



NISICHAWAYASIIK
TRUST OFFICE

2005

Narrative Report and Audited
Financial Statements

NFA Implementation Agreement



TABLE OF CONTENTS

PART 1	Page
PURPOSE OF REPORT	6
ANNUAL REPORTING REQUIREMENTS	6
APPROVAL OF NARRATIVE & AUDITED FINANCIAL REPORT	7
MANITOBA HYDRO'S ON-GOING OBLIGATIONS	11
OTHER IMPLEMENTATION ISSUES	12
FUTURE DEVELOPMENTS BY HYDRO	13
RESULTS OF THE 2005 COMMUNITY APPROVAL PROCESS (CAP)	13
IMPLEMENTATION AGREEMENT	16
CLAIMS	17
COMMUNITY INFRASTRUCTURE	17
ECONOMIC DEVELOPMENT	18
EDUCATION	21
HOUSING	22
JUSTICE	23
PUBLIC WORKS	24
RESOURCE & LAND USE	25
SOCIAL DEVELOPMENT	33
TRANSPORTATION	39
OTHER	39
PART 2	
NISICAWAYASIIHK TRUST 2005 Audited Financial Statements	42
PART 3	
NISICAWAYASIIHK TRUST OFFICE 2005 Audited Financial Statements	64



Part 1

2005 Narrative Report

NFA Implementation Agreement



PURPOSE OF REPORT

This annual Narrative Report and the attached Financial Report and Opinion have been provided to the Trustees in compliance with the annual report requirements of the Trust Indenture. Under Article 19.3 of the Trust Indenture, Chief and Council and the Trustees of the Nisichawayasihk Trust are required to call a Meeting of Members for each of their respective reports, and address questions and concerns from community members. All members are strongly encouraged to attend these annual meetings as they form an integral part of the Community Approval Process (CAP). Under the disclosure provisions of the Trust Indenture, the Trustee's Annual Report – and the Chief and Council's Annual Narrative Report and Audited Financial Report and Opinion – are available to any community member upon request.

NCN Trust Office administers all programs and projects unless indicated otherwise.

ANNUAL REPORTING REQUIREMENTS

Under 18.1 of the Trust Indenture, Trustees of the Nisichawayasihk Trust are required to provide Chief and Council with an annual report on the financial operations of the Trust within 90 days after the end of each year. This report covers the period from January 1 to December 31, 2005, and is to include an Auditor's report and opinion, as well as any other special audit reports and opinions requested by the Trustees.

Under Article 19.1 of the Trust Indenture, Chief and Council are required to provide the Trustees with an annual Narrative Report, which explains how all Trust moneys were managed and administered every year. In addition, Chief and Council must also provide an audited Financial Report of the previous year, which includes a financial statement of Trust moneys received and an Auditor's opinion.

APPROVAL OF NARRATIVE & AUDITED FINANCIAL REPORT

We, the duly elected Chief and Council for NCN do hereby approve this year's annual Narrative and Audited Financial Report in compliance with Article 19.2 of the Trust Indenture, which forms part of the NFA Implementation Agreement ("1996 Agreement") signed by NCN, Canada, the Province of Manitoba and Manitoba Hydro on March 18, 1996.

In compliance with Articles 19.1 and 19.2 of the Trust Indenture, this year's approved Narrative and Audited Financial Report has been forwarded to the Trustee's of the Nisichawayasihk Trust and made available to members at both the Nisichawayasihk Trust Office and Nisichawayasihk Chief and Council's office. In compliance with Article 19.1 of the Trust Indenture, the 2005 fourth quarter report is attached to this year's narrative and audited financial statement.

In compliance with Article 19.2 of the Trust Indenture, Notice of the Availability of this year's annual Narrative and Audited Financial Report will be given in the same manner as for a Meeting of Members.

In compliance with Article 19.3 of the Trust Indenture, a Meeting of Members will be held at the NCN Annual General Assembly in 2006, to discuss this 2005 Narrative, Audited Financial Report by Chief & Council and Trustee's Annual Report on the Financial Operations of the Nisichawayasihk Trust.

TRUSTEES FINANCIAL OPERATIONS REPORT FOR 2005

NELSON HOUSE TRUSTEES

Chief Jerry Primrose

Paul Bonner

Edward Primrose

Alvin Yetman

CORPORATE TRUSTEE

Royal Trust Corporation of Canada

BACKGROUND

The Nisichawayasihk Trust was created in March of 1996. The duties and responsibilities of the Trustees are contained in the Trust Indenture that is part of the Nelson House First Nation NFA Implementation Agreement between Nelson House First Nation, Canada, Manitoba and Manitoba Hydro.

Each year the Trustees are required to provide the Chief and Council of Nelson House First Nation (Nisichawayasihk Cree Nation) and, upon request, any member of Nelson House First Nation, with an annual report on the financial operations of the Trust. The report must cover the period from January 1 to December 31 of the previous year, and must include the Trust Auditor's report and opinion and any other special audit report and opinions which may have been requested by the Trustees during the reporting period.

