31, 2018	\$ 757,448	426,377	393,171	191,445	27,846	24,078	781	3,604	\$ 1,824,750
Change in net assets attributable to beneficiaries before undernoted:	16,624	11,618	6,092	(6,119)	386	922	20	85	29,628
Client Capital Contributions during the year	225,232	66,602	242,866	55,371	753	58	-	-	590,882
Client Capital Distributions during the year	(198,797)	(64,776)	(199,824)	(33,383)	(50)	-	-	(20)	(496,850)
Funds escheated to the Crown (note 14)	-	-	-	(6,122)	-	(422)	-	-	(6,544)
Change in net assets attributable to beneficiaries	43,059	13,444	49,134	9,747	1,089	558	20	65	117,116
Balance at March 31, 2019	\$ 800,507	439,821	442,305	201,192	28,935	24,636	801	3,669	\$ 1,941,866
Change in net assets attributable to beneficiaries before undernoted:	(4,671)	(1,201)	7,212	(6,639)	(447)	1,618	23	85	(4,020)
Client Capital Contributions during the year	240,613	62,713	211,665	61,232	1,072	563	-	7	577,865
Client Capital Distributions during the year	(186,337)	(71,679)	(212,755)	(47,694)	(1,091)	(22)	-	-	(519,578)
Funds escheated to the Crown (note 14)	-	-	-	(3,379)	-	(593)	-	-	(3,972)
Change in net assets attributable to beneficiaries	49,605	(10,167)	6,122	3,520	(466)	1,566	23	92	50,295
Balance at March 31, 2020	\$ 850,112	429,654	448,427	204,712	28,469	26,202	824	3,761	\$ 1,992,161

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

## Statement of changes in equity of the Administration Fund

*(in thousands of dollars)*

	Assurance Fund	Litigation Reserve Fund	Reserve for Doubtful Accounts	Capacity Assessment Fund	Total Funds and Reserves	Unappropriated Fund	Total
Balance at March 31, 2018	\$ 14,300	3,000	100	100	17,500	104,851	\$ 122,351
Total income for the year	-	-	-	-	-	12,019	12,019
Transfers to/(from) reserves							
Transfers made during the year	207	87	-	12	306	(306)	-
Reserves released during the year	(207)	(87)	-	(12)	(306)	306	-
Total increase in equity	-	-	-	-	-	12,019	12,019
Balance at March 31, 2019	\$ 14,300	3,000	100	100	17,500	116,870	\$ 134,370
Total loss for the year	-	-	-	-	-	(207)	(207)
Transfers to/(from) reserves							
Transfers made during the year	476	59	-	35	570	(570)	-
Reserves released during the year	(476)	(59)	-	(35)	(570)	570	-
Total decrease in equity	-	-	-	-	-	(207)	(207)
<b>Balance at March 31, 2020</b>	<b>\$ 14,300</b>	<b>3,000</b>	<b>100</b>	<b>100</b>	<b>17,500</b>	<b>116,663</b>	<b>\$ 134,163</b>

## Statement of Cash flows

For the year ended March 31

in thousands of dollars

	Estates and Trusts		Administration Fund	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Total Comprehensive (Loss) Income				
Estates and Trusts				
Change in net assets attributable to beneficiaries before undernoted:	\$ (4,020)	\$ 29,628	\$ -	\$ -
Client Capital Contributions during the year	577,865	590,882	-	-
Client Capital Distributions during the year	(519,578)	(496,850)	-	-
Funds escheated to the Crown	(3,972)	(6,544)	-	-
Change in net assets attributable to beneficiaries	50,295	117,116	-	-
Administration Fund	-	-	(207)	12,019
Adjustments for:				
Non-cash Client Capital Contributions	(138,860)	(128,497)	-	-
Non-cash Client Capital Distributions	23,510	40,567	-	-
Net unrealized loss on investments and foreign currency at fair value	17,073	1,176	9,035	7,798
Investment income reinvested	(7,859)	(15,831)	(5,305)	(13,815)
Changes in working capital items				
Accounts receivable	(2)	(1,094)	(697)	762
Accounts payable and accrued liabilities	14,169	4,677	2,865	611
<b>Net cash (used in) from operating activities</b>	<b>(41,674)</b>	<b>18,114</b>	<b>5,691</b>	<b>7,375</b>
<b>Cash flows from investing activities</b>				
Acquisition of investments	(1,520,136)	(1,451,725)	(2,746)	(7,498)
Proceeds from sale of investments	1,516,598	1,395,273	-	-
Proceeds from sale of real estate	57,970	39,637	-	-
Net decrease/(increase) in other assets	(1,395)	1,458	-	-
<b>Net cash from (used in) investing activities</b>	<b>53,037</b>	<b>(15,357)</b>	<b>(2,746)</b>	<b>(7,498)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11,363</b>	<b>2,757</b>	<b>2,945</b>	<b>(122)</b>
Cash and cash equivalent, beginning of the year	87,420	84,663	597	719
<b>Cash and cash equivalent, end of the year</b>	<b>\$ 98,783</b>	<b>\$ 87,420</b>	<b>\$ 3,542</b>	<b>\$ 597</b>



## Notes to financial statements

### March 31, 2020 and March 31, 2019

#### 1. Reporting entity

The Office of the Public Guardian and Trustee for the Province of Ontario, Canada ("The Public Guardian and Trustee" or "OPGT") is part of the Province of Ontario's Ministry of the Attorney General. The Public Guardian and Trustee is appointed under *The Public Guardian and Trustee Act* and performs duties under a number of statutes with the following main responsibilities:

- The guardianship of property of incapable adults;
- The administration of estates of persons who have died in Ontario intestate and without next-of-kin;
- The gathering of assets reverting to the Crown under the Escheats Act;
- The management of funds, mortgages and securities paid into or lodged with the Accountant of the Superior Court of Justice on behalf of minors and litigants; and
- A general supervisory role over charitable property.

The Public Guardian and Trustee has perpetual succession and an official seal and may sue and be sued in his or her corporate name. The Office of The Public Guardian and Trustee has close to 400 staff located in six regional offices throughout the Province of Ontario with the main office located in Toronto at 595 Bay Street, Suite 800, Toronto, ON, M5G 2M6.

