

**The Public Guardian and Trustee
For the Province of Ontario**

**Financial Statements
For the year ended March 31, 2007**

Annual Report 2006-07 – Message from the Public Guardian and Trustee

The 2006/2007 fiscal year was an extremely busy and productive one at the Office of the Public Guardian and Trustee.

On the technology front, the Office finalized the selection and acquisition of new investment management software - AccuTrust Gold - and completed the development of a new IT system for the Accountant of the Superior Court of Justice. The business requirements for the Client Management and Correspondence parts of the new IT system were developed for the Property Guardianship Services and Estates Unit for the purpose of development and implementation during the next fiscal year.

On the investment front, the OPGT established a Canadian Income and Dividend Fund, to be added to the investment options available for our clients. This fund consists of a balanced portfolio of high quality income-producing Canadian securities, which include dividend-paying common and preferred equities and fixed-income securities designed to generate a consistent stream of income and long-term capital appreciation. This fund is an appropriate investment for clients who require moderately higher regular income and who can tolerate some capital risk over a medium to long-term investment horizon. Income earned on the amount invested in this fund may be paid into the client's trust account each month or, where the client does not require regular monthly income, reinvested in this fund.

We were extremely busy with procurement this past year as well. After an extensive search process, Beutel Goodman and Co. Ltd. and Co-operators Investment Counselling Limited were retained as investment managers of the OPGT Diversified Fund, commencing September 1, 2007. Co-operators Investment Counselling Ltd. was also recruited to manage the Canadian Income and Dividend Fund, effective October 1, 2006. Philips, Hager and North continue to manage our Canadian Money Market Fund and were also selected as manager of the bond and US money market funds.

On the front-lines, workload continues to increase as our base of incapable adult clients expands. At the end of this fiscal year we were actively managing 9537 property guardianship cases. The number of these cases that are complex - meaning that they involve real estate, legal work, management of related trusts, investments, extended health care benefits and/or clients who are living independently - increased to 74% of the total caseload. This has had a ripple effect in terms of work pressures on those related front-line resources such as financial planners, lawyers and investigators, who provide support services to the client representatives.

On the personal care side, the number of personal care guardianships and community treatment orders has remained relatively stable at 20 and 129 respectively. The total number of treatment decisions made exceeded 4,400.

A key focus of our attention this past year has been our Estates Department where our goal has been to complete outstanding searches for heirs on files that have been open several years, thus reducing the overall number of files under administration. I am very pleased to report that at the end of this past fiscal year, the overall caseload stands at approximately 1,300, a reduction of approximately 450 cases since the last report from the Auditor General in November of 2004.

What I have relayed above speaks mainly to numbers and statistics. While there is no question that this data is very important in assessing service delivery, in organizational planning and in ensuring that performance targets are met, this type of information doesn't speak to the ultimate "real" benefits felt by the incapable individuals, families, and heirs who have been helped by our services. These are best illustrated by descriptions of some of the real-life cases that we helped with this past fiscal year. There are too many to mention but, as examples, here are two:

A New Beginning

A police officer placed a call to our Investigations Unit to advise that they had been informed by staff at a local Association for Community Living (ACL) that a severely developmentally delayed young woman had become pregnant. The police suspected she might have been sexually abused. This young woman also suffered from other health and personal hygiene concerns. The young woman was at the time living with her mother and stepfather.

Following the police investigation, a family member was charged with the sexual assault and ordered by the Court to stay away from the young woman.

The young woman moved into her sister's home after the family member's arrest. Her mother would care for her during the day and her sister would care for her during the night. However, the mother still denied that the family member had done anything wrong, and removed her daughter from the ACL day program, depriving her of the highly necessary socialization and stimulation provided by the program.

The OPGT commenced a guardianship investigation with a focus on the young woman's personal care. Following the investigation, the PGT applied to court to be appointed the guardian of person with a plan to place the young woman in a group home supervised by the ACL and in day programs suitable for her. Our client had a re-introduction visit to the all-day program, and was reportedly very happy to see familiar staff and friends. In the meantime, the group home staff

have kept her busy by getting her playing outdoors in the yard, going for walks and playing on the swing, as well as a few special outings with the staff.