FUNDS AVAILABLE FOR 2005

As determined by the Trust Indenture and the Community Approval Process, the amount available for expenditure from the Trust ("Funds Available") for 2005 was \$3,985,300.

Of this amount, \$3,985,300 was transferred out of the Trust for the purposes set out in the 2005 CAP Budget. In addition, there was \$585,178 transferred to the Investment and Heritage account representing the amount that was not required to support 2004 CAP Budget funding as per letter from Auditor dated April 4, 2005.

At December 31, there were no further funds yet due, which had been approved for expenditures but not paid during the year.

CAPITAL PAYMENTS RECEIVED BY THE TRUST

The Trust earned net realized capital gains of \$34,553 during the course of the year through the sale of various investments.

In accordance with Schedule 2.2 and Article 2.51 of the Nelson House First Nation NFA Implementation Agreement, we confirm that there were no payments made from Manitoba Hydro paid to Chief and Council for excursions from the compensated range.

REVENUE RECEIVED AND GENERATED BY THE TRUST

Total revenues generated in 2005 from Trust Investments were \$1,518,698.

The revenues were recorded in each account as follows:

Main Trust Account	\$1,220,050
Investment & Heritage Account	\$ 255,207
Claims Account	\$ 211
Recreation & Program Facilities Account	\$ 43,230

INVESTMENT ACTIVITIES OF THE TRUST

Entering 2005, there was uncertainty as to the impact that the rise in the Canadian dollar would have on the Canadian economy and analysts were forecasting an increase in interest rates. Rather than raise interest rates to slow the Canadian economy, the Bank of Canada chose to stand pat on short-term rates until it became clearer what impact the strong Canadian dollar would have on Canadian economic growth. This had the effect of delaying the forecasted increase in interest rates. Starting in the fall, the Bank of Canada began raising short-term rates. From September to December, the Bank of Canada raised rates a total of three times. During this period the rates went from 2.75% to 3.25%. Long-term rates for the most part were flat throughout 2005 and only in the latter part of 2005 did we see longer-term rates begin to move up.

As in the previous year, when faced with an uncertain and volatile interest rate environment, we took a cautious approach with the investments. We were concerned that interest rates would rise. When interest rates rise, the value of bonds held in the Trust would decline in value. Any decline in the value of the bonds makes it difficult to maintain the "floor value" of the Trust and provide funds for community projects, programs and services. As a result, our goal was to minimize the negative impact of rising interest rates while generating an income that would be greater than investing solely in a short-term or cash strategy.

In 2005, we sold a number of bonds to lock in gains that would be lost if interest rates were to rise as expected. The proceeds from the sale of the bonds were invested in short-term investments to maintain the necessary floor value of the Trust. We also felt that as interest rates rose, we could reinvest the proceeds in higher paying short-term investments.

THE FLOOR VALUE OF THE TRUST

The Trust did not receive the income forecasted for 2005 to support the CAP Budget approved by the community. As a result, at year end the value of the Trust was under the floor value by \$48,361 and for 2006 the Trustees could not pay out income from the Trust until such time as this deficit had been covered.

INVESTMENTS HELD AT DECEMBER 31, 2005

As at December 31, 2005 the total value of all Trust accounts was \$51,877,632. This amount was held in the following accounts and in the following proportions:

Main Trust Account: (Total Value - \$39,949,834)

- \$37,824,230 held in Short Term Deposits earning an average interest rate of 3.5%
- \$2,125,604 held in Cash earning an average 30-day Canada Treasury Bill rate of 3.2%

Investment and Heritage Account: (Total Value - \$10,690,679)

- \$5,412,365 held in Common Stock earning an average dividend rate of 1.6%
- \$3,464,135 held in Fixed Income Securities earning an average interest rate of 3.3%
- \$1,484,095 held in Short Term Deposits earning an average interest rate of 3.4%
- \$330,084 held in Cash earning an average 30-day Canada Treasury Bill rate of 3.2%.

Claims Account: (Total Value - \$1,889)

- \$1,889 held in Cash earning an average 30-day Canada Treasury Bill rate of 3.2%.

Recreation and Program Facilities Account: (Total Value - \$1,235,230)

- \$1,177,275 held in Fixed Income Securities earning an average interest rate of 4.0%
- \$57,955 held in Cash earning an average 30-day Canada Treasury Bill rate of 3.2%

The Auditor's financial report and opinion begin on the following page.

MANITOBA HYDRO'S ONGOING OBLIGATIONS

The 1996 NFA Implementation Agreement is a complex document that requires careful and constant attention to ensure that the Agreement's provisions are fulfilled. Under the Agreement, Manitoba Hydro fulfilled several on-going commitments in 2005 as follows.