These financial statements comprise the following:

- |                         |   |
|-------------------------|---|
| a) Estates and Trusts:  | This represents accounts administered by The Public Guardian and Trustee acting as guardian or trustee under the <i>Substitute Decisions Act</i> , the <i>Public Guardian and Trustee Act</i> , the <i>Crown Administration of Estates Act</i> , the <i>Estates Act</i> and various other statutes.   |
| b) Administration Fund: | <p>This represents the operating account of The Public Guardian and Trustee. The Administration Fund is used to accumulate fees charged to each estate and trust for services as prescribed by the Fee Schedule created pursuant to <i>The Public Guardian and Trustee Act</i>. Operating grants are received as required from the Ministry of the Attorney General to fund the operations of OPGT.</p> <p>Cash balances in the Administration Fund which are not required for operating purposes are invested along with the cash funds of Estates and Trusts. The Administration Fund receives the net interest income of these investment activities, after interest is distributed on the funds of Estates and Trusts in accordance with the interest rates prescribed by <i>The Public Guardian and Trustee Act</i>.</p> |

The Public Guardian and Trustee in its capacity as Accountant of the Superior Court of Justice also acts as custodian of miscellaneous securities and documents having a face value of \$384,967 (March 31, 2019: \$1,308,594) and mortgages as required. These amounts are not reflected in the financial statements as The Public Guardian and Trustee does not act as trustee of these funds but simply as custodian of the instruments on behalf of the client. The Public Guardian and Trustee as custodian also holds letters of credit, lien bonds, guardianship bonds and performance guarantee bonds for litigants.

The Public Guardian and Trustee is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

#### 2. Basis of preparation

##### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These financial statements were authorized for issue by the Audit Committee of The Public Guardian and Trustee on July 15, 2020.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 2. Basis of preparation (continued)

##### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the investments at fair value through profit or loss in the statement of financial position which are measured at fair value.

##### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency for OPGT. Except as otherwise indicated, all financial information presented in Canadian dollars has been rounded to the nearest thousand dollars.

##### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

The OPGT's management has made significant judgments when determining the classification and measurement of financial instruments under IFRS 9, Financial Instruments (IFRS 9). These judgments centre upon a cash flow characteristic and business model analysis. This analysis results in OPGT's financial assets being measured at fair value through profit or loss due to factors including management of the financial assets on a fair value basis or, based on the OPGT's intent to collect cash flows until maturity, measuring the financial assets at amortized cost.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year relates to the valuation of investments. Details are included in notes 3(c), 3(d) and note 5.

##### (e) New accounting standards and amendments to existing standards

The following new standard is effective April 1, 2019.

##### IFRS 16 – Leases

OPGT adopted IFRS 16, Leases, retrospectively from April 1, 2019, but has not restated comparatives for the fiscal 2019 reporting period, as permitted under the specific transition provisions in the standard. There was no impact to retained earnings in the opening consolidated balance sheet on April 1, 2019.

OPGT does not have any material lease contracts. Accordingly, the adoption of this standard did not have an impact on the financial statements.

##### Accounting standards not yet applicable

There are no IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on OPGT.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 3. Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### (a) Foreign currency

Transactions in foreign currencies are translated into Canadian Dollars using exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian Dollars at the exchange rate at the reporting period end date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in Canadian Dollars at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting period end date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Canadian Dollars at the exchange rate on the reporting period end date. Foreign currency differences arising on translation are recognized in profit or loss on a net basis.

##### (b) Net Investment Income/(loss)

Net investment income/(loss) comprises interest income on funds invested, and change in fair value on investments at fair value through profit and loss comprising dividend income, gains (losses) on the disposal of investment securities, other realized and unrealized fair value changes and impairment losses recognized on financial assets.

Interest income and expense is recognized on an accrual basis in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, estimates are made of future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

##### (c) Financial assets and liabilities

###### (i) Financial assets

OPGT classifies its financial assets based on both OPGT's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

OPGT classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether OPGT has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). OPGT reclassifies debt investments when and only when its business model for managing those assets changes.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 3. Significant accounting policies (continued)

#### (c) Financial assets and liabilities (continued)

#### (i) Financial assets (continued)

The Public Guardian and Trustee does not enter into derivative financial contracts. The OPGT may have indirect exposure to derivatives through investments held within its funds.

#### *Financial assets at fair value through profit or loss*

At initial recognition, The Public Guardian and Trustee measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on OPGT's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which OPGT classifies its debt instruments:

- **Amortized cost** (includes investments held in Fixed Income funds): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in Interest income from fixed income funds using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and comprehensive income (if applicable).
- **FVOCI**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of income and comprehensive income. OPGT does not hold any debt or any equity securities as FVOCI.
- **FVPL**: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

All of OPGT's debt investments at amortized cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

OPGT has classified its fixed income fund investments as amortized cost.

#### *Equity instruments*

OPGT subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognized in profit or loss when OPGT's right to receive payments is established.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 3. Significant accounting policies (continued)

#### (c) Financial assets and liabilities (continued)

#### (i) Financial assets (continued)

##### *Equity instruments (continued)*

Changes in the fair value of financial assets at FVPL are recognized in Other net changes in fair value of financial assets at FVPL in the statement of income and comprehensive income as applicable.

Financial assets at fair value through profit or loss comprise investments in client-owned bonds and other debt securities, the Diversified Fund, the Canadian Income and Dividend fund and client-owned equity securities, which had previously been designated at fair value through profit or loss. These securities are classified as fair value through profit or loss.

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or when the rights to receive the contractual cash flows or when substantially all the risks and rights of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, OPGT has a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

##### *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand, current bank balances and short-term deposits with banks. All cash equivalents are highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

#### (ii) Financial liabilities

Financial liabilities are recognized initially on the date at which The Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund become a party to the contractual provisions of the instrument. The Public Guardian and Trustee on behalf of the Estates and Trusts and the Administration Fund derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities comprise accounts payable and accrued liabilities. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

#### (iii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction on the measurement date. Fair value does not take into consideration transaction costs expected to be incurred on transfer or disposal of a financial instrument.