The Trip of a Lifetime

Mr. A is a 41-year-old client of the PGT since December 2003. He is an immigrant from Sudan and has a history of mental illness. He is currently stable on medication, living independently in a subsidized apartment in Kitchener. He is supported in the community by Community Mental Health Association (CMHA).

Over the past two years Mr. A had expressed a strong desire to visit his family in a Kenyan refugee camp. Other than a sister in western Canada all his siblings (approximately 10) were in the refugee camp or the Sudan. Since his sole source of income is ODSP benefits a budget was established that would allow for significant savings to fund the possible trip.

Mr. A met the PGT criteria for travel and left Toronto on April 4, 2007 for Nairobi. Unfortunately, while staying in his hotel in Nairobi prior to heading to the Sudanese border to the refugee camp, he was robbed of all his travel funds. After an urgent call to his support CMHA worker, we arranged for additional funds to be wired to him. Over the course of the trip smaller amounts of funds were forwarded.

After several days, Mr. A arrived at the refugee camp at the Sudan/Kenya border where he met his siblings. One of his brothers is a doctor in the camp. He also traveled across the border into Sudan to visit his home area. He was saddened to learn that his mother, a brother, and a sister had been murdered in Sudan.

Mr. A arrived back home on May 17, 2007. He stated that it was the trip of his lifetime and he would not have missed it for anything. The trip was only possible because of the excellent teamwork among the client's CMHA support work, OPGT staff, and the client.

From our clients.

Dear Crew at PGT:

Seasons greetings to you wonderful people at PGT. It is without doubt that I am grateful for what you people have done on my behalf both financially and legally. When I was very ill, I didn't realize what I was doing with my property especially with my money. I am glad that my doctor placed me in your care with these matters. I will not want to contend the issue of my incapacity to handle with monies and legal matters. I will do my best not to be mean to you people because what you do in handling my financial and legal affairs. Thank you very much for putting up with me, again I say Mee-gwech!
Yours truly,

And from a conversation:

Ms. B tells us that the OPGT has changed her life. She was once financially drowning in debts and became suicidal and depressed. She indicates that she is no longer in debt because of the OPGT, she is on a budget and no longer has bill collectors chasing her. Most importantly, she has a new lease on life and is no longer suicidal. She said that she "didn't care if she had a million dollars, she would still want our office to manage it for her". She also mentioned that she loves coming to our office to pick up her cheques as it gives her an excuse to get up, face the day and have someone to see.

... Thank you

Louise Stratford
Public Guardian and Trustee


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 25, 2007

**The Public Guardian and Trustee
for the Province of Ontario
Financial Statements
For the year ended March 31, 2007**

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Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Auditor's Report

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, 2007 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, 2007, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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Toronto, Ontario
May 25, 2007

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

**The Public Guardian and Trustee
for the Province of Ontario**
Balance Sheet
(in thousands of dollars)

March 31, 2007

	Estates and Trusts		Administration Fund	
	2007	2006	2007	2006
Assets				
Cash and cash equivalents	\$ 2,443	\$ 5,617	\$ 47	\$ 135
Accounts receivable	3,707	3,260	1,882	3,472
Bonds and other debt issues	29,888	24,507	-	-
Fixed income funds (Schedule A)	953,685	919,238	11,227	3,942
Diversified fund (Schedule B)	60,186	59,545	55,793	65,937
Canadian income and dividend fund (Schedule C)	19,686	-	15,864	-
Stocks and other securities	49,821	56,012	-	-
Real estate	68,271	68,412	-	-
Other assets	13,453	12,948	-	-
	1,200,940	1,149,539	84,813	73,486
Deferred special project charges	-	-	6,703	5,463
	\$ 1,200,940	\$ 1,149,539	\$ 91,516	\$ 78,949
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	22,290	22,032	2,415	421
Fund balances	1,178,650	1,127,507	89,101	78,528
	\$ 1,200,940	\$ 1,149,539	\$ 91,516	\$ 78,949