IMPLEMENTATION OF SAFETY MEASURES

Under Article 2.7.2 of the Comprehensive Implementation Agreement, Manitoba Hydro implemented several measures in relation to safe ice trails, navigational aids and warning signs to the satisfaction of the Trust Office and the resource users. Manitoba Hydro went beyond the obligations by extending a few of their safe ice trails within the Nelson House Resource Management Area.

The Operations and Maintenance (O & M) Committee regularly reviews the effectiveness of the safety measures regularly at its board meetings. NCN has two representatives at these meetings – Marcel Moody and Norman Linklater. Any concerns or problems with respect to safety measures by to the 1996 Implementation Agreement can be forwarded to the NCN representatives.

WATER REGIME PREDETERMINE COMPENSATION

Under Article 2.4.1 & 2.5.1 of the Agreement, the water levels or rates of changes did not exceed the parameters of the compensated range. The reports provided by Manitoba Hydro showed no deviation for the compensated range in both seasons in 2005.

Manitoba Hydro was not required to pay NCN any additional compensation. This means the provisions are working as they were intended, to encourage Manitoba Hydro to maintain a steady operating regime.

OPERATION, MAINTENANCE & REPLACEMENT

Under Article 11.4.4 of the Agreement, Manitoba Hydro fulfilled its obligation by paying 90 percent of the Arena O&M costs. The Gilbert McDonald Arena fiscal year runs from September 1 through August 31 each year. During the 2004/05 fiscal year, the O&M Board approved the Arena budget for \$408,035. In accordance with Article 11.7.2, Manitoba Hydro contributes 90 percent of the budget and NCN contributes the remaining 10 percent. NCN's contributing portion of 10 percent was obtained from regular band funds. These funds were transferred to the Arena Board in accordance with the disclosure requirement.

OTHER IMPLEMENTATION ISSUES

COMPENSATION LANDS

The 1996 NFA Implementation Agreement provided that six parcels of provincial Crown lands (at Suwannee Lake, Wapisi Lake, The Junction, Leftrook Lake, Baldock Lake and Odei River) will be made into NCN reserve lands. Manitoba has already granted NCN an exclusive use permit for these lands. The lands have now been surveyed as required.

Manitoba has already passed Orders in Council in respect of three of the six parcels. It is anticipated that Manitoba will pass Orders in Council regarding the final three parcels in the near future.

NCN and Canada are discussing the wording of a written agreement about the transfer of the lands. It is anticipated that this agreement will be concluded in 2006. Though there are no issues to dispute, it is necessary to agree on precise wording. Once the agreement is signed, Canada will complete the process by making the lands NCN reserve lands. It is hoped that the process will be completed in 2006.

ENVIRONMENTAL MONITORING

Article 7 establishes and describes arrangements to coordinate environmental monitoring and share the information developed. Other than the environmental studies that are being conducted as a result of the proposed Wuskwatim project, nothing has happened as a result of the Article. Canada is responsible for scheduling and convening meetings in accordance with Article 7.2, but again there is no activity in this area.

FUTURE DEVELOPMENTS BY HYDRO

2005 was a busy year for the Future Development team. Construction of the Atoskiwin Training and Employment Centre of Excellence (ATEC) continued to the end of the year. (The building was finished in early 2006 and was officially opened in May 2006.)

In November 2005, the federal government issued a Comprehensive Study Report (CSR) about the Wuskwatim Generation Project. The CSR concluded that the proposed project would have no significant adverse effects.

The Future Development community consultants continued to be very active. They went door-to-door, distributing newsletters and information, and obtaining feedback from NCN members. Other NCN members visited the Future Development office and obtained information at the office.

The NCN website (www.ncncree.com) was continuously updated. Future Development newsletters and other information were posted to the website as they were printed.

Field studies continued, with NCN members playing an important role. These included further caribou studies.

(Negotiations on the Wuskwatim Project Development Agreement (PDA) concluded in March 2006. NCN voters ratified the PDA in a secret ballot vote on June 7 and 14, 2006. Federal and provincial government licences and approvals were given and the PDA was signed on June 26, 2006.)

RESULTS OF THE 2005 COMMUNITY APPROVAL PROCESS (CAP)

In accordance with Article 3.5 and 8.0 of the Trust Indenture, meetings and consultations were held with community members to determine their views on how moneys from the Nisichawayasihk Trust should be spent during 2005.

The CAP Finance Committee reviewed and approved the selection of all funding applications and made a recommended budget to Chief and Council.

In a normal situation CAP meetings should be conducted prior to the New Year, but due to extenuating circumstances beyond our control, meetings could not be held until January 2005. Surpluses were used to continue operations until the new budget was approved.

For 2005, upon approval of community members and the Chief and Council, a total of \$3,992,300 was budgeted and allocated to fund a wide variety of programs, which are listed with their respective budgets in Figure 1 on page 14.

In addition to these programs and projects funded during 2005, there were also programs carried over from the 2004 CAP under Article 10.5 of the Trust Indenture. For a complete list of all programs carried over from the 2004 to 2005, please see Figure 2 on page 15.