The Public Guardian and Trustee on behalf of Estates and Trusts and the Administration Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 3. Significant accounting policies (continued)

##### (c) Financial assets and liabilities (continued)

##### (III) Fair value measurement (continued)

Equity and fixed income securities publicly traded are measured at the exchange traded close price and bid price, respectively. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the counter party where appropriate.

##### (d) Real estate and other assets

Real estate included within the statement of financial position primarily represents residential properties currently owned by clients of The Public Guardian and Trustee. Other assets comprise jewellery, art, collectibles, nominal assets, vehicles, cash value of insurance policies, prepaid funeral costs and similar items. The IFRS Framework identifies acceptable measurement bases for all assets, which include cost and fair value.

The policy is to measure real estate assets and other assets at cost. Cost is determined as the fair value when the asset is initially recognized.

##### (e) Employee benefits

##### (I) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term employee benefit plans if the Administration Fund has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### (II) Post-employment benefits

Staff of The Public Guardian and Trustee are employees of the Ontario Public Service which provides pension benefits to its employees through participation in the Public Service Pension Plan and the Ontario Public Service Employees' Union Pension Plan. The Province funds the employer's contribution to the Pension Plans. In addition, the cost of post-retirement, non-pension employee benefits are paid by the Province. As such, The Public Guardian and Trustee makes no contributions to these post-employment benefit plans. There is no contractual agreement or stated policy for charging the net benefit cost for the plans as a whole (measured in accordance with IAS 19, *Employee Benefits*) to individual reporting entities of the Government of Ontario. As a result, the costs associated with post-employment benefits are not reflected in the financial statements.

##### (f) Income and expenses

Income from pensions, social benefits and settlements and items of a related nature is recognized when received or receivable. Other income comprising compensation, transaction and service fees are recognized as the related services are performed.

Expenses are recognized as incurred on an accrual basis. Investment management fees, placement and transaction fees that do not qualify for inclusion as part of the initial measurement of an asset are expensed as the services are received.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 3. Significant accounting policies (continued)

##### (g) Government grants

Grants are in the form of funding of The Public Guardian and Trustee's operating expenses as the expenses are incurred and recognized. Grants that compensate the Administration Fund for the operations of The Public Guardian and Trustee by way of amounts recovered from the Ministry of the Attorney General, are recognized in net income or loss as income on a systematic basis in the same periods in which the expenses are recognized.

##### (h) Funds and reserves – Administration Fund

###### *Assurance Fund*

The *Public Guardian and Trustee Act* and the regulations under the Act provide that an Assurance Fund shall be established to meet losses for which The Public Guardian and Trustee might become liable. During the year, the Assurance Fund released and was reimbursed \$475,849 (2019: \$206,878) by the Unappropriated Fund.

###### *Litigation Reserve Fund*

This reserve is used to cover expenses and costs of legal proceedings paid by The Public Guardian and Trustee on behalf of its litigation guardian clients. During the year, legal costs incurred on behalf of clients of \$58,636 (2019: \$86,702) were released from this reserve and were reimbursed by the Unappropriated Fund.

###### *Reserve for Doubtful Accounts*

The intent of this reserve is to provide for all clients' accounts whereby The Public Guardian and Trustee has advanced funds on a client's behalf and has a statutory lien pursuant to section 8.1 of the *Public Guardian and Trustee Act* but may not be able to recover the amount from the client. During the year, \$nil (2019: \$nil) was paid from the Reserve for Doubtful Accounts.

###### *Capacity Assessment Fund*

This reserve was set up to cover fees of capacity assessors when a client is unable to pay costs of an assessment or re-assessment. During the year, the Capacity Assessment Fund released and was reimbursed \$35,083 (2019: \$12,480) by the Unappropriated Fund.

###### *Unappropriated Fund*

Pursuant to Section 9(5) of the *Public Guardian and Trustee Act*, the Lieutenant Governor in Council may from time to time direct the payment into the Consolidated Revenue Fund of the Province of any balance at the credit of the Administration Fund. During 2020 and 2019, no such direction was received and no transfers were made during the year.

##### (i) Provisions

A provision is recognized if, as a result of a past event, The Public Guardian and Trustee has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.



## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 4. Investments in financial assets

##### 4.1 Estates and Trusts – cash and cash equivalents, bonds and other debt securities – client owned

As at March 31

(In thousands of dollars)

	2020	2019
<b>Cash and cash equivalents</b>		
Cash	21,966	17,294
Cash equivalents	76,817	70,126
	<b>98,783</b>	<b>87,420</b>
<b>Client owned – Bonds and other debt securities</b>		
Bonds – Federal Government	369	875
Bonds – Provincial Governments	889	1,679
Bonds – Corporate	14,782	12,369
Other Debt Securities – Financial institutions	48,045	47,607
	<b>64,085</b>	<b>62,530</b>
	<b>162,868</b>	<b>149,950</b>

These balances do not include client holdings by way of their investment in Public Guardian and Trustee Funds by virtue of their unit holdings in the various OPGT funds.

Cash equivalents, notes and bonds have an annual interest rate of between 0.0–8.0% (2019: 0.0–7.5%) and, at the reporting date, have remaining maturity periods ranging between 0–15 years (2019: 0–16 years).

