LinkedIn

From: Picard, Michel
Sent: Monday, January 23, 2017 10:27 AM
To: Church, Bailey J <bchurch@kpmg.ca>; Newman, Andrew <andrewnewman@kpmg.ca>
Subject: Time sensitive

Andrew, Bailey,

I have a call today at 2:30pm with the Ontario MOF and MOE concerning the creation of a Trust. PSAB states that Trusts should not be consolidated into the Province's books.

TRUSTS UNDER ADMINISTRATION

.40 *Trusts administered by a government or government organization should be excluded from the government reporting entity.* [JUNE 1996]

.41 **Trusts** are defined as property that has been conveyed or assigned to a **trustee** to be administered as directed by agreement or statute. In a **trust** relationship, the **trustee** holds title to property for the benefit of, and stands in a fiduciary relationship to, the beneficiary.

.42 To meet the definition in paragraph PS 1300.41, the property conveyed or assigned to the government or government organization acting as a **trustee**, must be provided to fulfill a particular objective of the donor of the property conveyed or assigned. The government or government organization would merely administer the terms and conditions embodied in the agreement and has no unilateral authority to change the conditions set out in the **trust** indenture. For this reason, the assets and activities of the **trust** are excluded from the government's reporting entity.

.43 A government or government organization acts as **trustee** when it administers **trusts** on behalf of the beneficiaries specified in the agreement or statute. As **trustee**, the government is accountable to third parties for the use and disposition of **trust** assets and for the funds derived from those **trust** activities. **Trust** assets are not owned by the Crown in right of Canada, a province or territory, or by a local government, and should not be included in the government reporting entity.

.44 *Government financial statements should disclose, in a note or schedule, a description of trusts under administration by a government or government organization, and a summary of trust balances.* [JUNE 1996]

.45 To acknowledge and report on the magnitude of **trusts** administered by a government or government organization, a note or schedule to government financial statements would describe the **trust** assets under administration and would set out a summary of **trust** balances.

.46 Often the term "**trusts**" is applied to assets earmarked as a result of a government policy decision when no **trust** liability exists. Such assets are special funds that comprise part of the government reporting entity and would be consolidated

I would like to discuss with one of you the accounting treatment and whether there is a risk that it could be construed that the Trust is controlled by the Province and therefore would need to be consolidated into the Porvince's books.

From: Picard, Michel
Sent: Monday, January 23, 2017 8:32 AM
To: Church, Bailey J <bchurch@kpmg.ca>
Subject: FW: Thoughts after yesterday's meeting

View?