FIGURE 1 CAP BUDGET 2005

		Budget in Dollars
Administration	Administration	464,000
Mandatory As Per Agreement	Professional Services	50,000
	Community Approval Process	25,000
	Claims Account	7,000
	Corporate Trustee	245,000
	Nelson House Trustees	30,000
	NCN Personal Care Home	200,000
Economic Development	High Speed Internet & Cell	100,000
	NCN Achimowin Radio	100,000
	Wuskwatim Equity	550,000
	Recycling Program	30,000
Housing	15 Single Family Units	300,000
Justice	Justice Committee	25,000
	Police Services	280,000
Public Works	Emergency Services	100,000
Resource & Land Use	Country Foods	200,000
	Fisherman's Association	200,000
	Resource Management	80,000
	Trappers Association	100,000
Social Development	Elders' Traditional Program	150,000
	Jr. B Hockey Club	50,000
	Minor Hockey Association	100,000
	Youth Initiative Program	50,000
	Jr. Chief & Council Leadership Program	7,000
	Recreation Programming	275,000
	Rediscoveries of Families Program	100,000
	Zummer Adventure Camp	75,000
Other	Elders' Subsidy	99,300
TOTAL CAP BUDGET		\$3,992,300

FIGURE 2**DEFERRED REVENUE 2004**

	Carry Over From Previous Years in Dollars	
Mandatory As Per Agreement	Professional Services	251
	CAP Process	7,905
	Claims Account	44,254
	Corporate Trustee	70,450
	Personal Care Home	84,249
Community Infrastructure	Road Improvements	1,069
	Community Aesthetics & Improvements	7,311
Economic Development	NCN Achimowin Radio	34,831
	Wuskwatim Equity	1,539,354
	Insurance Program	4,315
	NCN Investment Savings	384,047
	Community Development Plan	35,000
Education	Recycling Program	3,707
	School Breakfast Program	7,258
	Encounters with Canada	1,320
	Special Education Services	500
	Housing Development	511,627
Housing	Home Opportunity Program	44,232
	R.C. Church Renovation	163
	U.C. Church Renovation	13,714
	Justice Committee	4,611
	Governance	924
Public Works	Emergency Services	14,275
Resource & Land Use	Country Foods	21,653
	Fisherman's Association	15,827
	Resource Management	1,533
	Trappers Association	97,598
	Powwow Arbour	25,000
Social Development	Baseball Field Upgrade	2,100
	Minor Hockey Association	26,060
	Tow Rope	20,921
	Indigenous Games	266
	Recreation Programming	98,622
	Playground	2,260
	Fitness Trail	1,580
	Otetiskiwin Transit	100
Transportation		
TOTAL DEFERRED REVENUE		\$3,128,887

IMPLEMENTATION AGREEMENT

ADMINISTRATION

In 2005, \$464,000 was allocated for the purpose of administering and implementing programs funded under the Nisichawayasihk Trust, as well as to ensure the provisions of the Implementation Agreement were properly fulfilled.

A total of eight full-time staff were employed with the Trust Office to assist in this work and several temporary support staff were hired throughout the year.

With the surplus from previous year, funds were used to cover the following program deficits:

- Community Approval Process,
- Professional Fees,
- Emergency Service,
- Minor Hockey, and
- Fisherman's Association.

PROFESSIONAL SERVICES

In 2005, the Trust Office primarily used surplus funds to retain chartered accounting firm, Hemenway Silver, to prepare and audit the Nisichawayasihk Trust and Trust Office, and to assist the Trust Office Finance Department when required.

The Trust Office also retained Myers Weinberg LLP to assist in understanding the technical aspects of the 1996 Implementation Agreement in order to ensure its provisions are met.

Communications services company, Lewis Communications Inc., was retained to assist with the preparation of the narrative reports and annual year-end review.

COMMUNITY APPROVAL PROCESS

To meet the requirement of Article 7.5 g (ii), \$7,000 was allocated to bring the CAP budget to its required level.

To ensure maximum input and accountability from members, these meetings were conducted for the purpose of reviewing proposals for Chief and Council's consideration and to finalize the budget.

Funds were expended to rent halls, boardrooms, travel for committee members, meeting expenses and luncheons for community meetings.

Policy analyst Kris Beckman was retained to assist with the CAP Finance Committee with the development of the CAP Policy. The CAP Policy is completed and is pending Chief and Council's review and approval.

NCN PERSONAL CARE HOME

To meet the requirement of Article 8.3 b (i & ii) c (i & ii) of the 1996 NFA Agreement, \$200,000 was allocated for the operation and maintenance of the NCN Personal Care Home.

Funding is transferred to the NCN Finance Department on a quarterly basis. All written, financial and audits are part of the annual reports produced by the Nisichawayasihk Cree Nation.

Please review NCN's 2004/05 Annual Year in Review for NCN Personal Care Home's annual report.