Interest rates on notes and bonds with maturities greater than one year are as follows:

	2020	2019
<b>Bonds – Federal Government</b>		
1–3 years	0.0–1.4%	0.0–7.5%
3 years +	2.2–8.0%	–
<b>Bonds – Provincial Governments</b>		
1–3 years	2.1–3.8%	0.0–4.5%
3 years +	3.1%	–
<b>Bonds – Corporate</b>		
1–3 years	–	0.0–2.6%
3 years +	3.4%	0.0–2.8%
<b>Financial institutions</b>		
1–3 years	0.0–4.2%	0.0–5.5%
3 years +	0.0–3.4%	0.0–3.4%

Interest income is distributed to client accounts based on an interest rate as approved by The Public Guardian and Trustee's Investment Advisory Committee. The approved rates and effective dates for Canadian dollars during the year ending March 31, 2020 and March 31, 2019, were as follows:

Effective From:	Mar 1 <sup>st</sup> , 2018	Jun 1 <sup>st</sup> , 2018	Oct 1 <sup>st</sup> , 2018	Jun 1 <sup>st</sup> , 2019	Dec 1 <sup>st</sup> , 2019
Interest rate - CAD	1.95%	2.10%	2.25%	2.35%	2.25%

The approved rates and effective dates for United States dollars during the year ending March 31, 2020 and March 31, 2019, were as follows:

Effective From:	Mar 1 <sup>st</sup> , 2018	Jun 1 <sup>st</sup> , 2018	Oct 1 <sup>st</sup> , 2018	Dec 1 <sup>st</sup> , 2018	Mar 1 <sup>st</sup> , 2019	Oct 1 <sup>st</sup> , 2019	Dec 1 <sup>st</sup> , 2019
Interest rate - USD	1.50%	1.75%	2.00%	2.25%	2.50%	2.25%	2.00%



## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 4. Investments in financial assets (continued)

##### 4.2 Diversified fund

The Public Guardian and Trustee has a Diversified fund that includes high quality equity and fixed income securities. This fund is a unitized trust and was established in order to provide an alternative for those clients whose investment objectives require a broader, longer range investment strategy. The fund is subject to the investment guidelines of the *Trustee Act* and the guidelines and limitations as set by The Public Guardian and Trustee with emphasis on the need to preserve and enhance capital over the longer term.

As at March 31 (In thousands of dollars)	2020	2019
Cash	901	1,058
Short-term notes	414	800
Bonds	75,277	73,885
Canadian equity securities	56,878	60,734
Foreign equity securities	46,537	50,864
Net other assets/(liabilities)	29	1,475
	<b>180,036</b>	<b>188,816</b>

The short-term notes and bonds yield, on a fair value basis, annual interest of between 0.5–8.7% (2019: 0.0–8.7%) and, at the reporting date, have remaining maturity periods ranging between 1 day to 59 years (2019: 1 day to 58 years). The weighted average yield on investments in Canadian and Foreign equity securities is 3.00% (2019: 2.70%).

The financial assets held in the Diversified fund as at March 31 are held by:

In thousands of dollars

	2020	2019
Estates and Trusts	91,088	97,481
Administration Fund	88,948	91,335
	<b>180,036</b>	<b>188,816</b>

The investment returns on this fund accrue directly to the unit holders.

##### 4.3 Canadian Income and dividend fund

The Public Guardian and Trustee has a Canadian income and dividend fund that consists of a balanced portfolio of high quality income-producing Canadian securities. The fund includes dividend-paying common and preferred equities and fixed income securities intended to generate a consistent stream of income and long-term capital appreciation. The fund is subject to the investment guidelines of the *Trustee Act* and the guidelines and limitations as set by The Public Guardian and Trustee.

As at March 31 (In thousands of dollars)	2020	2019
Cash	33	102
Short-term notes	6,536	10,812
Bonds	58,726	55,056
Canadian equity securities	64,145	66,611
Other assets/(liabilities)	(3,030)	1,754
	<b>126,410</b>	<b>134,335</b>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 4. Investments in financial assets (continued)

##### 4.3 Canadian Income and dividend fund (continued)

The short term notes and bonds yield, on a fair value basis, annual interest of between 0.0–8.0% (2019: 0.0–8.0%) and, at the reporting date, have remaining maturity periods ranging between 35 days to 10 years (2019: 76 days to 90 years). The average yield on investments in Canadian equity securities is 5.57% (2019: 4.54%).

The financial assets held in the Canadian Income and Dividend Fund as at March 31 are held by:

	2020	2019
<i>(In thousands of dollars)</i>		
Estates and Trusts	99,943	106,715
Administration Fund	26,467	27,620
	<b>126,410</b>	<b>134,335</b>

The income earned in this fund may be distributed in cash to unit holders monthly or reinvested in this fund.

##### 4.4 Equity securities – client owned

As at March 31

*(In thousands of dollars)*

	2020	2019
Canadian listed securities	47,370	44,653
United States listed securities	1,996	2,186
Other listed securities	13,094	9,931
Unlisted securities	528	309
	<b>62,988</b>	<b>57,079</b>

These balances do not include indirect client holdings by way of their investment in Public Guardian and Trustee Funds by virtue of unit holdings in the various OPGT funds.

##### 4.5 Fixed Income Funds

As at March 31

*(In thousands of dollars)*

	2020	2019
Bonds – Federal Government	78,966	58,896
Bonds – Provincial and Municipal Governments	387,334	506,287
Bonds – Corporate	1,043,087	896,521
Cash and Accrued Interest	1,435	12,316
	<b>1,510,822</b>	<b>1,474,020</b>

The bonds yield (at cost) annual interest of between 1.55-7.50% (2019: 1.55-7.50%) and, at the reporting date, have remaining maturity periods ranging between 1 day to 5 years (2019: 3 days to 6 years).

The financial assets held in the fixed income funds as at March 31 are held by:

*(In thousands of dollars)*

	2020	2019
Estates and Trusts	1,490,009	1,455,763
Administration Fund	20,813	18,257
	<b>1,510,822</b>	<b>1,474,020</b>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management

The Public Guardian and Trustee has exposure to credit risk, liquidity risk and market risk arising from financial instruments. This note presents information about OPGT's exposure to each of the above risks, and the OPGT's objectives, policies and processes for management of capital and measuring and managing risk.

##### 5.1 Credit risk

###### *Management of credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with The Public Guardian and Trustee, resulting in a financial loss to the Estates and Trusts and the Administration Fund. It arises principally from debt securities held and accounts receivable.

The Public Guardian and Trustee mitigates this risk by engaging experienced investment managers and structuring their investment policies and goals to minimize the risk to clients' capital. In particular, investments in lower investment grade fixed income instruments (typically a rating of BBB) are minimized. As well, investment managers are required to report immediately adverse changes in the credit ratings of financial instruments.