Contingencies (Note 5)

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

2007

2006

Revenue

Pension	\$ 64,232	\$ 61,609
Social benefits	56,429	52,517
Investment (Schedule E)	42,393	33,566
Other	25,862	22,145
Net unrealized investment appreciation	4,871	7,932
Realized investment appreciation	6,317	100
	200,104	177,869

Expenses

Accommodation	77,167	74,890
Allowances	23,882	23,585
Public Guardian and Trustee fees (Schedule D)	21,774	20,820
Other	9,532	8,350
Living	8,840	8,340
Taxes	7,248	10,466
Funeral	4,420	4,214
Medical	3,946	3,817
Utilities	2,374	2,269
Real estate	2,118	6,424
Insurance	785	808
	162,086	163,983

Excess of revenue over expenses	\$ 38,018	\$ 13,886
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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	2007	2006
Revenue		
Investments - fixed income funds (Schedule A)	\$ 1,734	\$ 1,214
Investments - diversified fund (Schedule B)	2,460	6,158
Investments - Canadian income and dividend fund (Schedule C)	772	-
Net realized investment appreciation	1,898	192
	<u>6,864</u>	7,564
Fees collected (net) (Schedule D)	20,644	19,727
	<u>27,508</u>	27,291
Expenses		
Salaries and wages	22,124	21,514
Employee benefits (Note 3)	2,740	2,741
Services (Note 3)	2,913	2,724
Transportation and communication	1,257	1,184
Supplies and equipment	696	639
	<u>29,730</u>	28,802
Amount recovered from the Ministry of the Attorney General (Note 3)	<u>(13,193)</u>	<u>(12,271)</u>
	16,537	16,531
Claims (recoveries)	398	(64)
	<u>16,935</u>	16,467
Excess of revenue over expenses	\$ 10,573	\$ 10,824

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 year ended March 31, 2007

	Client Trusts	Minors	Litigants	Deceased Estates (note 1)	Cemetery Trusts	Forfeited Corporate Assets	Corporate Trusts	Land Titles	Total 2007	Total 2006
Balance, beginning of year	\$ 415,202	380,586	191,979	104,479	22,008	8,072	3,066	2,115 \$	1,127,507 \$	1,091,094
Excess (deficiency) of revenue over expenses	13,557	18,397	6,250	(689)	158	255	12	78	38,018	13,886
Net client capital contribution (distribution)	9,828	(19,588)	17,349	7,870	(1,614)	(22)	-	(698)	13,125	22,527
Balance, end of year	\$ 438,587	379,395	215,578	111,660	20,552	8,305	3,078	1,495 \$	1,178,650 \$	1,127,507

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

For the year ended March 31, 2007

	Special Projects Fund	Assurance Fund	Litigation Reserve Fund	Allowance for Doubtful Accounts Fund	Capacity Assessment Fund	Unappro- priated Fund	Total 2007	Total 2006
Balance, beginning of year	\$ 20,701	\$ 5,000	\$ 3,000	\$ 100	\$ 100	\$ 49,627	\$ 78,528	\$ 67,704
Excess (deficiency) of revenue over expenses	4,358	(258)	(116)	-	(24)	6,613	10,573	10,824
Interfund transfers	-	6,258	116	-	24	(6,398)	-	-
Balance, end of year	\$ 25,059	\$ 11,000	\$ 3,000	\$ 100	\$ 100	\$ 49,842	\$ 89,101	\$ 78,528