CLAIMS

To ensure a minimum yearly balance of \$50,000 is maintained as per Article 12.2 of the Trust Indenture, funds are allocated on an annual basis to the Claims Account including any carry over from the previous year. This adjustment takes place after the annual audit is completed.

The intent of the Claims Account is to compensate individual or group members of NCN for damages, caused by the Churchill River Diversion Project (CRD). This consent was ratified through the 1996 Nelson House NFA Implementation Agreement.

Manitoba Hydro remains responsible for certain types of claims such as, personal injury or death, illness caused by mercury contamination, any natural or manmade poisonous chemicals created by the CRD.

Winter incidental claims were minimal this year, possibly due to the late freeze-up and persistent snowfall. On the other hand, the high accumulation of snow was a major factor on open water occurrences. Bringing the water table to a major high, posed new threats to NCN members and resource users. A total of 13 open water claims were confirmed during the spring, summer and fall seasons, in relation to domestic fishing, hunting and gathering activities. There are other active and ongoing related claims originating from four years back, that, according to the NFA, are still recognized while under investigation. A total of \$16,202.13 was expended on the claims program for the year 2005.

Other than an orientation workshop for the new alternate claims officer, Morley Moore, limited legal counsel was used in 2005.

COMMUNITY INFRASTRUCTURE

COMMUNITY AESTHETICS & IMPROVEMENTS

A total of \$7,311 was carried over from the 1997 CAP Budget. The NCN Trust Office has continued to use these funds for its initial purpose.

The remaining funds will be deferred to the next year and will be available for its initial purpose.

ROAD IMPROVEMENTS

A total of \$1,069 was carried over from the 1997 CAP Budget. These funds are available for the use of its initial purpose, which is to upgrade and maintain the seal coated roads.

ECONOMIC DEVELOPMENT

COMMUNITY DEVELOPMENT PLAN

In 2004, \$35,000 was allocated to NCN and NCN Development Group to complete Phase I of NCN's Community Development Plan, and to prepare for Phase II. This Community Development Plan was considered to be high priority for the community and Chief and Council.

To date there has been no activity on this project as the NCN Development Group and Chief and Council have to decide what course of action to take on the project.

HIGH SPEED INTERNET & CELL PHONE SERVICE

Background

NCN Council requested cellular service from MTS in 2004. The response was that in order to receive regular cellular service, MTS would require NCN to provide an up-front, interest-free, loan of \$450,000, repayable over a 10-year-period. NCN Council then investigated other options, which resulted in the development of a 'proof of concept' study to start its own cellular service company. This study was completed in June 2005 with a recommendation that a company be created, called FirsTel, and that a detailed business plan be prepared. The business plan provided a solid understanding of the legal, licensing, technical, marketing and financial business issues needed to make a final decision to proceed or not.

Recent Developments

FirsTel was established as a wholly owned company of NCN. The board of directors is comprised of Chief Jerry Primrose, chairman; Councillor Jimmy Hunter-Spence, board member; and Councillor W. Elvis Thomas, board Member, and manager of FirsTel. At the April 27, 2006 board meeting, FN Telecom Operations Inc., consultant to the board, presented a recommendation to proceed with the launch of the business, based on the positive business plan presented. The board reviewed the consultant's recommendation to create a limited partnership, to be called First Networks, which would enable all First Nations to take part in the cellular initiative begun by NCN.

The board approved the business plan and instructed FN Telecom to move immediately to implement the plan and begin operating.

Current Status

In November 2005, a letter of intent was sent to the Government of Canada, (Industry Canada) requesting radio frequencies to build the cellular network under the “Service to Unserved and Under-Served Areas”. With no objection having been made by either Rogers or MTS, FirsTel moved on April 13, 2006 to file detailed information requested by Industry Canada for the issuance of a licence. MTS has since said that they intent to use the frequencies requested by FirsTel but have given no dates by which they propose to offer service. FirsTel/First Networks is working with Industry Canada to complete the licence requirements and is pushing Industry Canada to issue an operating licence as quickly as possible. At this time, given the MTS initiated delays, it is believed that late summer - early fall would be the soonest that service could be available. FN Telecom is the managing partner that is operating First Networks day-to-day. They are in the process of finalizing agreements with suppliers and will begin construction upon award of the Industry Canada licence.

HIGH-SPEED BROADBAND DEVELOPMENTS

BCN (Broadband Communications Networks), NCN and First Networks are working together to bring fixed high-speed broadband service to Nelson House.

BCN will be building a tower in Nelson House for getting the signal into the community as well as to provide local access. This tower will be shared with First Networks. In addition to this fixed high-speed broadband, First Networks will be building mobile high-speed broadband data capabilities into their service for Nelson House.

NCN ACHIMOWIN RADIO & TV STATION

In a continued effort to provide a vital communication service through radio and cable TV to the NCN membership funding in the amount of \$100,000 plus surpluses from the previous year were allocated to the NCN Achimowin Radio & TV Station.

