The Public Guardian and Trustee for the Province of Ontario

Financial Statements

For the Year Ended March 31, 2008

Message from the PGT to accompany 2007-08 Annual Report

The 2007/08 fiscal year was an extremely busy and challenging one for the Office of the Public Guardian and Trustee as service demands continued to increase across all program areas and new initiatives were undertaken alongside several major ongoing projects.

Considerable progress was made on the technology front. Several major components of our new IT system were completed and implemented over the course of the year including a comprehensive new financial transactions view and reporting system and release of phase one of our new correspondence management program. Work also progressed on the implementation of a new investment management system and this system was introduced successfully at the conclusion of the fiscal year. These, and other related technology changes, are significant milestones in our ongoing endeavor to replace outdated and inefficient systems in all areas of the Office.

Technology initiatives also included the commencement of a major reprogramming of our current IT system to significantly enhance controls over the disbursement of funds from OPGT trust accounts. This initiative is a key component of a comprehensive review and redesign of our internal financial controls. This project was started this year as a result of the discovery of financial irregularities in the files managed by one former employee. An investigation by the Ontario Provincial Police was initiated and is ongoing. Several changes, including the introduction of a stricter cheque distribution protocol have already been implemented, and work continues on several others, in consultation with a team of auditors.

We are very mindful that, though isolated in nature and not a reflection on the many dedicated employees who work so hard on behalf of our vulnerable clients, this represents a concern we take very seriously. Testing and strengthening our financial controls has been our top priority this year.

The OPGT's roles as guardian for property, personal care and litigation for incapable adults continue to become more challenging as the complexity of the legal and financial issues affecting our clients increases. Class actions and compensation plans, for example, trigger considerable activity related to determining the potential interest of individual clients and the submission of claims, where applicable. This past year saw a number of these cases including the Native Residential School Claims, Federal Employees Survivor Benefits, and the Livingston v. UPS class action. We continue to monitor progress on the following: Seven Oaks Class Action, Vioxx, Fosamax, Zyprexa, Neurontion and Teguin. In addition to our role in protecting the interests of individual adults for whom we act as guardian of property, the court has, in these matters, increasingly sought the involvement of our Office as representative of the interests of mentally incapable adults generally. This was the case in 2007/08 with the Serzone class action.

Another issue that has seen a significant increase in focus and activity over the past fiscal year is that of financial and/or personal abuse of the elderly in our communities. Our Office has been closely involved over the past year with other government entities, community agencies, police services, banking representatives and legal advocates in developing strategies, enhancing awareness of this issue and in participating in educational initiatives. The Office participated in twelve conferences and outreach sessions on this issue over the course of the past fiscal year including a conference sponsored by the Ontario Network for the Prevention of Elder Abuse in November 2007 and the 2007 Canadian Conference on Elder Law held in Vancouver, B.C. Also worthy of mention is the fact that over the past fiscal year we have developed much closer partnerships with representatives of the major banks and with police services in dealing with reported allegations of financial abuse involving incapable elderly persons. Our Office was involved in investigating a number of such cases that ultimately led to criminal convictions.

Through the dedicated efforts of all OPGT staff, we have accomplished a great deal this year, and have in place an ambitious agenda for the next. We look forward to meeting the many challenges that lie ahead.

OFFICE OF THE PUBLIC GUARDIAN AND TRUSTEE

Management's Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and, where appropriate, include amounts based on Management's best estimates and judgments.

The Office of the Public Guardian and Trustee is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and that the assets were safeguarded. Internal audits are conducted to assess management systems and practices and reports are issued to the Public Guardian and Trustee and her management committee.

The financial statements have been examined by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the auditor's examination and opinion.