**Impairment of Financial Assets** – At each reporting date, OPGT's management measures the loss allowance for financial assets carried at amortized cost. If, at the reporting date, the credit risk has increased significantly since initial recognition, management measures the loss allowance at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk has not increased significantly since initial recognition, OPGT measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties and probability that the counterparty may default in payments are considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

OPGT's management measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or on a low quality credit standing. Any contractual payment which is more than 90 days past due is considered credit impaired. As at March 31, 2020 and March 31, 2019, all amounts receivable for investments sold, cash or short term deposits are held with high credit quality counterparties. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to a Fund.

Client accounts receivable are reviewed on an individual basis; any necessary adjustments to amounts recorded are made at that time.

###### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date for the financial assets of both Estates and Trusts and the Administration Fund was:

<i>As at March 31</i> <i>(In thousands of dollars)</i>	<b>Estates and Trusts 2020</b>	<b>Estates and Trusts 2019</b>	<b>Administra- tion Fund 2020</b>	<b>Administra- tion Fund 2019</b>
Cash and cash equivalents	98,783	87,420	3,542	597
Accounts receivable	5,284	5,282	2,696	1,999
Investments at fair value through profit or loss:				
Bonds and other debt securities– client owned	64,085	62,530	-	-
Diversified fund	38,751	38,664	37,841	36,227
Canadian income and dividend fund	51,624	52,158	13,671	13,499
Fixed income funds	1,490,009	1,455,763	20,813	18,257
	<b>1,748,536</b>	<b>1,701,817</b>	<b>78,563</b>	<b>70,579</b>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.1 Credit risk (continued)

###### *Credit quality*

As at March 31, Estates and Trusts and the Administration Fund hold unit investments in The Public Guardian and Trustee's unit funds that have underlying debt securities with the following credit quality:

###### **Debt Securities**

	2020	2019
AAA/Aaa	18.09%	17.50%
AA/Aa	79.15%	79.19%
BBB/Baa	2.76%	3.31%

###### *Concentration of credit risk*

As at March 31, the debt securities of Estates and Trusts and the Administration Fund hold unit investments in The Public Guardian and Trustee's unitized funds that have underlying debt securities that were concentrated in the following sectors:

###### **Debt Securities**

	2020	2019
Government and public sector	65.17%	62.57%
Banks and financial services	23.49%	26.41%
Other corporate	11.34%	11.02%

###### *Past due and impaired assets*

No financial assets carried at amortized cost were past due or impaired at March 31, 2020 and 2019.

##### 5.2 Liquidity risk

Liquidity risk is the risk that The Public Guardian and Trustee may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The objective of The Public Guardian and Trustee is to ensure that adequate financial resources are available to meet ongoing requirements and to discharge the obligations of Estates and Trusts and the Administration Fund. The Public Guardian and Trustee mitigates liquidity risk by maintaining significant holdings in short-term, liquid, money market instruments within OPGT's fixed income funds.

###### *Maturity analysis for financial instruments*

As at March 31, 2020 and 2019, the financial assets and liabilities of Estates and Trusts and the Administration Fund had the following remaining contractual maturity profile:

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.2 Liquidity risk (continued)

#### Estates and trusts 2020

*In thousands of dollars*

	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
<b>Financial assets</b>				
Cash and cash equivalents	98,783	98,783	-	-
Accounts receivable	5,284	3,949	-	1,335
Investments at fair value through profit or loss:				
Bonds and other debt securities – client owned	64,085	26,131	12,126	25,828
Diversified fund	91,088	53,010	2,300	35,778
Canadian income and dividend fund	99,943	48,589	5,762	45,592
Equity securities – client owned	62,988	62,988	-	-
Fixed income funds	1,490,009	271,876	197,711	1,020,422
	<u>1,912,180</u>	<u>565,326</u>	<u>217,899</u>	<u>1,128,955</u>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	93,261	4,083	-	89,178
Net assets attributable to beneficiaries of Estates and Trusts	1,992,161	1,672,677	38,156	281,328
	<u>2,085,422</u>	<u>1,676,760</u>	<u>38,156</u>	<u>370,506</u>

#### 2019

*In thousands of dollars*

	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
<b>Financial assets</b>				
Cash and cash equivalents	87,420	87,420	-	-
Accounts receivable	5,282	4,364	-	918
Investments at fair value through profit or loss:				
Bonds and other debt securities – client owned	62,530	23,757	25,469	13,304
Diversified fund	97,481	59,336	625	37,520
Canadian income and dividend fund	106,715	54,657	9,316	42,742
Equity securities – client owned	57,079	57,079	-	-
Fixed income funds	1,455,763	212,357	146,563	1,096,843
	<u>1,872,270</u>	<u>498,970</u>	<u>181,973</u>	<u>1,191,327</u>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	79,092	2,045	-	77,047
Net assets attributable to beneficiaries of Estates and Trusts	1,941,866	1,617,653	37,698	286,515
	<u>2,020,958</u>	<u>1,619,698</u>	<u>37,698</u>	<u>363,562</u>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.2 Liquidity risk (continued)

###### Administration Fund 2020

*In thousands of dollars*

	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
<b>Financial assets</b>				
Cash and cash equivalents	3,542	3,542	-	-
Accounts receivable	2,696	2,696	-	-
Investments at fair value through profit or loss:				
Diversified fund	88,948	51,765	2,246	34,937
Canadian income and dividend fund	26,467	12,867	1,526	12,074
Fixed income funds	20,813	3,798	2,762	14,253
	<u>142,466</u>	<u>74,668</u>	<u>6,534</u>	<u>61,264</u>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	8,303	8,303	-	-
	<u>8,303</u>	<u>8,303</u>	<u>-</u>	<u>-</u>

###### 2019

*In thousands of dollars*

	Carrying Amount	Less than 3 months	3 to 12 months	>1 year
<b>Financial assets</b>				
Cash and cash equivalents	597	597	-	-
Accounts receivable	1,999	1,999	-	-
Investments at fair value through profit or loss:				
Diversified fund	91,335	55,595	585	35,155
Canadian income and dividend fund	27,620	14,146	2,411	11,063
Fixed income funds	18,257	2,663	1,838	13,756
	<u>139,808</u>	<u>75,000</u>	<u>4,834</u>	<u>59,974</u>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	5,438	5,438	-	-
	<u>5,438</u>	<u>5,438</u>	<u>-</u>	<u>-</u>

##### 5.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect investment income or the value of the holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Market risk comprises currency risk, interest rate risk and other price risks (including equity price risk).

