ANNUAL REPORT OF THE
PUBLIC GUARDIAN AND TRUSTEE
2010-2011

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2010/11 Annual Report of the Public Guardian and Trustee

Message from the Public Guardian and Trustee

The Office of the Public Guardian and Trustee (OPGT) is an organization of almost 400 staff located in six regional offices throughout the province, with an extensive mandate to perform over a dozen different functions. Following is a brief description of our key services:

Overview of Key Services

Property Guardianship Services: acting as guardian of property for mentally incapable adults who have no family able or willing to do so.

Personal Care Guardianship: by court order, acting as guardian for the purpose of making personal care decisions for mentally incapable adults in cases of extreme risk to personal care and safety.

Processing Guardianship Applications: handling applications by family members who wish to replace the OPGT as guardian of property for an incapable relative.

Reviewing Court Applications: reviewing all private applications for guardianship made to the Court.

Reviewing Accounts: reviewing accounts when they are submitted for court approval by private guardians of property and estate trustees.

Treatment Decisions: giving or refusing consent to medical treatment on behalf of mentally incapable people when there are no relatives able or willing to do so.

Litigation Guardianship: acting for individuals who are involved in lawsuits and lack sufficient 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.

Investigations: investigating allegations that an adult is mentally incapable of making decisions about their property or personal care, and is at risk of serious harm as a result.

Estates: liquidating the estates of people who die without a will and who have no relatives in Ontario able or willing to do so, and distributing the proceeds to the lawful heirs.

Accountant of the Superior Court of Justice: providing a depository for funds held in relation to court actions or on behalf of minors.

Capacity Assessment: making available training, certification and information to capacity assessors, independent health professionals who specialize in assessing mental capacity and who have special authority to conduct the type of assessment required to appoint a guardian of property.

Cemeteries: administering trust accounts on behalf of some cemeteries that maintain such accounts to provide for the cost of ongoing care and maintenance of the grounds.

Charities: investigating complaints that a charity is using its charitable funds for improper purposes.

Dissolved Corporations: disposing of forfeited property that the government has become entitled to because its former owner, a corporation, owned property at the time of dissolution.

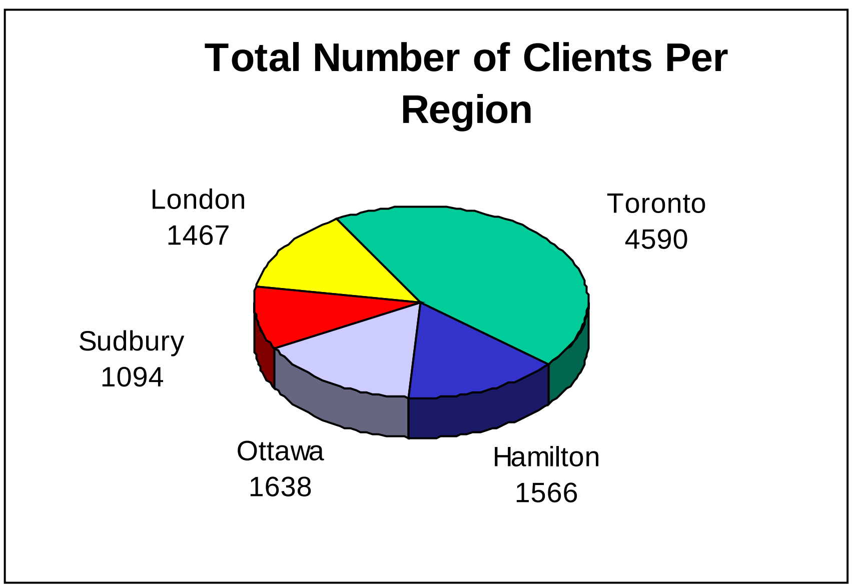
Program Activity Highlights for 2010-11

- 10,355 property guardianship files under active administration
- 253 screening and field investigations into allegations of harm, self-neglect or abuse
- 17 personal care guardianship clients
- 5,193 treatment decisions made
- 1,186 estates under administration
- 34,418 trust accounts held by the Accountant of the Court