Louise Stratford Public Guardian and Trustee	Sharon Yetter Chief Financial Officer

May 23, 2008

The Public Guardian and Trustee for the Province of Ontario
Financial Statements
For the year ended March 31, 2008

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To the Public Guardian and Trustee for the Province of Ontario
and to the Attorney General

I have audited the balance sheet of The Public Guardian and Trustee for the Province of Ontario as at March 31, 2008 and the statements of revenue and expenses, changes in fund balances and cash flows for the estates and trusts and the administration fund for the year then ended. These financial statements are the responsibility of The Public Guardian and Trustee's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Public Guardian and Trustee for the Province of Ontario as at March 31, 2008, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Peall

Gary R. Peall, CA
Deputy Auditor General
Licensed Public Accountant

Toronto, Ontario
May 23, 2008

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The Public Guardian and Trustee for the Province of Ontario

Balance Sheet

(in thousands of dollars)

March 31, 2008

	Estates and Trusts		Administration Fund	
	2008	2007	2008	2007
Assets				
Cash and cash equivalents	$ 11,690	$ 2,443	$ 122	$ 47
Accounts receivable	6,104	3,707	1,934	1,882
Bonds and other debt issues	33,021	29,888	-	-
Fixed income funds (Schedule A)	966,377	953,585	15,638	11,227
Diversified fund (Schedule B)	55,423	60,186	55,317	55,793
Canadian income and dividend fund (Schedule C)	37,447	19,586	15,775	15,864
Stocks and other securities	48,386	49,821	-	-
Real estate	76,577	68,271	-	-
Other assets	14,495	13,453	-	-
	1,249,520	1,200,940	88,786	84,813
Deferred special project charges	-	-	8,545	6,703
	$ 1,249,520	$ 1,200,940	$ 97,331	$ 91,516
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	24,604	22,290	7,000	2,415
Fund balances	1,224,916	1,178,650	90,331	89,101
	$ 1,249,520	$ 1,200,940	$ 97,331	$ 91,516

Contingencies (Note 6)

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

~~Public~~ Guardian and Trustee

Chief Financial Officer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Public Guardian and Trustee for the Province of Ontario

Statement of Revenue and Expenses - Estates and Trusts

(in thousands of dollars)

For the year ended March 31		2008		2007
Revenue				
Pension	$	**66,932**	$	64,232
Social benefits		**61,120**		56,429
Investment (Schedule E)		**48,182**		42,393
Other		**22,713**		25,862
Realized investment appreciation		**1,729**		6,317
Net unrealized investment (depreciation)/appreciation		**(5,155)**		4,871
		195,521		200,104
Expenses				
Accommodation		**83,716**		77,167
Allowances		**26,053**		23,882
Public Guardian and Trustee fees (Schedule D)		**20,815**		21,774
Living		**9,871**		8,840
Taxes		**9,666**		7,248
Other		**8,136**		9,532
Real estate		**4,733**		5,132
Funeral		**4,653**		4,420
Medical		**4,243**		3,946
Utilities		**2,683**		2,374
Insurance		**760**		785
		175,329		165,100
Excess of revenue over expenses	$	**20,192**	$	35,004

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Public Guardian and Trustee for the Province of Ontario

Statement of Revenue and Expenses - Administration Fund
(in thousands of dollars)

For the year ended March 31		2008		2007
Revenue				
Investments - fixed income funds (Schedule A)	$	(128)	$	1,734
Investments - diversified fund (Schedule B)		(924)		2,460
Investments - Canadian income and dividend fund (Schedule C)		(260)		772
Net realized investment appreciation		-		1,898
		(1,312)		6,864
Fees collected (net) (Schedule D)		19,628		20,644
		18,316		27,508
Expenses				
Salaries and wages		23,857		22,124
Employee benefits (Note 4)		2,993		2,740
Services (Note 4)		3,784		2,913
Transportation and communication		1,237		1,257
Supplies and equipment		1,408		696
		33,279		29,730
Amount recovered from the Ministry of the Attorney General (Note 4)		(17,540)		(13,193)
		15,739		16,537
Claims		1,347		398
		17,086		16,935
Excess of revenue over expenses	$	1,230	$	10,573

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Statement of Changes in Fund Balances - Estates and Trusts
(in thousands of dollars)

For the year ended March 31, 2008

		Client Trusts	Minors	Litigants	Deceased Estates (note 2)	Cemetery Trusts	Forfeited Corporate Assets	Corporate Trusts	Land Titles		Total 2008		Total 2007
Balance, beginning of year	$	438,587	379,395	215,578	111,660	20,552	8,305	3,078	1,495	$	1,178,650	$	1,127,507
Excess (deficiency) of revenue over expenses		1,722	9,683	7,473	1,230	(327)	333	1	77		20,192		35,004
Net client capital contribution (distribution)		26,731	(11,273)	(4,208)	14,282	92	(332)	(6)	788		26,074		16,139
Balance, end of year	$	467,040	377,805	218,843	127,172	20,317	8,306	3,073	2,360	$	1,224,916	$	1,178,650