The NCN Achimowin Radio & TV Station provides daily entertainment, news and current and upcoming events to the community. It also offers informative talk shows, local trivia events and bingos.

The TV Station provides cable services, but service coverage is limited to a few homes and businesses.

NCN Achimowin Radio & TV Station employed four full time employees and a couple of part time workers.

Plans for 2006

- To provide communication services to NCN members and local organizations via radio.
- To provide entertainment, music and television programs to the community.

- To upgrade, rebuild and organize the current radio office, make it sound proof and attempt to keep up with the technological challenges.
- To become economically sustainable.
- To develop a network and partnership with Aboriginal radio & TV stations to share resources (equipment) and expertise.
- To ensure that the radio station has all the songs available for request and dedications.

NCN INVESTMENT SAVINGS

A total of \$392,385 was carried over from previous years. The funds were set aside to develop the casino project, though it is on hold until the selected land is converted to reserve land, or the Casino is constructed.

Conversion to Reserve Land – Mystery Lake Motor Hotel

In March 1998, NCN acquired four parcels of land in Thompson, registered in the name of 3547958 Manitoba Ltd., a wholly owned NCN Corporation. NCN's membership approved the purchase as part of NCN's economic development initiative.

The Mystery Lake Motor Hotel is located on this land. Although NCN has been successful in operating the hotel, upgrades and expansion are necessary to ensure the property continues as a viable business. NCN seeks to have the land converted to a Reserve pursuant to the Department of Indian and Northern Affairs Canada "Additions to Reserve Policy", as an economic initiative.

NCN has been working for several years on the creation of an urban reserve for this land. The Chief and Council of NCN, together with the Mayor and Council of the City of Thompson, have reached an agreement and signed a Municipal Services Agreement and a Development Agreement

The approach taken by NCN in developing these Agreements is the creation of a Reserve to benefit the Nation, while not creating a disadvantage to anyone, including the city. NCN believes it is important that economic benefits flow not only to our people, but also to the communities in which we work. Accordingly, the draft Municipal Services Agreement states NCN will pay services charges, which are calculated and paid in the same way taxes are calculated and paid by other businesses in Thompson. As well, NCN agrees to adopt land use and development bylaws to ensure the Mystery Lake lands comply with standard municipal requirements and are operated to the standard expected of other properties in the city. NCN, as part of the Development Agreement, expect to expand the hotel in 2006.

RECYCLING PROGRAM

In 2005, the Recycling program received \$30,000. Funds were used to retain the recycling coordinator to coordinate the curbside pickup of the recyclable material.

Funds were also used for operation and maintenance of the recycling vehicle and equipment.

WUSKWATIM EQUITY

In 2005, \$550,000 was allocated to the Wuskwatim Generation Project towards achieving a 33 percent equity participation in the project. In addition, deferred revenue of \$1,539,354 has been invested in short-term redeemable guaranteed investments certificates issued by Royal Bank of Canada bearing interest at 3.25 percent per annum.

At the end of 2005, the Wuskwatim Equity has deferred revenue of \$2,127,553.

EDUCATION

ENCOUNTERS WITH CANADA

A total of \$1,320 was carried over from the 2000 CAP Budget. These funds are available for the use of its initial purpose.

In the year 2005, there was no activity for the project.

SCHOOL BREAKFAST PROGRAM

A total of \$7,258 was carried over from the 2004 CAP Budget. These funds are available for the use of its initial purpose, which is to provide breakfast for students enrolled in Nursery to Grade 8 at the local elementary school.

A total of \$7,039 was expended to purchase breakfast supplies for the program.

SPECIAL EDUCATION SERVICES

In 2005, the program had \$500 deferred revenue. These funds are available for the use of its initial purpose.

In the year 2005, there was no activity for the project.

HOUSING

HOUSING DEVELOPMENT

The NCN Housing Authority received \$300,000 as seed money for their proposal to construct a 15-unit, multi-family dwelling designed for single parents.

The NCN Housing Authority is currently negotiating with funding agencies to raise the additional funding needed to construct the housing.

HOME OWNERSHIP PROGRAM

In 2005, the Home Ownership Program had deferred revenue of \$45,685 from the 1997 CAP Budget.

In 2004, re-disclosures of deferred revenue were made to reallocate funds available between various sub-programs, with this particular program transferring \$500,000 to housing development.

R.C. CHURCH RENOVATIONS

In 2002, \$15,000 was allocated to R.C. Church Committee to complete the renovation of the R.C. Residence. The project was near completion with a total of \$163 remaining to complete the renovations.

R.C. CHURCH RENOVATIONS

In 2002, \$15,000 was allocated to United Church Women's Group to renovate the church and purchase furnishings such as chairs, tables, bookcase, pictures, hymn books, etc.

In 2005, all deferred revenue was expended to renovate the church.

JUSTICE

GOVERNANCE

Revenue of \$924 has been deferred from previous years 1996 CAP Budget. These funds are available for the purpose disclosed in 1996.