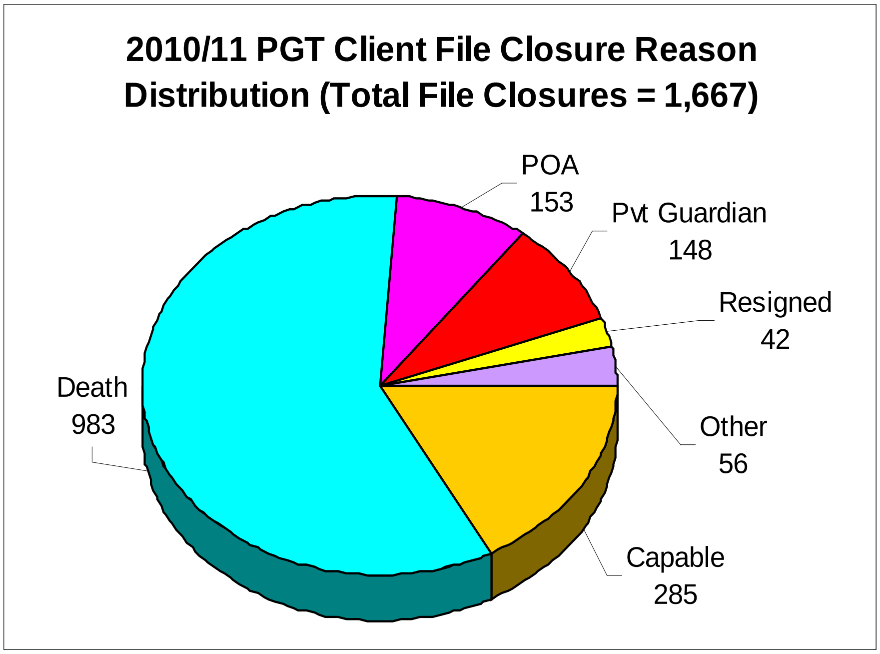
Property Guardianship

Following is more specific data about our property guardianship caseload.

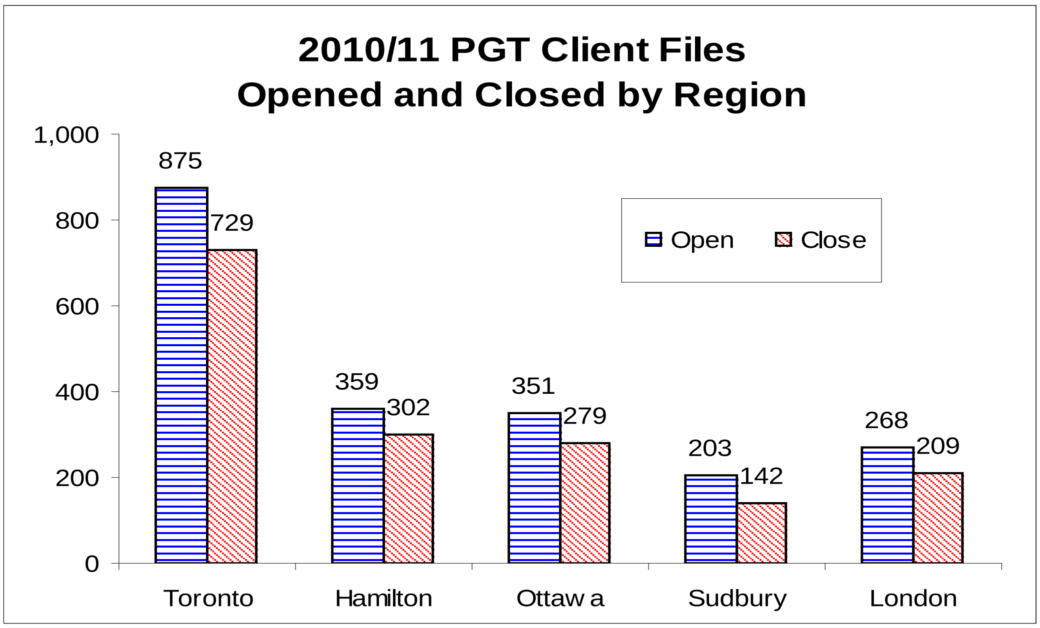
Number of Clients Under OPGT Jurisdiction