Statement of Changes in Fund Balances - Administration Fund
(in thousands of dollars)

For the year ended March 31, 2008

		Special Projects Fund		Assurance Fund		Litigation Reserve Fund		Allowance for Doubtful Accounts Fund		Capacity Assessment Fund		Unappro-priated Fund		Total 2008		Total 2007
Balance, beginning of year	$	25,059	$	11,000	$	3,000	$	100	$	100	$	49,842	$	89,101	$	78,528
Excess (deficiency) of revenue over expenses		(924)		(1,230)		(103)		-		(14)		3,501		1,230		10,573
Interfund transfers		-		4,530		103		-		14		(4,647)		-		-
Balance, end of year	$	24,135	$	14,300	$	3,000	$	100	$	100	$	48,696	$	90,331	$	89,101

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Public Guardian and Trustee for the Province of Ontario

Statement of Cash Flows
(in thousands of dollars)

For the year ended March 31	Estates and Trusts 2008	Estates and Trusts 2007	Administration Fund 2008	Administration Fund 2007
Cash was provided by (used in)				
Operating activities				
Excess of revenue over expenses	$ **20,192**	$ 38,018	$ **1,230**	$ 10,573
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities				
Unrealized depreciation/(appreciation) of investments	**5,155**	(4,871)	**3,126**	(1,726)
Accounts receivable	**(2,397)**	(447)	**(52)**	1,590
Other assets	**(1,042)**	(505)	**-**	-
Accounts payable	**2,314**	258	**4,584**	1,994
	24,222	32,453	**8,889**	12,431
Investing activities				
Net acquisition/redemption of				
Bond and other debt issues	**(3,133)**	(5,381)	**-**	-
Fixed income fund investments	**(12,792)**	(34,347)	**(4,411)**	(7,285)
Stocks and other securities	**530**	7,139	**-**	-
Diversified fund investments	**2,278**	2,884	**(1,891)**	11,266
Canadian income and dividend fund	**(19,626)**	(19,188)	**(670)**	(15,260)
Real estate	**(8,306)**	141	**-**	-
Deferred special project charges	**-**	-	**(1,842)**	(1,240)
Net client capital contribution	**26,074**	13,125	**-**	-
	(14,975)	(35,627)	**(8,814)**	(12,519)
Net increase (decrease) in cash and cash equivalents	**9,247**	(3,174)	**75**	(88)
Cash and cash equivalents, beginning of the year	**2,443**	5,617	**47**	135
Cash and cash equivalents, end of the year	$ **11,690**	$ 2,443	$ **122**	$ 47

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature of Operations

The Public Guardian and Trustee for the Province of Ontario ("The Public Guardian and Trustee") performs duties under a number of statutes with the following main responsibilities:

- the management of estates 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
- a general supervisory role over charitable property

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

Basis of Accounting

The Public Guardian and Trustee prepares its financial statements on an accrual basis and follows Canadian generally accepted accounting principles.

Estates and Trusts

Estates and Trusts represent accounts over which The Public Guardian and Trustee acts as guardian or trustee under the *Substitute Decisions Act*, the *Public Guardian and Trustee Act*, the *Crown Administration of Estates Act*, the *Estates Act* and various other statutes.

Administration Fund

The Administration Fund is the operating account of The Public Guardian and Trustee. It is used to accumulate fees charged to each estate and trust for services, as prescribed by the Fee Schedule created pursuant to *The Public Guardian and Trustee Act* and to pay operating expenses.

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 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 *The Public Guardian and Trustee Act.*

Funds appropriated for specific purposes are identified below.

Special Projects Fund

The Special Projects Fund was established to provide funding for significant special projects of The Public Guardian and Trustee. A portion of the income earned from the Unappropriated Fund, invested in the Diversified Fund, Canadian Income and Dividend Fund, and Fixed Income Funds, is included in revenue for the Special Projects Fund. To date, about $12 million of the funding has been allocated for the development and implementation of a new trust management technology system.

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 Fund was reimbursed $1,230,000 (2007 - $258,058) and increased by transfer of an additional $3,300,000 (2007 - $6,000,000) from the Unappropriated Fund.