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		Administration Fund	
	2007	2006	2007	2006
Cash was provided by (used in)				
Operating activities				
Excess of revenue over expenses	\$ 38,018	\$ 13,886	\$ 10,573	\$ 10,824
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities				
Unrealized appreciation of investments	(4,871)	(7,932)	(1,726)	(4,563)
Accounts receivable	(447)	2,245	1,590	(1,864)
Other assets	(505)	(1,097)	-	-
Accounts payable	258	8,933	1,994	(2,364)
	<u>32,453</u>	<u>16,035</u>	<u>12,431</u>	<u>2,033</u>
Investing activities				
Net acquisition/redemption of				
Bond and other debt issues	(5,381)	(739)	-	-
Fixed income fund investments	(34,347)	(37,269)	(7,285)	(605)
Stocks and other securities	7,139	(1,816)	-	-
Diversified fund investments	2,884	2,639	11,266	(1,141)
Canadian income and dividend fund	(19,188)	-	(15,260)	-
Real estate	141	474	-	-
Deferred special project charges	-	-	(1,240)	(247)
Net client capital contribution	13,125	22,527	-	-
	<u>(35,627)</u>	<u>(14,184)</u>	<u>(12,519)</u>	<u>(1,993)</u>
Net (decrease) increase in cash and cash equivalents	(3,174)	1,851	(88)	40
Cash and cash equivalents, beginning of the year	5,617	3,766	135	95
Cash and cash equivalents, end of the year	\$ 2,443	\$ 5,617	\$ 47	\$ 135

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

Summary of Significant Accounting Policies

March 31, 2007

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 \$258,058 (2006 - \$30,788) and increased by transfer of an additional \$6,000,000 (2006 - \$2,800,000) 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.

The Public Guardian and Trustee for the Province of Ontario

Summary of Significant Accounting Policies

March 31, 2007

During the year, legal costs incurred on behalf of clients of \$115,721 (2006 –recoveries exceeded legal costs by \$113,866) 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 \$24,309 (2006 - \$18,630) 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.
- Investments are subject to the risk that values will fluctuate due to changes in foreign exchange rates.
- These risks are mitigated by investing in a diversified portfolio.

The Public Guardian and Trustee for the Province of Ontario

Summary of Significant Accounting Policies

March 31, 2007

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 2007 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	<p>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.</p> <p>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, 2007 The Public Guardian and Trustee held only US dollars in foreign currency.</p>
Revenue Recognition	Revenues of Estates and Trusts from Pension, Social Benefits, Investment, Other and Realized Investment Appreciation are recognized when received or receivable. Net Unrealized Investment Appreciation represents unrealized gains from changes in 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.

The Public Guardian and Trustee for the Province of Ontario

Notes to Financial Statements

March 31, 2007

1. 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 \$1,571,914 (2006 - \$2,118,963) was transferred to the Consolidated Revenue Fund.

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.
- MGS 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.

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 \$690,000 (2006 - \$1,045,850) and miscellaneous securities and documents having a face value of \$3,706,946 (2006 - \$3,841,250). 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. 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.

6. Comparative Figures

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

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

March 31	2007	2006
INVESTMENTS		
Cash	\$ 787	\$ 2,117
Accrued interest	11,362	10,472
Short term investments	539,604	525,251
	551,753	537,840
Mid term investments		
Corporate Bonds (i)	18,150	24,883
Federal Government (ii)	37,209	98,688
Provincial Governments (iii)	169,238	99,977
Financial Institutions (iv)	188,462	161,792
	413,059	385,340
	\$ 964,812	\$ 923,180
Allocated as follows		
Estates and Trusts	\$ 953,585	\$ 919,238
Administration	11,227	3,942
	\$ 964,812	\$ 923,180
INCOME		
Allocated as follows		
Estates and Trusts	\$ 34,431	\$ 27,930
Administration	1,734	1,214
	\$ 36,165	\$ 29,144

Short term investments at March 31, 2007 bear interest at annual rates ranging from 2.60% to 7.25% (2006 - from 2.60% to 7.75%), with maturity dates ranging from 2 days to 303 days (2006 - from 1 day to 259 days)

Mid term investments at March 31, 2007		Interest Rates	Carrying Value	Fair Value
(i)	Corporate Bonds 1 - 3 years	4.00 - 6.00%	\$ 18,150	\$ 18,023
			18,150	18,023
(ii)	Federal Government 1 - 3 years	4.10 - 6.00%	37,209	37,042
			37,209	37,042
(iii)	Provincial Governments 1 - 3 years	4.00 - 6.50%	169,238	168,634
			169,238	168,634
(iv)	Financial Institutions 1 - 3 years 3 years +	3.50 - 10.85% 3.96 - 6.75%	120,392 68,070	120,271 67,810
			188,462	188,081
			\$ 413,059	\$ 411,780

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 limitation 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 3.50% to 4.00% (2006 - 3.25%), and for the U.S. Funds ranged from 3.75% to 4.75% (2006 ranged from 2% to 3%).