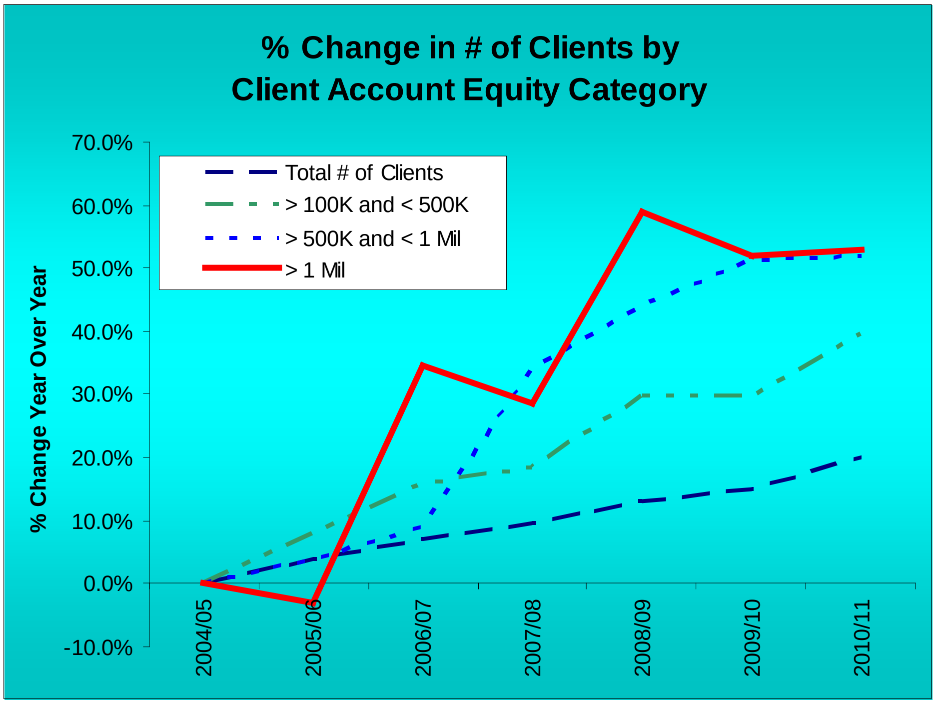
Closed Guardianship Files by Reason of Closure



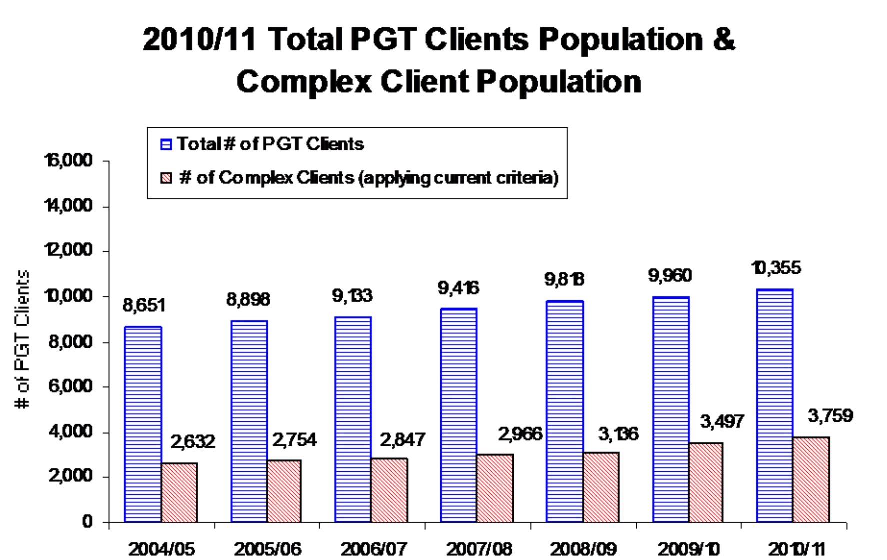
Number of Client Files Opened and Closed