Litigation Reserve Fund

The Litigation Reserve Fund is used to cover expenses and costs of legal proceedings paid by The Public Guardian and Trustee on behalf of its litigation clients.

During the year, legal costs incurred on behalf of clients of $103,241 (2007 –$115,721) were reimbursed from the Unappropriated Fund.

Allowance for Doubtful Accounts Fund
The intent of the Allowance for Doubtful Accounts Fund 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.

Capacity Assessment Fund
The Capacity Assessment Fund was set up to cover fees of capacity assessors when a client is unable to pay for the costs of an assessment or re-assessment.

During the year the Fund was reimbursed $14,058 (2007 - $24,309) from the Unappropriated Fund.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, current bank accounts and short term deposits, if any, with terms to maturity of less than 90 days.

Valuation of Financial Instruments

The Public Guardian and Trustee considers Bonds and Other Debt Issues, the Diversified and Canadian Income and Dividend Funds, and Stocks and Other Securities as financial instruments held for trade. The fair values of these instruments have been determined according to published prices in the active market, where applicable. In determining fair values, adjustments have not been made for transaction costs, as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statements of revenue and expenses.

The Public Guardian and Trustee considers Fixed Income funds which are funds invested in money market instruments and in bonds under a laddered buy-and-hold strategy as financial instruments held to maturity. These financial instruments are reflected in these statements at cost adjusted for the amortization of premiums or discounts on purchase over the period to maturity.

Purchases and sales of these financial instruments are recognized at the settlement date.

The Public Guardian and Trustee is exposed to financial risk as follows:

- Investments are subject to the risk that values will fluctuate due to changes in market interest rates and in foreign exchange rates.
- These risks are mitigated by investing in a diversified portfolio.

Bonds and other debt issues and Stocks and other securities

Bonds and other debt issues and Stocks and other securities of Estates and Trusts, which are owned by individual clients rather than part of the Public Guardian and Trustee's investment funds, are recorded at year-end quoted market prices where available or the most recently available values received from third parties.

Other Assets

Other Assets of Estates and Trusts are recorded at appraised value at the time of taking over the Estates and Trusts.

Real Estate

Real Estate of Estates and Trusts is recorded at appraised value at the time of taking over the Estates and Trusts.

Deferred Special Project Charges

Costs of a special project for the development and implementation of a new trust management technology system incurred from 2002 to 2008 have been deferred. These charges will be amortized over management's best estimate of the useful life of the system. Amortization will commence in the period in which the system becomes operational.

Foreign Currency Translation

Foreign currency amounts are translated to Canadian dollars as follows:

Each asset, liability, revenue or expense is translated into Canadian dollars at the transaction date, by the use of the exchange rate in effect at that date.

At the year-end date, US dollar monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period. As of March 31, 2008 The Public Guardian and Trustee held only US dollars in foreign currency.

Revenue Recognition

Revenues of Estates and Trusts from Pension, Social Benefits, Investment, Other and Realized Investment Appreciation/(Depreciation) are recognized when received or receivable. Net Unrealized Investment Appreciation/(Depreciation) represents net unrealized gains/(losses) from changes in the market value of Bonds and Other Debt Issues, Diversified Fund, Canadian Income and Dividend Fund, and Stocks and Other Securities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

1. New Accounting Pronouncements

The Canadian Institute of Chartered Accountants has issued several new accounting standards related to financial instruments: Section 3862, Financial Instruments – Disclosures, Section 3863, Financial Instruments – Presentation, Section 3865, Hedges.

The Public Guardian and Trustee is assessing the implications of these new standards, which are effective for fiscal periods beginning on of after April 1, 2008 and intends to adopt them in its next fiscal period.

2. Deceased Estates and 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 of the Province. Such property transfers to the Consolidated Revenue Fund are included in client capital distributions in arriving at the amount shown as the net client capital contribution (distribution) for Deceased Estates in the Statement of Changes in Fund Balances – Estates and Trusts.

During the year $882,590 (2007 - $1,571,914) was transferred to the Consolidated Revenue Fund.

3. Transfers to Consolidated Revenue 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.

No such transfers were made during the year to the Consolidated Revenue Fund of the Province.