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

March 31	2007	2006
INVESTMENTS		
Cash	\$ 49	\$ 83
Net other (liabilities) assets	(172)	169
Short term notes	1,916	2,002
	1,793	2,254
Bonds	43,946	44,039
Canadian equity	45,094	39,146
Foreign equity	25,146	40,043
	\$ 115,979	\$ 125,482
Allocated as follows		
Estates and Trusts	\$ 60,186	\$ 59,545
Administration Fund	55,793	65,937
	\$ 115,979	\$ 125,482
INCOME		
Estates and Trusts		
Investment earnings	\$ 1,884	\$ 1,824
Unrealized appreciation	2,736	4,864
Net unrealized foreign exchange appreciation/(depreciation)	788	(468)
Net unrealized appreciation	3,524	4,396
Realized investment appreciation	7,244	164
Net realized foreign exchange depreciation	(927)	(64)
Net realized investment appreciation	6,317	100
	\$ 11,725	\$ 6,320
Administration		
Investment earnings	\$ 1,339	\$ 1,595
Unrealized appreciation	314	5,513
Net unrealized foreign exchange appreciation/(depreciation)	807	(950)
Net unrealized appreciation	1,121	4,563
Realized investment appreciation	2,848	258
Net realized foreign exchange depreciation	(950)	(66)
Net realized investment appreciation	1,898	192
	\$ 4,358	\$ 6,350

The Short term Notes and Bonds at March 31, 2007 bear interest at annual rates ranging from 3.75% to 12.20% (2006 - from 3.00% to 11.45%), with maturity dates ranging from 11 days to 99 years (2006 - from 6 days to 43 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	2007	2006
INVESTMENTS		
Cash	\$ 11	\$ -
Net other assets	532	-
Short term notes	945	-
	<u>1,488</u>	-
Bonds	16,049	-
Canadian equity	17,913	-
	<u>\$ 35,450</u>	\$ -
Allocated as follows		
Estates and Trusts	\$ 19,586	\$ -
Administration Fund	15,864	-
	<u>\$ 35,450</u>	\$ -
INCOME		
Estates and Trusts		
Investment earnings	\$ 209	\$ -
Unrealized appreciation	399	-
	<u>\$ 608</u>	\$ -
Administration		
Investment earnings	\$ 167	\$ -
Unrealized appreciation	605	-
	<u>\$ 772</u>	\$ -

The Short term Notes and Bonds at March 31, 2007 bear interest at annual rates ranging from 3.70% to 7.60%, with maturity date: ranging from 47 days to 29 years.

Canadian Income and Dividend Fund

Effective October 1st, 2006, The Public Guardian and Trustee added a new Canadian Income and Dividend Fund to the investment options available to its clients. This fund consists of a balanced portfolio of high quality income-producing Canadian securities which include 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	2007	2006
Client trusts	\$ 14,057	\$ 12,805
Minors	2,911	2,687
Deceased estates	3,164	3,750
Litigants	1,166	1,139
Court-appointed litigation guardian legal services	116	102
Cemetery trusts	166	188
Charity trusts	147	121
Forfeited corporate assets/corporate trusts	47	28
Public Guardian and Trustee Fees - Estates and Trusts	21,774	20,820
less: Costs of fee services	(1,130)	(1,093)
Fees collected (net) - Administration Fund	\$ 20,644	\$ 19,727

Schedule E - Estates and Trusts Investment Income
(in thousands of dollars)

For the year ended March 31	2007	2006
Fixed income funds (Schedule A)	\$ 34,431	\$ 27,930
Diversified fund (Schedule B)	1,884	1,824
Canadian income and dividend fund (Schedule C)	209	-
Income from other investments held for clients	5,869	3,812
	\$ 42,393	\$ 33,566