Changes in Clients' Finances

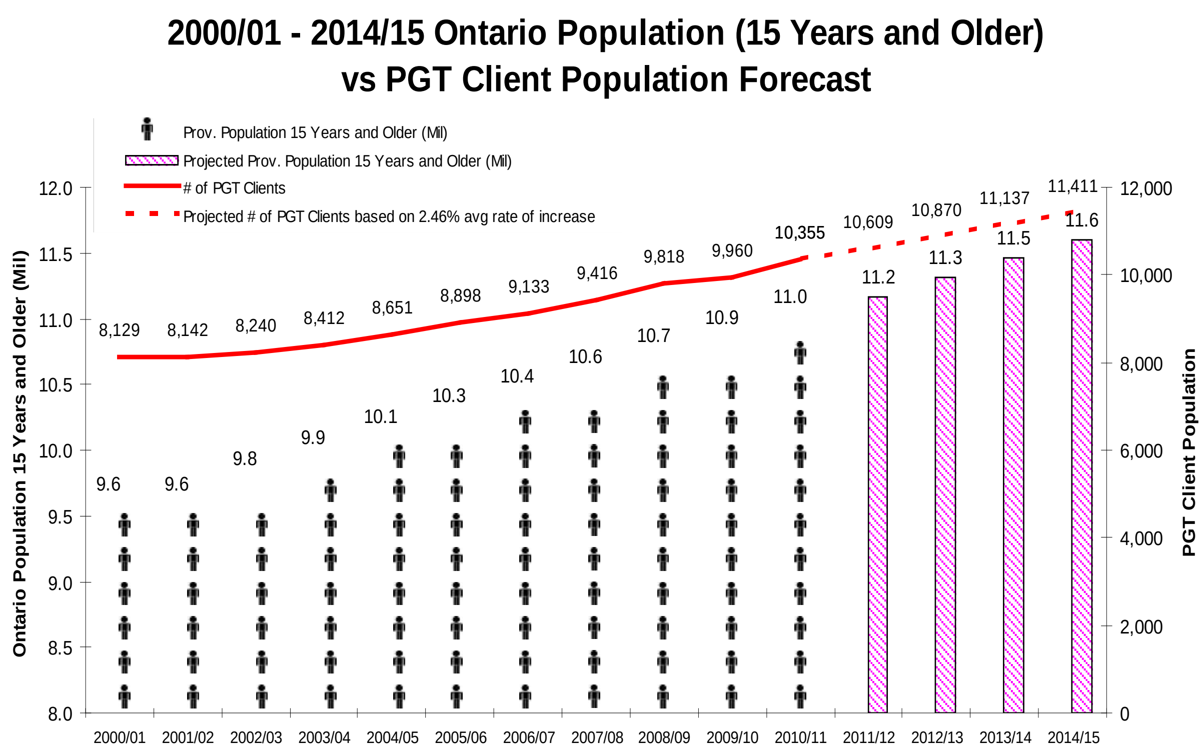


*Changes in the Number of *Complex Clients*



* Currently a client is managed through a complex caseload if they have either real estate, complex legal issues, externally administered trusts, liquid assets in excess of $50,000.00, extended health care benefits, non-fixed income investments and/or registered retirement accounts.

Changes in Caseload Size



(i) Canada, Ontario Ministry of Finance. Ontario Population Projections Update 2010 – 2036: Table 3 Ontario Population and Selected Characteristics, 2001–2036 (Reference, Low and High Scenarios, Queen's Printer for Ontario, 2011

Summary

The foregoing data demonstrates that both the volume and complexity of property guardianship client files have continued to increase. Over the past six years, we have seen a jump of almost 20% in the number of clients under guardianship. Over half of our more than 10,000 clients are 60 years of age or more. As the population ages, the size of this client group will increase. The available statistics and projections demonstrate that the population of Ontario seniors aged 65 and over will rise from 14.1% of the population in 2011 to over 23% of the population (over four million people) by 2036. This means that on average, over 80,000 people will enter this age category every year during this time period. According to the Alzheimer Society, 1 in 11 Canadians over 65 has dementia, and within a generation the number of Canadians living with dementia will more than double to 1.1 million. Persons with dementia related diseases such as Alzheimers who have not planned ahead by executing a Power of Attorney will find themselves in need of a property guardian when they no longer have the mental capacity to manage their own financial affairs. If family members are not willing or able to serve in this role, the Office of the Public Guardian and Trustee will be required to step in.

These existing and upcoming workload pressures present considerable challenges. To assist staff with meeting the escalating demand for service, several improvements to our information technology system have been introduced, and more are planned for the upcoming fiscal year. A much expanded educational curriculum has also been developed for both new and existing staff. Operational policies and processes have been reviewed, and enhanced financial controls are firmly in place.

One thing that has not changed over the years is the steadfast dedication to their work that is shown by all OPGT employees. OPGT staff members strongly believe in the mission of the organization to Protect, Serve, Advocate and Educate on behalf of our clients. Despite the many challenges, OPGT employees are determined to deliver timely and high quality service and to uphold the Values of the OPGT and the Ontario Public Service in all that we do.

A recent letter from a client to one of our Senior Client Representatives serves to highlight the importance of our work, and the difference it can make to someone struggling to live with their particular incapacity. The following is an excerpt from the letter:

> *"One last thing. In all my adult life I've never ever had a savings account. To see that I have one gives me great joy and a great sense of stability and I owe this all to the efforts of the Public Guardian and Trustee. For this I thank you so much."*

Knowing that our work can provide this kind of comfort and support to our clients motivates and inspires us to confront the ongoing challenges with confidence and determination. We look forward to another rewarding year of service ahead.