4. Related Party Transactions

The Public Guardian and Trustee considers the Government of the Province of Ontario, its Agencies and its Crown Corporations to be related parties. In the normal course of business, the following transactions were entered into with these related parties at no charge to The Public Guardian and Trustee and therefore are not reflected in the financial statements:

- The Public Guardian and Trustee provides pension benefits for its employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund. The Ministry of Government and Consumer Services (MGCS) funds the employer's contribution to the Pension Funds.
- The cost of post-retirement, non-pension employee benefits are paid by MGCS.
- The Public Guardian and Trustee occupies leased premises paid for by the Ministry of the Attorney General.
- MGCS provides payroll and payment processing for The Public Guardian and Trustee.

The Ministry of the Attorney General provides partial funding for the operations of The Public Guardian and Trustee, which is reflected in the financial statements.

5. Mortgages and Securities Held in Trust

The Public Guardian and Trustee in its capacity as Accountant of the Superior Court of Justice also acts as custodian of mortgages in the amount of $728,104 (2007 - $690,000) and miscellaneous securities and documents having a face value of $3,844,506 (2007 - $3,706,946). 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.

6. Contingencies

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. Settlements, if any, are accounted for in the period in which the settlements occur.

In June 2007, the Public Guardian and Trustee became aware of some account irregularities of some clients of a former employee. Investigation of these irregularities continues. An estimate of the amount of losses incurred by clients, who will be fully reimbursed by the Public Guardian and Trustee, has been accrued in the financial statements.

7. Comparative Figures

Certain prior year amounts have been reclassified to conform to current year presentation.

Schedule A - Fixed Income Funds

(in thousands of dollars)

March 31			2008		2007
INVESTMENTS					
Cash		$	**3,522**	$	787
Accrued interest			**13,117**		11,362
Short term investments			**389,367**		539,604
			406,006		551,753
Mid term investments					
Corporate Bonds	(i)		**84,673**		18,150
Federal Government	(ii)		**8,110**		37,209
Provincial Governments	(iii)		**101,046**		169,238
Financial Institutions	(iv)		**382,180**		188,462
			576,009		413,059
		$	**982,015**	$	964,812
Allocated as follows					
Estates and Trusts		$	**966,377**	$	953,585
Administration			**15,638**		11,227
		$	**982,015**	$	964,812
INCOME					
Allocated as follows					
Estates and Trusts		$	**40,322**	$	34,431
Administration			**(128)**		1,734
		$	**40,194**	$	36,165

Short term investments at March 31, 2008 bear interest at annual rates ranging from 3.50% to 10.85% (2007 - from 2.60% to 7.25%), with maturity dates ranging from 1 day to 264 days (2007 - from 2 days to 303 days).

Mid term investments at March 31, 2008	Interest Rates		Carrying Value		Fair Value
(i) Corporate Bonds					
1 - 3 years	**5.25 - 7.15%**	$	**43,520**	$	44,433
3 years +	**5.77 6.40%**		**41,153**		42,005
			84,673		86,439
(ii) Federal Government					
1 - 3 years	**5.50%**		**8,110**		8,263
			8,110		8,263
(iii) Provincial Governments					
1 - 3 years	**4.00 - 6.50%**		**90,360**		91,829
3 years +	**4.50%**		**10,686**		10,809
			101,046		102,638
(iv) Financial Institutions					
1 - 3 years	**3.65 - 6.19%**		**123,916**		125,462
3 years +	**3.70 - 6.87%**		**258,264**		261,365
			382,180		386,826
		$	**576,009**	$	584,166

Fixed Income Funds

Funds are invested in high quality fixed income instruments 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 preservation of capital and maximizing return. This includes US dollar trust funds where the Accountant of the Superior Court of Justice is ordered by the courts to hold these funds in US dollars.

Interest income is distributed to participants by a prescribed interest rate approved by The Public Guardian and Trustee's Investment Advisory Committee. During the year, the prescribed rate for the Canadian Funds ranged from 4.00% to 4.25% (2007 ranged from 3.50 to 4.00%), and for the U.S. Funds was 4.75% (2007 ranged from 3.75% to 4.75%).

