

PUBLIC TRUSTEE

Financial Statements
March 31, 2020

Management's Report

Management's Responsibility for the Financial Statements

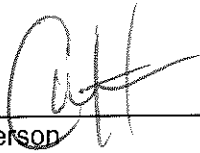
These financial statements have been prepared in accordance with the accounting policies disclosed in Note 2 to the financial statements and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Public Trustee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Public Trustee reviews internal financial reports on a regular basis and externally audited financial statements annually.

The Office of the Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses their opinion on the financial statements. The Office of the Auditor General has full and free access to financial information and management of the Public Trustee.

On behalf of the Public Trustee



Clare Henderson
Acting Public Trustee



Chantal Fisher
Deputy Public Trustee

May 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Honourable Bloyce Thompson
Attorney General
Province of Prince Edward Island

Qualified Opinion

I have audited the financial statements of the **Public Trustee**, which comprise the statement of financial position as at March 31, 2020 and the statements of operations and accumulated surplus, change in net debt, and continuity of assets and liabilities for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Public Trustee as at March 31, 2020, and the results of its operations, changes in net debt, and continuity of assets and liabilities for the year then ended in accordance with Note 2 to the financial statements.

Basis for Qualified Opinion

It is not possible to verify by audit procedure that all client assets and liabilities, or the related receipts and disbursements, came under the administration of, or were recorded by, the Public Trustee. Accordingly, my verification of trust assets and liabilities was limited to those recorded in the accounts.

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 2 to the financial statements, which describes the basis of accounting. Financial statements are prepared to assist the Public Trustee with financial reporting in accordance with the *Public Trustee Act*. As a result the statements may not be suitable for another purpose. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies disclosed in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Public Trustee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or cease the operations of the Public Trustee, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Public Trustee's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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



Darren Noonan, CPA, CA
Auditor General



Elvis Alisic, CPA, CA
Audit Director

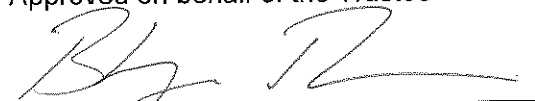
Charlottetown, Prince Edward Island
May 10, 2021

PUBLIC TRUSTEE
Statement of Financial Position
March 31, 2020

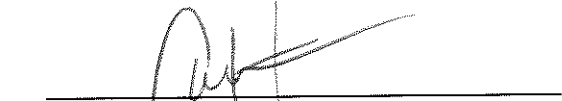
	2020	Restated 2019
	\$	\$
Financial Assets		
Cash and cash equivalents	2,995,485	3,140,531
Investments	<u>6,572,814</u>	<u>5,014,788</u>
	<u>9,568,299</u>	<u>8,155,319</u>
Liabilities		
Trust accounts	10,142,902	9,574,827
Due to the Province of Prince Edward Island	464,267	367,638
Accounts payable	3,077	14,512
Loans payable	<u>241,946</u>	<u>200,728</u>
	<u>10,852,192</u>	<u>10,157,705</u>
Net Debt	<u>1,283,893</u>	<u>2,002,386</u>
Non-Financial Assets		
Real property	1,238,289	1,959,900
Other property	<u>45,604</u>	<u>42,486</u>
	<u>1,283,893</u>	<u>2,002,386</u>
Accumulated Surplus	<u>—</u>	<u>—</u>

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

Approved on behalf of the Trustee



Attorney General



Public Trustee

PUBLIC TRUSTEE

Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	Budget	2020	2019
	\$	\$	\$
Revenues			
Fees	100,000	27,678	36,657
Interest	-	<u>62,263</u>	<u>42,457</u>
	<u>100,000</u>	<u>89,941</u>	<u>79,114</u>
Expenses			
Bank charges	-	<u>2,958</u>	<u>2,946</u>
	-	<u>2,958</u>	<u>2,946</u>
Annual Surplus	100,000	86,983	76,168
Accumulated Surplus, beginning of year	-	-	-
Distribution to the Province of Prince Edward Island	<u>100,000</u>	<u>86,983</u>	<u>76,168</u>
Accumulated Surplus, end of year	<u>-</u>	<u>-</u>	<u>-</u>

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

PUBLIC TRUSTEE

Statement of Change in Net Debt
For the year ended March 31, 2020

	Budget	2020	Restated 2019
	\$	\$	\$
Net Debt, beginning of year	1,855,136	1,855,136	1,097,252
Restatement of Prior Periods (Note 4)	-	<u>147,250</u>	-
Restated Net Debt, Beginning of Year	1,855,136	2,002,386	1,097,252
Changes in year:			
Annual surplus	(100,000)	(86,983)	(76,168)
Distribution to the Province of Prince Edward Island	100,000	86,983	76,168
Real property (net)	-	(721,611)	912,634
Other property (net)	-	<u>3,118</u>	<u>(7,500)</u>
Net Change	-	<u>(718,493)</u>	<u>905,134</u>
Net Debt, end of year	<u>1,855,136</u>	<u>1,283,893</u>	<u>2,002,386</u>

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

PUBLIC TRUSTEE

Statement of Continuity of Assets and Liabilities
For the year ended March 31, 2020