Louise Stratford

Public Guardian and Trustee for Ontario

March 31, 2011

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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	*Sharon Yetter*
Louise Stratford Public Guardian and Trustee	Sharon Yetter Chief Financial Officer

June 23, 2011

Independent Auditor's Report

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

I have audited the accompanying financial statements of The Public Guardian and Trustee for the Province of Ontario, which comprise the balance sheet as at March 31, 2011, the statements of revenues and expenses, statements of changes in fund balances, and statement of cash flows for the estates and trusts and the administration fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the 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, 2011 and its financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Toronto, Ontario
June 23, 2011

The Public Guardian and Trustee for the Province of Ontario

Balance Sheet

(in thousands of dollars)

March 31, 2011

	Estates and Trusts		Administration Fund	
	2011	2010	**2011**	2010
Assets				
Cash and cash equivalents	**$ 32,599**	$ 20,904	**$ 180**	$ 665
Accounts receivable	**3,766**	3,588	**2,205**	1,994
Bonds and other debt issues	**35,010**	47,688	**-**	-
Fixed income funds (Schedule A)	**1,098,853**	1,077,844	**1,593**	4,925
Diversified fund (Schedule B)	**60,399**	55,413	**57,027**	57,723
Canadian income and dividend fund (Schedule C)	**62,705**	53,527	**19,423**	17,678
Stocks and other securities	**17,814**	20,626	**-**	-
Real estate	**81,162**	90,698	**-**	-
Other assets	**15,874**	16,277	**-**	-
	1,408,182	1,386,565	**80,428**	82,985
Client Management Information System (Note 7)	**-**	-	**6,980**	9,306
	$ 1,408,182	$ 1,386,565	**$ 87,408**	$ 92,291
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	**46,213**	43,146	**4,813**	9,899
Fund balances	**1,361,969**	1,343,419	**82,595**	82,392
	$ 1,408,182	$ 1,386,565	**$ 87,408**	$ 92,291

Contingencies (Note 8)

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

Original signed by	Original signed by
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 period ended March 31		**2011**		2010
Revenue				
Pension	$	**75,836**	$	72,504
Social benefits		**72,163**		68,012
Investment (Schedule E)		**44,707**		46,357
Other		**30,006**		24,931
Net unrealized investment appreciation		**8,837**		19,647
Realized investment appreciation		**606**		-
		232,155		231,451
Expenses				
Accommodation		**96,625**		93,120
Allowances		**36,253**		34,484
Public Guardian and Trustee fees (Schedule D)		**23,951**		23,232
Living		**9,760**		9,964
Taxes		**8,507**		10,502
Other		**7,974**		8,533
Real estate		**7,735**		7,034
Medical		**5,307**		4,951
Funeral		**5,112**		4,476
Utilities		**3,532**		3,441
Insurance		**1,329**		1,293
		206,085		201,030
Excess of revenue over expenses	$	**26,070**	$	30,421

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 period ended March 31		2011		2010
Revenue				
Investments - fixed income funds (Schedule A)	$	**(817)**	$	(1,539)
Investments - diversified fund (Schedule B)		**5,863**		9,508
Investments - Canadian income and dividend fund (Schedule C)		**1,493**		3,304
		6,539		11,273
Fees collected (net) (Schedule D)		**22,618**		21,731
		29,157		33,004
Expenses				
Salaries and wages		**29,630**		27,834
Services (Note 3)		**4,266**		4,353
Employee benefits (Note 3)		**3,944**		3,686
Amortization of Client Management Information System		**2,326**		2,327
Transportation and communication		**1,115**		1,009
Supplies and equipment		**692**		514
		41,973		39,723
Amount recovered from the Ministry of the Attorney General (Note 3)		**(13,256)**		(7,974)
		28,717		31,749
Claims		**237**		441
		28,954		32,190
Excess of revenue over expenses	$	**203**	$	814

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

For the period ended March 31, 2011

	Client Trusts	Minors	Litigants	Deceased Estates (note 1)	Cemetery Trusts	Forfeited Corporate Assets (note 1)	Corporate Trusts (note 1)	Land Titles	Total 2011	Total 2010
Balance, beginning of period	$ 506,895	383,019	282,292	145,672	21,319	867	28	3,327	$ 1,343,419	$ 1,257,318
Excess (deficiency) of revenue over expenses	5,911	14,993	7,907	(3,950)	446	659	1	103	26,070	30,421
Net client capital contribution (distribution)	(16,756)	(6,557)	21,290	(5,235)	984	19	-	(1,265)	(7,520)	55,680
Balance, as of March 31, 2011	$ 496,050	391,455	311,489	136,487	22,749	1,545	29	2,165	$ 1,361,969	$ 1,343,419