The Public Guardian and Trustee for the Province of Ontario

Schedule B - Diversified Fund

(in thousands of dollars)

March 31	2008	2007
INVESTMENTS		
Cash	$ 199	$ 49
Net other liabilities	(148)	(172)
Short term notes	2,296	1,916
	2,347	1,793
Bonds	46,226	43,946
Canadian equity	39,944	45,094
Foreign equity	22,223	25,146
	$ 110,740	$ 115,979
Allocated as follows		
Estates and Trusts	$ 55,423	$ 60,186
Administration Fund	55,317	55,793
	$ 110,740	$ 115,979
INCOME		
Estates and Trusts		
Investment earnings	$ 1,980	$ 1,884
Unrealized (depreciation)/appreciation	(1,724)	2,736
Net unrealized foreign exchange (depreciation)/appreciation	(761)	788
Net unrealized (depreciation)/appreciation	(2,485)	3,524
Realized investment appreciation	2,076	7,244
Net realized foreign exchange depreciation	(347)	(927)
Net realized investment appreciation	1,729	6,317
	$ 1,224	$ 11,725
Administration		
Investment earnings	$ 1,443	$ 1,339
Unrealized (depreciation)/appreciation	(1,608)	314
Net unrealized foreign exchange (depreciation)/appreciation	(759)	807
Net unrealized (depreciation)/appreciation	(2,367)	1,121
Realized investment appreciation	-	2,848
Net realized foreign exchange depreciation	-	(950)
Net realized investment appreciation	-	1,898
	$ (924)	$ 4,358

The Short term Notes and Bonds at March 31, 2008 bear interest at annual rates ranging from 3.60% to 12.20% (2007 - from 3.75% to 12.20%), with maturity dates ranging from 3 days to 41 years (2007 - from 11 days to 99 years).

Diversified Fund

The Public Guardian and Trustee has a Diversified Fund that includes high quality equity and fixed income securities. This fund was established in order to provide an alternative for those clients whose unique 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 the purchasing power of capital over the longer term. The Administration Fund also participates in the Diversified Fund.

The investment returns on this fund accrue directly to the participants and the investments are carried at fair value.

Schedule C - Canadian Income and Dividend Fund

(in thousands of dollars)

March 31		2008		2007
INVESTMENTS				
Cash	$	23	$	11
Net other assets		1,561		532
Short term notes		679		945
		2,263		1,488
Bonds		27,033		16,049
Canadian equity		23,926		17,913
	$	53,222	$	35,450
Allocated as follows				
Estates and Trusts	$	37,447	$	19,586
Administration Fund		15,775		15,864
	$	53,222	$	35,450
INCOME				
Estates and Trusts				
Investment earnings	$	1,243	$	209
Unrealized (depreciation)/appreciation		(1,765)		399
	$	(522)	$	608
Administration				
Investment earnings	$	499	$	167
Unrealized (depreciation)/appreciation		(759)		605
	$	(260)	$	772

The Short term Notes and Bonds at March 31, 2008 bear interest at annual rates ranging from 3.60% to 11.00% (2007 - from 3.70% to 7.60%), with maturity dates ranging from 14 days to 29 years (2007 - from 47 days to 29 years) .

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. This fund includes dividend-paying common and preferred equities and fixed-income securities designed 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. The Administration Fund also participates in the Canadian Income and Dividend Fund.

Income earned in this fund may be distributed to the participants monthly or reinvested in this fund.

The Public Guardian and Trustee for the Province of Ontario

Schedule D - Public Guardian and Trustee Fees

(in thousands of dollars)

For the year ended March 31		2008		2007
Client trusts	$	**13,383**	$	14,057
Minors		**2,817**		2,911
Deceased estates		**2,877**		3,164
Litigants		**1,266**		1,166
Court-appointed litigation guardian legal services		**77**		116
Cemetery trusts		**176**		166
Charity trusts		**166**		147
Forfeited corporate assets/corporate trusts		**53**		47
Public Guardian and Trustee Fees - Estates and Trusts		**20,815**		21,774
less: Costs of fee services		**(1,187)**		(1,130)
Fees collected (net) - Administration Fund	$	**19,628**	$	20,644

Schedule E - Estates and Trusts Investment Income

(in thousands of dollars)

For the year ended March 31		2008		2007
Fixed income funds (Schedule A)	$	**40,322**	$	34,431
Diversified fund (Schedule B)		**1,980**		1,884
Canadian income and dividend fund (Schedule C)		**1,243**		209
Income from other investments held for clients		**4,637**		5,869
	$	**48,182**	$	42,393