###### 5.3.1 Currency risk

Currency risk is the risk that the fair value of investment assets and earnings on those assets will fluctuate as a result of changes in foreign exchange rates. Investments in the Diversified Fund are exposed to this risk which is also part of the return potential in the fund. Hedging foreign currency exposure is considered by management as part of an annual review of investment policies. OPGT's management did not undertake any hedging activities as of March 31, 2020 and 2019.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.3 Market risk (continued)

##### 5.3.1 Currency risk (continued)

At March 31, the carrying value of net financial assets and liabilities held in foreign currencies expressed in Canadian Dollars is as follows:

*In thousands of dollars*

#### Estates and Trusts

United States Dollars

Euros

Other foreign currencies

2020	2019
31,294	35,045
3,273	4,515
13,320	12,429
47,887	51,989

The table below sets out the impact on net financial assets and liabilities from a reasonably possible weakening of the Canadian Dollar against the other currencies by 5% (2019: 5%) at March 31. The analysis assumes that all other variables, in particular interest rates, remain constant.

*In thousands of dollars*

United States Dollars

Euros

Other foreign currencies

2020	2019
1,565	1,752
164	226
666	621
2,395	2,599

A strengthening of the Canadian Dollar against the other currencies would have resulted in a proportionate but opposite effect to the amounts shown above.

##### 5.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. By adopting a hold to maturity policy on its fixed income funds, The Public Guardian and Trustee has significantly mitigated this risk, particularly for short-term, temporary movements in market interest rates.

The table below sets out the impact on the net financial assets and liabilities from an increase of 75 basis points in interest rates as at March 31. The impact of such an increase has been estimated by calculating the fair value changes of the fixed interest debt securities, excluding the fixed income funds which are measured at amortized cost. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*In thousands of dollars*

Impact on client (Estates and Trusts) and  
Administration fund assets

2020	2019
(3,089)	(2,412)

A decrease of 75 basis points in interest as at March 31 would have resulted in a proportionate but opposite effect to the amounts shown above.

##### 5.3.3 Equity price risk

Equity price risk is the risk that the fair value of equity securities will fluctuate as a result of changes in the market price of equity instruments whether caused by factors specific to an individual investment or factors affecting all instruments traded in the market which, for international equities, includes changes in currency rates.

The Public Guardian and Trustee has mitigated this risk by engaging experienced investment managers and structuring their investment policies and goals, including limits on the holding of individual securities, limits on the investments in non-government debt, and defining asset component ranges to minimize the risk to clients' capital. As well, investments in financial instruments that are subject to changes in market prices, including equity securities, are undertaken only when the client can invest for a medium to longer term.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.3 Market risk (continued)

##### 5.3.3 Equity price risk (continued)

Investments are made in funds, namely the Diversified fund and the Canadian income and dividend fund that have the following benchmarks for concentration of asset portfolios:

###### Diversified fund:

- Equity investments listed on Canadian stock exchanges - 50% of fund assets
- Equity investments listed on US stock exchanges - 25% of fund assets
- Equity investments listed on other stock exchanges - 25% of fund assets
- Unlisted equity investments - none

###### Canadian income and dividend fund:

- Equity investments listed on Canadian stock exchanges - 100% of fund assets

Investment managers are permitted to vary from these benchmarks within stipulated limits.

Investment managers further monitor concentration of risk based on counterparties and industry sectors.

At March 31, equity investments are concentrated in the following sectors:

	2020	2019
Banks and financial services	52%	52%
Industrial and manufacturing	28%	29%
Information technology	12%	10%
Retail	5%	7%
Other	3%	2%
	100%	100%

The table below sets out the impact on the net financial assets and liabilities from a reasonably possible decrease of 15% (2019: 10%) in the price of individual equity securities as at March 31. This analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant. The impact of COVID-19 has resulted in, and in many cases continues to result in, greater price volatility. As a result, a reasonable possible change of 15% is used to account for the higher continuing volatility experienced by the OPGT as at March 31, 2020.

*In thousands of dollars*

	2020	2019
Impact on value of equity securities	(34,582)	(23,529)

A strengthening in the individual equity market prices of 15% (2019: 10%) as at March 31 would have resulted in a proportionate but opposite effect to the amounts shown above.

#### 5.4 Fair value disclosures

The accounting policy for fair value measurements is detailed in accounting policy 3c(iii).

##### 5.4.1 Fair values versus carrying amounts

The carrying amounts approximate fair value for all financial assets and liabilities, except for the fixed income funds, which are measured at amortized cost investments, and for real estate whose fair values for the Estates and Trusts administered by OPGT are \$1,505,532,000 (2019: \$1,464,956,000) and \$183,868,000 (2019: \$153,977,000) respectively. As a result, the fair value of net assets attributable to beneficiaries of Estates and Trust clients is \$2,034,228,000 (2019: \$1,970,871,000).



## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

#### 5.4 Fair value disclosures (continued)

##### 5.4.2 Fair value hierarchy

The fair value measurements used by The Public Guardian and Trustee place the highest priority on observable market inputs and the lowest priority on unobservable internally developed inputs. Accordingly, The Public Guardian and Trustee classifies its assets and liabilities that are measured at fair value, or for which fair value information is disclosed, within a three-level valuation hierarchy that reflects the inputs to valuation techniques used to determine fair value. Level 1 represents valuations based on unadjusted quoted prices in active markets for identical assets or liabilities, level 2 comprises valuations using models or techniques that incorporate observable market information and level 3 comprises valuations based on models without observable market information as inputs. The classification determination is based on the lowest level of input that is significant to the valuation.

The following fair value hierarchy table presents information about financial assets measured at fair value on a recurring basis as of March 31, 2020 and March 31, 2019.