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

For the period ended March 31, 2011

	Client Management Information System	Assurance Fund	Litigation Reserve Fund	Allowance for Doubtful Accounts Fund	Capacity Assessment Fund	Unappro-priated Fund	Total 2011	Total 2010
Balance, beginning of period	$ 9,306	$ 14,300	$ 3,000	$ 100	$ 100	$ 55,586	$ 82,392	$ 81,578
Excess (deficiency) of revenue over expenses	(2,326)	(74)	(89)	-	(74)	2,766	203	814
Interfund transfers	-	74	89	-	74	(237)	-	-
Balance, as of March 31, 2011	$ 6,980	$ 14,300	$ 3,000	$ 100	$ 100	$ 58,115	$ 82,595	$ 82,392

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 period ended March 31	Estates and Trusts 2011	Estates and Trusts 2010	Administration Fund 2011	Administration Fund 2010
Cash was provided by (used in)				
Operating activities				
Excess of revenue over expenses	$ 26,070	$ 30,421	$ 203	$ 814
Adjustments for non-cash items				
Amortization of Client Management Information System	-	-	2,326	2,327
Unrealized (appreciation) of investments	(8,837)	(19,647)	(4,964)	(10,935)
	17,233	10,774	(2,435)	(7,795)
Changes in working capital items				
Accounts receivable	(178)	284	(211)	300
Other assets	403	(654)	-	-
Accounts payable and accrued liabilities	3,067	11,344	(5,086)	5,246
	20,525	21,749	(7,732)	(2,249)
Investing activities				
Net (acquisition)/redemption of				
Bond and other debt issues	12,678	(2,823)	-	-
Fixed income fund investments	(21,009)	(60,200)	3,332	5,328
Stocks and other securities	4,843	(747)	-	-
Diversified fund investments	(1,322)	1,514	4,648	(1,869)
Canadian income and dividend fund	(6,036)	(2,769)	(733)	(700)
Real estate	9,536	(250)	-	-
Net client capital contribution	(7,520)	55,680	-	-
	(8,830)	(9,595)	7,247	2,759
Increase/(decrease) in cash and cash equivalents	11,695	12,153	(485)	511
Cash and cash equivalents, beginning of the period	20,904	8,751	665	154
Cash and cash equivalents, end of the period	$ 32,599	$ 20,904	$ 180	$ 665

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.

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 $73,727 (2010 - $347,522) 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 $89,182 (2010 –$42,185) 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 $73,683 (2010 - $50,929) 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 trading. Cash and cash equivalents are classified as held-for-trading and stated at fair value. Other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. 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 has adopted The Canadian Institute of Chartered Accountants' Handbook Section 3861, Financial Instruments - Disclosure and Presentation. In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, Public Guardian has elected not to adopt these standards in its financial statements.

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.

Client Management Information

Costs of the development and implementation of a client management information system incurred from 2002 to 2009 have been capitalized. These costs are being amortized using straight line method over a period of five years which is management's best estimate of the useful life of the system.

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 the Statement of Revenue and Expenses in the current period. As of March 31, 2011 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.

Revenues of the Administration Fund from Investments and Realized Investment Appreciation/(Depreciation) are recognized when received or receivable. Fee revenues are collected monthly. Net Unrealized Investment Appreciation/(Depreciation) represents net unrealized gains/(losses) from changes in the market value of Diversified Fund and Canadian Income and Dividend Fund.

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. 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. Such property transfers to the CRF 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 Deceased Estates escheats amounting to $2,269,532 (2010 - $1,526,095) were transferred to the Consolidated Revenue Fund.

Under the *Business Corporations Act* and the *Escheats Act*, the Public Guardian and Trustee may take possession of assets of dissolved corporations which has become forfeited to the Crown. Such property transfers to the CRF are included in client capital distributions in arriving at the amount shown as the net client capital contribution (distribution) for Forfeited Corporate Assets and Corporate Trusts in the Statement of Changes in Fund Balances – Estate and Trusts.

Pursuant to section 16.4 of the *Financial Administration Act*, $nil (2010 - $9,138,591) was transferred to the CRF during the year.

2. 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.