JUSTICE COMMITTEE

Community Justice Worker Program is funded from the Manitoba Keewatinowi Okimakanak Inc. through the Aboriginal Justice Inquiry and subsidized by the CAP project. The justice worker's role in the community is to assist in the development of crime prevention and restoration to victim and offender in the community. This process is to accept referrals from the provincial and magistrate court, Chief and Council, RCMP and community members by way of pre-charge and post-charge diversions. The overall operation is to assist community members deal with their offences in the community. It is an alternative from having to go to court and having a criminal record. This process also assists community members in dealing with the issue in the community and bring healing to victim and offender.

It is the intention to bring all parties involved to participate in the process. Parties may include offender, victim, families, support groups, police, local resources and/or individuals affected by the offence. This process gives the offender an opportunity to admit his/her criminal behaviour and demonstrate a willingness to bring restoration and healing to the victim. A healing circle is arranged in a neutral setting, for individuals to explain the motivation for their offence. Victims are able to explain the impact of the offence and offenders are given the opportunity to bring reparation to the harm that was inflicted on the victim. The purpose is to come to a consensus with both parties.

The outcome may include the imposition of appropriate measures and include monitoring to ensure compliance. The community justice worker also attends regular court sittings and ensures that all court proceedings are prearranged and all individuals attend court.

The justice worker is assisted by a six-member committee that consists of individuals with a willingness to help others and offer their time to assist in the development of crime intervention and prevention. The justice committee aims to work with NCN Chief and Council, RCMP, Elders, NCN Constables and members to stop illegal activity in our community. Committee members receive an honorarium of \$200/mth. The committee members are selected according to the experience, honesty, trust and integrity. They are committed individuals that take the initiative and support our community members and the law enforcement team. Their dedication and hard work have inspired individuals to live a crime-free lifestyle.

The committee's protocol for referral is as follows:

1. Victim involvement
2. Is there a need to repair the harm
3. Has the offender admitted to responsibility
4. Is the victim willing to participate
5. Would this be appropriate for the Restorative Justice Process
6. Would this process benefit both parties
7. Criminal record

POLICE SERVICES

In 2005, \$280,000 was allocated to supplement the existing Nisichawayasihk Cree Nation Local Police Service.

Funding is transferred to the NCN Finance Department on a quarterly basis, all written, financial and audits are part of the annual reports produced by the Nisichawayasihk Cree Nation.

Please review NCN's 2004/05 Annual Year in Review for NCN Police Services' annual report.

PUBLIC WORKS

NCN EMERGENCY SERVICES

The Nisichawayasihk Emergency Services received \$100,000 of CAP funds for 2005.

The funding allocated for the program was not enough to retain a full crew of fire fighters for the full year and some employees were laid off. Expenditures all went to wages.

We had responded to approximately 225 fire related calls as follows:

- Grass fires – 69
- Bush fires – 34
- House fires/related – 16
- Medical assistance – 3
- Car fire – 3
- Shack/warehouse – 5
- Fire alarms – 51
- Garbage box/dump – 41
- Motor vehicle accidents – 3

RESOURCE & LAND USE

RESOURCE MANAGEMENT

In 2005, \$80,000 plus previous year surpluses were allocated to the Resource Management Program. This program employs one coordinator and has four board members to oversee the objectives of the Resource Management Program.

For 2005, the resource coordinator in conjunction with the Resource Management Board were extensively involved with the proposed Wuskwatim project, specifically the Environmental Protection Plan (EnvPP). They reviewed the EnvPP and applied traditional knowledge to plan.

The Environment Protection Plan are guidelines that supplement project design, construction and operating specifications to prevent or minimize adverse environmental effects arising from the Wuskwatim project.

The Resource Management Board met the required four times per year in 2005.

Plans for 2006

- To establish an Ethinisiwin Monitoring Program specially for the following wildlife: moose, caribou, beaver, otter, muskrat, rabbit, wolf, marten, fisher, fox, mink, ermine, wolverine, squirrel, lynx, porcupine and mouse.
- To gather and observe pre-Wuskwatim data on the following projects: Mile 17 access road and other access, campsite, generation station, transmission lines and Wuskwatim study areas.
- Update the community on the selections of additions to reserve process to NCN.
- To create a cabin policy.
- To continue reviewing licences and permits to ensure land users meet terms, conditions and requirements of the licences set out by the province and concerns raised by NCN.
- To continue to monitor activities within the NCN Resource Management Area.

COUNTRY FOODS

This year, \$200,000 was allocated to the Country Foods Program to continue the operation of this highly successful program. The program operates on a year round basis and the staff consists of a manager, field technician, three full time workers and two casual workers. They provide all the services, O & M of the program, both at the Distribution Centre and Leftrook Lake camping facilities. The full-time workers and casual workers were laid off in November due to low funding.