#### Estates and Trusts

As of March 31, 2020

In thousands of dollars

Investments at fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
Bonds and other debt securities – client owned	-	64,085	-	64,085
Diversified fund – equity	52,322	-	-	52,322
Diversified fund – bonds	-	38,086	-	38,086
Canadian income and dividend fund – equity	50,715	-	-	50,715
Canadian income and dividend fund – bonds	-	46,430	-	46,430
Equity securities – client owned	62,460	528	-	62,988
	165,497	149,129	-	314,626

As of March 31, 2019

In thousands of dollars

Investments at fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
Bonds and other debt securities – client owned	-	62,530	-	62,530
Diversified fund – equity	57,615	-	-	57,615
Diversified fund – bonds	-	38,145	-	38,145
Canadian income and dividend fund – equity	52,915	-	-	52,915
Canadian income and dividend fund – bonds	-	43,736	-	43,736
Equity securities – client owned	56,770	309	-	57,079
	167,300	144,720	-	312,020

#### Administration Fund

As of March 31, 2020

In thousands of dollars

Investments at fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
Diversified fund – equity	51,093	-	-	51,093
Diversified fund – bonds	-	37,191	-	37,191
Canadian income and dividend fund – equity	13,430	-	-	13,430
Canadian income and dividend fund – bonds	-	12,296	-	12,296
	64,523	49,487	-	114,010

As of March 31, 2019

In thousands of dollars

Investments at fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
Diversified fund – equity	53,983	-	-	53,983
Diversified fund – bonds	-	35,740	-	35,740
Canadian income and dividend fund – equity	13,696	-	-	13,696
Canadian income and dividend fund – bonds	-	11,320	-	11,320
	67,679	47,060	-	114,739

The fair value of bonds and equities categorized in Level 2 was determined by obtaining quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 5. Financial risk management (continued)

##### 5.4 Fair value disclosures (continued)

##### 5.4.2 Fair value hierarchy (continued)

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. During 2020 and 2019 there were no significant transfers of financial instruments between Level 1 and Level 2.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

##### 5.5 Capital management

The Public Guardian and Trustee's operating capital is shown in the Administration Fund, and consists of various specific purpose funds and an unappropriated fund (detailed in the statement of changes in equity of the Administration Fund).

The Public Guardian and Trustee's primary objective when managing its Administration Fund is to safeguard its ability to continue operations and provide adequate resources to service clients and safeguard clients' interests. The Public Guardian and Trustee expects the current balance in the Administration Fund, together with future cash flows from operations, to be sufficient to support The Public Guardian and Trustee's ability to operate on an ongoing basis and to meet this objective.

A secondary objective is to use available funds, not required to meet the primary objective, to modernize the infrastructure of the office of The Public Guardian and Trustee.

The Public Guardian and Trustee has invested part of its Administration Fund in the Diversified and Canadian income and dividend funds. Investment income earned is, in part, used to replenish the various specific purpose funds for expenses incurred.

#### 6. Accounts receivable

As at March 31

In thousands of dollars

	Estates and Trusts 2020	Estates and Trusts 2019	Administra- tion Fund 2020	Administra- tion Fund 2019
Accrued revenue	-	-	2,686	1,963
Balances due from the Federal and Provincial Government, its Agencies and Crown Corporations	-	-	10	14
Balances due from the Administration Fund	2,811	2,700	-	-
Other receivables	2,473	2,582	-	22
	5,284	5,282	2,696	1,999

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 7. Other assets

*As at March 31*

*In thousands of dollars*

	<b>Estates and Trusts 2020</b>	<b>Estates and Trusts 2019</b>	<b>Administra- tion Fund 2020</b>	<b>Administra- tion Fund 2019</b>
<b>Life Insurance</b>	<b>7,830</b>	<b>6,661</b>	-	-
<b>Prepaid Funerals, Cemetery plots and Burial Instruments</b>	<b>4,844</b>	<b>4,850</b>	-	-
<b>Vehicles</b>	<b>1,213</b>	<b>1,054</b>	-	-
<b>Jewellery</b>	<b>881</b>	<b>887</b>	-	-
<b>Furniture and Medical Aid Equipment</b>	<b>863</b>	<b>853</b>	-	-
<b>Collectibles</b>	<b>250</b>	<b>153</b>	-	-
<b>Other</b>	<b>26</b>	<b>25</b>	-	-
<b>Art</b>	<b>11</b>	<b>10</b>	-	-
	<b>15,918</b>	<b>14,523</b>	-	-

#### 8. Accounts payable and accrued liabilities

*As at March 31*

*In thousands of dollars*

<b>Accrued expenses</b>	<b>3,624</b>	<b>1,899</b>	<b>5,540</b>	<b>2,738</b>
<b>Balances due to the Federal and Provincial Government, its Agencies and Crown Corporations</b>	<b>31,702</b>	<b>24,453</b>	-	-
<b>Balances due to Estates and Trusts</b>	-	-	<b>2,763</b>	<b>2,700</b>
<b>Other liabilities of Estates and Trust clients</b>	<b>57,935</b>	<b>52,740</b>	-	-
	<b>93,261</b>	<b>79,092</b>	<b>8,303</b>	<b>5,438</b>

Other liabilities of Estates and Trusts include mortgages payable, credit card balances, health facility accommodation fees, and charges for services such as telecommunication and utilities.

#### 9. Fees charged by the Administration Fund to Estates and Trusts

*For the year ended March 31*

*In thousands of dollars*

	<b>Administration Fund 2020</b>	<b>Administration Fund 2019</b>
<b>Client trusts</b>	<b>23,344</b>	<b>23,700</b>
<b>Deceased Estates</b>	<b>3,578</b>	<b>3,126</b>
<b>Minors</b>	<b>2,891</b>	<b>2,789</b>
<b>Litigants</b>	<b>2,698</b>	<b>2,529</b>
<b>Cemetery trusts</b>	<b>227</b>	<b>226</b>
<b>Forfeited corporate assets/corporate trusts</b>	<b>7</b>	<b>15</b>
	<b>32,745</b>	<b>32,385</b>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 10. Change in fair value on investments at fair value through profit or loss