3. 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 Services (MGS) funds the employer's contribution to the Pension Funds.
- The cost of post-retirement, non-pension employee benefits are paid by MGS.
- The Public Guardian and Trustee occupies leased premises paid for by the Ministry of the Attorney General (MAG).
- MGS provides payroll and payment processing for The Public Guardian and Trustee.

MAG provides partial funding for the operations of the Public Guardian and Trustee, which is reflected in the financial statements. During the year $13,256,336 (2010 - $7,974,212) was recovered from MAG net of a $4,167,000 (2010 - $7,182,000) payment from the general revenues of the Administration Fund. The $4,167,000 payment is the second of three equal annual payments requested by MAG.

4. 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 $795,000 (2010 - $795,000) and miscellaneous securities and documents having a face value of $3,757,440 (2010 - $3,955,640). 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.

5. Capital Management

The Public Guardian and Trustee's operating capital is the Administration fund which consists of various specific purpose funds and an unappropriated fund (detailed in the Statement of Changes in Fund Balances – Administration Fund).

The Public Guardian and Trustee's objectives when managing its Administration Fund are to safeguard its ability to continue operations and provide adequate resources to safeguard clients' interests. The Public Guardian and Trustee expects its current capital (fund) resources, together with future cash flows from operations, are sufficient to support the Public Guardian and Trustee's ability to operate on an ongoing basis. These objectives have not changed during the year.

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

6. Financial Instruments and Risk Management

The Public Guardian and Trustee and its clients are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The Public Guardian and Trustee manages these risks as follows:

a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect investment income earnings or the value of financial instrument holdings.

i) Price Risk

Price risk is the risk that the value of financial instruments will be adversely impacted by changes in market prices.

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 are undertaken only when the client can invest for a medium to longer term.

ii) 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 rate interest.

By adopting a hold to maturity policy on its Laddered Buy and Hold fund, the Public Guardian and Trustee has significantly mitigated this risk, particularly for short term, temporary movements in market interest rates.

iii) Foreign Exchange Risk

Foreign currency risk is the risk that the fair value of investment assets and earnings on those assets will fluctuate as the result of changes in foreign exchange rates. The Public Guardian and Trustee and its clients invested in the Diversified Fund are exposed to this risk.

Hedging foreign currency exposure is considered by management as part of an annual review of investment policies. The Public Guardian and Trustee has not entered into any transactions such as forward foreign exchange contracts to mitigate this risk.

b) Credit Risk

Credit risk is the risk that an issuer of a financial instrument will fail to discharge an obligation.

The Public Guardian and Trustee has mitigated 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.

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

c) Liquidity Risk

Liquidity risk is the risk that funds are not available to enable ongoing operations and discharge obligations.

The Public Guardian and Trustee has mitigated this risk by maintaining significant holdings in short term, liquid, money market instruments.

7. Client Management Information System

March 31 (in thousands of dollars)			2011	2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Client Management Information System	$ 11,633	$ 4,653	$ 6,980	$ 9,306

8. 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.

The Public Guardian and Trustee
for the Province of Ontario
Schedule A - Fixed Income Funds
(in thousands of dollars)

March 31			2011		2010
INVESTMENTS					
Cash		**$**	**12,033**	$	7,112
Accrued interest			**11,883**		11,842
Short term investments			**263,565**		253,400
			287,481		272,354
Mid term investments					
Corporate Bonds	(i)		**38,701**		60,855
Federal Government	(ii)		**41,359**		33,696
Provincial Governments	(iii)		**363,455**		344,802
Financial Institutions	(iv)		**369,450**		371,062
			812,965		810,415
		$	**1,100,446**	$	1,082,769
Allocated as follows					
Estates and Trusts		**$**	**1,098,853**	$	1,077,844
Administration Fund			**1,593**		4,925
		$	**1,100,446**	$	1,082,769
INCOME					
Allocated as follows					
Estates and Trusts		**$**	**37,170**	$	38,829
Administration Fund			**(817)**		(1,539)
		$	**36,353**	$	37,290

Short term investments at March 31, 2011 bear interest at annual rates ranging from 4.25% to 6.865% (2010 - from 3.65% to 7.15%), with maturity dates ranging from 1 day to 365 days (2010 - from 1 day to 321 days).