	ASSETS					LIABILITIES				
	Cash	Real Property	Other Property	Total Assets	Accounts Payable	Due to Province	Loans Payable	Trust Accounts	Total Liabilities	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, beginning of year	3,140,531	1,812,650	42,486	10,010,455	14,512	367,638	171,592	9,456,713	10,010,455	
Restatement (Note 4)	-	147,250	-	147,250	-	-	29,136	118,114	147,250	
Balance, beginning of year (restated)	3,140,531	1,959,900	42,486	10,157,705	14,512	367,638	200,728	9,574,827	10,157,705	
Add:										
Receipts/acquisitions	9,808,711	440,839	20,705	15,940,554	3,077	-	123,539	15,813,938	15,940,554	
HST on administration fees	-	-	-	-	-	4,168	-	(4,168)	-	
Administration fees	-	-	-	-	-	27,678	-	(27,678)	-	
Unclaimed trust balances	-	-	-	-	-	7,579	-	(7,579)	-	
Interest and other investment income	62,551	-	-	126,133	-	62,263	6,211	57,659	126,133	
	9,871,262	440,839	20,705	16,066,687	3,077	101,688	129,750	15,832,172	16,066,687	
Less:										
Disbursements/disposals	10,013,350	1,162,450	17,587	15,369,242	14,512	2,101	88,532	15,264,097	15,369,242	
Bank charges	2,958	-	-	2,958	-	2,958	-	-	2,958	
	10,016,308	1,162,450	17,587	15,372,200	14,512	5,059	88,532	15,264,097	15,372,200	
Balance, end of year	2,995,485	1,238,289	45,604	10,852,192	3,077	464,267	241,946	10,142,902	10,852,192	

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

PUBLIC TRUSTEE

Notes to Financial Statements
March 31, 2020

1. Nature of Operations

The Public Trustee administers assets and liabilities received in the following situations:

- Individuals who are declared incompetent, pursuant to the *Public Trustee Act*;
- Estates of deceased individuals who died intestate, or where no one else is responsible or qualified to administer the estate, pursuant to the *Provincial Administrator of Estates Act*;
- Compensation awards under the *Victims of Crime Act* to minor persons or to individuals requiring assistance in managing their affairs, at the discretion of the Attorney General;
- Court ordered settlements involving minor persons, according to the *Judicature Act*; or
- Individuals who have given voluntary power of attorney to the Public Trustee, pursuant to the *Power of Attorneys Act*.

An advisory committee shall be appointed pursuant to the *Public Trustee Act*, having the power to make recommendations respecting the management and conduct of the Office of the Public Trustee as it considers advisable. The advisory committee is also available for the Public Trustee to consult with respecting administrative matters.

As at March 31, 2020, there were 339 client accounts of the Public Trustee with net balances ranging up to \$1,082,000. As at March 31, 2019, there were approximately 330 client accounts with net balances ranging up to \$547,000.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on a disclosed basis, with the underlying framework being Canadian Public Sector Accounting Standards.

A Statement of Cash Flow is not presented as the required cash flow information is disclosed in the Statement of Continuity of Assets and Liabilities.

The following accounting policies are considered significant.

a) Revenues and expenses

Revenues and expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue or expense occurred.

b) Trust accounts

Client assets and liabilities are recorded and documented when they are received. The accounts record all known assets, including those owned by clients whose affairs are administered pursuant to a power of attorney and in respect of which the Public Trustee does not have exclusive control. The value of unknown assets and liabilities is not determinable and therefore no amounts have been recognized in these financial statements. The balance of the trust accounts includes changes in fair market values of investments traded in active markets.

PUBLIC TRUSTEE

Notes to Financial Statements

March 31, 2020

2. Summary of Significant Accounting Policies (continued....)

c) Investments

Investments consist of shares, bonds and other interest bearing assets held in trust. These investments are recorded at fair market value plus accrued interest. Gains and losses earned on investments traded in active markets are realized as increases or decreases in the trust accounts. A statement of unrealized gains and losses has not been prepared.

d) Real property

Real property, which is transferred to the Public Trustee's control, is recorded at its tax assessment value at the time of appointment to the Public Trustee, and adjusted annually to reflect the tax assessment value at year-end. Real estate purchased by the Public Trustee on behalf of clients is recorded at cost. Where there is joint ownership, the value is allocated based on the relevant legislation. The assets are not amortized.

e) Other property

Other property is held in trust and recorded at cost and consists of any asset of significant value, other than real property. The assets are not amortized.

f) Loans payable

Client loans payable consist of those mortgages and personal loans held in trust in respect of which the Public Trustee is administering repayment on behalf of clients. Public Trustee is not responsible to repay loans in excess of assets held so excess loans are not recorded.

g) Due to the Province of Prince Edward Island

The excess of revenues over expenses is payable to the Province of Prince Edward Island. In addition, HST collected on administrative fees is payable to the Province and remitted to the Federal government.

The *Public Trustee Act* requires all property held by the Public Trustee of the estate of a deceased person that is not claimed within five years of the date of death, by any person entitled to that property, to become property of the Province and converted into cash by the Public Trustee and paid to the Minister of Finance.

h) Cash and cash equivalents

Cash and cash equivalents consist of deposits on hand with banking and legal institutions which can be drawn upon by the Public Trustee in administering client accounts.

PUBLIC TRUSTEE

Notes to Financial Statements

March 31, 2020

3. Related Party

There are resources provided by the Province of Prince Edward Island such as office facilities, support services, insurance coverage, salaries and employee future benefits, the cost of which is assumed by the Province and not reflected in these financial statements.

4. Restatement of Prior Period Amounts

A property that was jointly owned by a client and a property and loan payable belonging to another client were not reflected in the 2019 financial statements in error. As a result, prior period figures have been restated. Real property increased by \$147,250, loans payable increased by \$29,136, and trust accounts increased by \$118,114. The overall effect on opening and closing net debt is an increase of \$147,250.

5. Impact of COVID-19

On March 11, 2020 the World Health Organization declared a global pandemic due to Coronavirus (COVID-19). Due to the global market fluctuations arising as a result of COVID-19 pandemic, non-guaranteed investments have experienced a decline. This has a limited impact on the investments in the trust as most of the investments are guaranteed. Subsequent to year-end the markets have stabilized reducing the volatility caused by the pandemic. The impact of the pandemic on future operations cannot be reasonably estimated at this time.