For the year ended March 31

In thousands of dollars

	<b>Estates and Trusts 2020</b>	<b>Estates and Trusts 2019</b>	<b>Administra- tion Fund 2020</b>	<b>Administra- tion Fund 2019</b>
Bonds and other debt securities – client owned	4,985	3,372	-	-
Diversified fund	(667)	4,580	(2,387)	3,650
Canadian income and dividend fund	(4,293)	5,644	(1,153)	1,511
Equity securities-client owned	(418)	10,833	-	-
	<b>(393)</b>	<b>24,429</b>	<b>(3,540)</b>	<b>5,161</b>

#### 11. Salaries, wages and benefits

For the year ended March 31

In thousands of dollars

	<b>Administration Fund 2020</b>	<b>Administration Fund 2019</b>
Salaries and wages	33,807	32,949
Compulsory employer contributions	2,382	2,131
Other benefits	2,292	2,164
Termination benefits	254	351
	<b>38,735</b>	<b>37,595</b>

#### 12. General Administration

For the year ended March 31

In thousands of dollars

	<b>Administration Fund 2020</b>	<b>Administration Fund 2019</b>
Systems Development and Data Processing	2,757	2,330
Miscellaneous expenses	1,052	794
Leases and rentals	325	320
Security	243	158
Training and education	60	100
	<b>4,437</b>	<b>3,702</b>

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 13. Related party transactions

The Government of the Province of Ontario, its Agencies and its Crown Corporations are related parties to The Public Guardian and Trustee. Under IFRS, a reporting entity is exempt from the disclosure requirements of IAS 24, *Related Party Disclosures* in relation to related party transactions and outstanding balances, including commitments, with a government that has control, joint control or significant influence over the reporting entity and another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Public Guardian and Trustee has used this exemption in preparing these financial statements.

In the normal course of business, transactions occur with the Government of the Province of Ontario, its Agencies and its crown Corporations and include the following types of transactions and outstanding balances, all of which have been recognized in these financial statements:

- a) Investments in certain financial instruments that are issued by these related parties;
- b) Expenditure on certain services including information technology and telecommunication costs provided by these related parties; and
- c) The Province of Ontario provides funding for the operations of OPGT including expenditures relating to salaries, wages and benefits, transportation and communication costs, supplies, equipment and general administrative costs. In addition, OPGT remits surplus income to the Province of Ontario on a quarterly basis. During the year the Province provided funding amounting to \$44,246,808 (2019: \$42,480,283) and recovered \$24,529,711 (2019: \$21,782,108), for a net grant by the Province of \$19,717,097 (2019: \$20,698,175).

In addition, in the normal course of business, the following transactions are entered into with these related parties at no charge to The Public Guardian and Trustee and therefore are not reflected in the financial statements:

- a) Staff of The Public Guardian and Trustee are employees of the Ontario Public Service which provides pension benefits to its employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund. The Province funds the employer's contribution to the Pension Funds;
- b) The cost of post-retirement, non-pension employee benefits are paid by the Province;
- c) The Public Guardian and Trustee occupies leased premises paid for by the Ministry of the Attorney General; and
- d) The Province provides payroll and payment processing for The Public Guardian and Trustee.

#### Key management personnel compensation

Staff, including key management personnel are employees of the Ministry of the Attorney General, Ontario Public Service (OPS). All management compensation is in accordance with Management Board of Cabinet Compensation Directives and compensation follows approved OPS compensation practices. This includes public disclosure for all individuals earning more than \$100,000 in a calendar year.

The benefit costs as set out in the schedule below does not include any specific post-employment, termination or other long term benefits but the cost of these benefits are funded by the Province as set out in Note 3(e) (ii).

In addition to the salaries and mandatory employer contributions to government programs (Canada Pension Plan and Employment Insurance), senior managers also participate in various group life, health and dental plans for which the employer shares the premiums.

## Notes to financial statements (continued)

### March 31, 2020 and March 31, 2019

#### 13. Related party transactions (continued)

Key management personnel are members of the OPGT's Office management committee. Their compensation comprises the following:

<i>In thousands of dollars</i>	Administration Fund 2020	Administration Fund 2019
Salaries and Wages	1,095	951
Employee benefits	20	19

#### 14. Funds Escheated to the Crown

Deceased Estates include estates administered under the *Crown Administration of Estates Act* and the *Estates Act*. The Public Guardian and Trustee is authorized by the *Escheats Act* to take possession of property reverting to the Crown under the *Succession Law Reform Act*. After a period of ten years, any property so received by The Public Guardian and Trustee which remains unclaimed is required to be transferred to the Consolidated Revenue Fund (CRF) of the Province of Ontario. Such property transfers to the CRF are included in the statement of changes in net assets attributable to beneficiaries of Estates and Trusts. During the year, escheats from Deceased Estates totalling \$3,379,484 (2019: \$6,122,217) were transferred to the CRF.

Under the *Escheats Act*, The Public Guardian and Trustee may take possession of assets of dissolved corporations which have been forfeited to the Crown under various corporate statutes. Such property transfers to the CRF are included in the statement of changes in net assets attributable to beneficiaries of Estates and Trusts. During the year, \$592,849 (2019: \$422,007) was transferred to the CRF.

#### 15. Contingencies and commitments

The Public Guardian and Trustee is involved in various legal actions arising in the normal course of business operations, the outcome and ultimate disposition of which are not determinable at this time. Liabilities for any settlements will be recognized if and when the criteria for recognizing provisions is met (see accounting policy note 3 (i)).

The Public Guardian and Trustee is one of several defendants to a multimillion-dollar civil lawsuit. The Public Guardian and Trustee, based on information available, believes that it may be found liable for some portion of any settlement that may be forthcoming from the litigation process. However, at this time, because of multiple defendants and the complexities of the litigation, it is not possible to assess a degree of probability concerning any outcomes and it is not practicable to determine the financial effect of any potential liability. As a result, The Public Guardian and Trustee has not included a provision for any potential liability in these financial statements.

The Public Guardian and Trustee estimates that any potential settlement is within financial resources available and will have no adverse effect on the ongoing operations of The Public Guardian and Trustee.

#### 16. Subsequent events

Financial markets have experienced significant volatility in response to the developing COVID-19 pandemic and equity markets in particular have experienced significant declines. The investment portfolios of the OPGT have been subject to these market fluctuations and may continue to experience significant volatility as the situation continues to evolve.