Mid term investments at March 31, 2011	Interest Rates		Carrying Value		Fair Value
(i) Corporate Bonds					
1 - 3 years	**5.00 - 6.25%**	**$**	**21,268**	**$**	21,905
3 years +	**4.70 - 6.00%**		**17,433**		17,964
			38,701		39,869
(ii) Federal Government					
1 - 3 years	**2.70 - 4.80%**		**41,359**		42,022
(iii) Provincial Governments					
1 - 3 years	**4.25 - 5.85%**		**136,834**		140,079
3 years +	**3.15 - 5.50%**		**226,621**		228,308
			363,455		368,387
(iv) Financial Institutions					
1 - 3 years	**4.35 - 6.70%**		**103,979**		107,587
3 years +	**3.18 - 5.45%**		**265,471**		269,277
			369,450		376,864
		$	**812,965**	**$**	827,142

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 period from April 1, 2010 to March 31, 2011, the prescribed rate for the Canadian Funds was 3.65% (2010 ranged from 3.65% to 4.00%), and for the U.S. Funds was 0.30% (2010 ranged from 0.30% to 2.00%).

The Public Guardian and Trustee
for the Province of Ontario
Schedule B - Diversified Fund
(in thousands of dollars)

March 31		2011		2010
INVESTMENTS				
Cash	$	1,785	$	430
Net (redemptions)/other assets		(8,718)		266
Short term notes		2,116		249
		(4,817)		945
Bonds		42,333		43,401
Canadian equity		51,597		43,522
Foreign equity		28,313		25,268
	$	117,426	$	113,136
Allocated as follows				
Estates and Trusts	$	60,399	$	55,413
Administration Fund		57,027		57,723
	$	117,426	$	113,136
INCOME				
Estates and Trusts				
Investment earnings	$	1,689	$	1,859
Unrealized appreciation		4,016		10,344
Net unrealized foreign exchange (depreciation)		(352)		(2,221)
Net unrealized appreciation		3,664		8,123
Realized appreciation		856		-
Net realized foreign exchange (depreciation)		(309)		-
Net realized appreciation		547		-
	$	5,900	$	9,983
Administration Fund				
Investment earnings	$	1,336	$	1,423
Unrealized appreciation		4,325		10,398
Net unrealized foreign exchange (depreciation)		(373)		(2,313)
Net unrealized appreciation		3,952		8,085
Realized appreciation		575		-
	$	5,863	$	9,508

The Short term notes and Bonds at March 31, 2011 bear interest at annual rates ranging from 1.00% to 12.20% (2010 - from 0.625% to 12.20%), with maturity dates ranging from 84 days to 97 years (2010 - from 1 day to 98 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.

The Public Guardian and Trustee for the Province of Ontario

Schedule C - Canadian Income and Dividend Fund

(in thousands of dollars)

March 31		2011		2010
INVESTMENTS				
Cash	$	5	$	103
Net (redemptions)/other assets		(502)		214
Short term notes		4,257		595
		3,760		912
Bonds		32,287		32,738
Canadian equity		46,081		37,555
	$	82,128	$	71,205
Allocated as follows				
Estates and Trusts	$	62,705	$	53,527
Administration Fund		19,423		17,678
	$	82,128	$	71,205
INCOME				
Estates and Trusts				
Investment earnings	$	2,189	$	2,129
Unrealized appreciation		3,142		8,626
Realized appreciation		59		-
		5,390		10,755
Administration Fund				
Investment earnings	$	462	$	454
Unrealized appreciation		1,012		2,850
Realized appreciation		19		-
	$	1,493	$	3,304

The Short term notes and Bonds at March 31, 2011 bear interest at annual rates ranging from 1.00% to 11.00% (2010 - from 0.289% to 11.00%), with maturity dates ranging from 15 days to 97 years (2010 - from 55 days to 98 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 period ended March 31		2011		2010
Client trusts	$	**15,516**	$	15,197
Minors		**2,794**		2,740
Deceased estates		**3,594**		3,088
Litigants		**1,609**		1,563
Court-appointed litigation guardian legal services		**92**		305
Cemetery trusts		**183**		176
Charity trusts		**141**		145
Forfeited corporate assets/corporate trusts		**22**		18
Public Guardian and Trustee Fees - Estates and Trusts		**23,951**		23,232
less: Costs of fee services		(1,333)		(1,501)
Fees collected (net) - Administration Fund	$	**22,618**	$	21,731

Schedule E - Estates and Trusts Investment Income

(in thousands of dollars)

For the period ended March 31		2011		2010
Fixed income funds (Schedule A)	$	**37,170**	$	38,829
Diversified fund (Schedule B)		**1,689**		1,859
Canadian income and dividend fund (Schedule C)		**2,189**		2,129
Income from other investments held for clients		**3,659**		3,540
	$	**44,707**	$	46,357