The full-time staff do all the manual work, such as cleaning, weighing, cutting and packaging the meat at the centre and ready for distribution. They also do the hunting and fishing to ensure ample supplies of wild food is readily available to members of NCN. Among the food distributed are fish, wild meat (caribou, moose and beaver, etc.) waterfowl, berries and some medicinal herbs. The Elders and the infirm are given first priority followed by low-income earners and the all members who reside on and off reserve. Wild food is also provided to groups for special occasions such as community feasts. There were a total of 1,794 members using the program and received a total of 10,005.4 pounds of wild meat.

The program also operates a camping facility at Leftrook Lake, which consists of five cabins and a teepee. The staff, Elders and advisors teach traditional lifestyles of the Cree people. The teachings are aimed at restoring balance and renewing understanding of traditional values, and practices, promoting healthy living, and to foster harmony and friendship. Members of the NCN Family and Community Wellness Centre, and Medicine Lodge use these facilities frequently. The Country Foods Program staff assists in the activities when requested. They also ensure an adequate supply of firewood is readily available, and maintain portages/trails so the public can travel safely to and from the community.

The program assists in the preservation and promotion of culturally appropriate activities, primarily within our traditional resource area. Outlying areas will also be considered from time-to-time when the need to replenish country food supplies is undertaken by the program personnel and designated harvesters from the community.

The program is offered all year round, with harvests during the spring, summer, winter and fall seasons. The program provides equipment, supplies and expenses for individuals/groups for wild food gatherings, providing they donate half of their catch to the centre. Different seasons provide different species/berries:

- Spring – waterfowl such as geese and ducks.
- Summer – gathering of wild berries. (Raspberries, blueberries and cranberries)
- Fall – waterfowl and moose.
- Winter – caribou, beaver, muskrat and rabbits.

Other activities provided by the program include community gardens where staff can assist people by tilling their vegetable gardens. In return, half of their crop is given to the centre.

The following is a summary of activities that Country Foods personnel performed this year.

Leftrook Lake:

- Prepared firewood for facilities
- Brush clearing winter road
- Maintained ski-doo trails
- Assisted in outdoor activities

- Installed skirting around cabins
- Set nets and smoked fish
- Dock repairing
- Clean up of garbage pits
- Cut grass
- Ice fishing

Distribution Centre:

- Food distribution to local members
- Clean, cut, wrap, pack and weigh wild meat and store in freezers
- Set nets at Footprint Lake
- Assisted with Stanley Park Project
- Attended a strategic planning workshop in Winnipeg
- Purchased a walk-in freezer
- Purchased a steel shed
- Purchased three outboard motors
- Purchased a new tiller
- Purchased a high water pressure washer
- Purchased cement mixer
- Purchased a cook stove
- Hired two students for the summer
- Received a donation of approximately 200 lbs of geese

2005 Wild Food Distribution	Pounds of wild food distributed to NCN Members	Number NCN Members receiving wild food
1st Quarter	3,700.20	520
2nd Quarter	2,272.84	496
3rd Quarter	2,484.96	542
4th Quarter	1,547.40	236
Total	10,005.40	1,794

Future Plans

Leftrook Lake Facilities

- Upgrade trails and portages
- Paint inside of cabins
- Build wood shed
- Have two or three members readily available to assist in program activities
- Develop written protocol on the use of facilities
- Advertise Country Foods and Leftrook Lake programs

Distribution Centre

- Replace old, worn out counters
- Repair flooring in the office
- Purchase a new boat and outboard motor unit
- Set guidelines/rules of operating equipment and use of camping facilities
- Install temperature thermometers in freezers
- Move all equipment to steel shed once it is finished.

COMMERCIAL FISHERMAN'S ASSOCIATION

MANAGEMENT & ADMINISTRATION

The Nelson House Fisherman's Association (NHFA) consists of a resource coordinator, manager, six board members, grader, packer and runner.

Program management and administration remains the same for the funds held in Trust allocated during annual budgeting and management planning. Management payroll, subsidy, equipment inventory and distributions and fisherman mobility (truck, gas and operation) remain.

OPERATING PERIODS

The commercial harvest of the Nelson House Fisherman's Association runs during two main seasons per year. The spring harvest runs five-to-eight weeks from June 1 to mid-July with the fall harvest in operation for eight-to-nine weeks from late August to October 20 each year, depending on weather conditions.

FIELD OPERATIONS

Traditionally, the fishers require assistance in getting started. Boat, equipment, men and supplies are transported to field locations utilizing the NHFA truck. Fishers cover the expenses of the runner, which delivers supplies and picks up fish for the packing plant.

PRODUCTION

Production varies from lake-to-lake and species-to-species. The main species is Walleye (Pickerel) at \$5/kg, Whitefish at either \$1.91/kg (stand or export) or \$2/kg (other or cutter), pending classification, and Northern Pike at \$.86/kg. Factors include high amounts of mercury levels and debris found on the CRD, and the high cost of transportation to and from inland lakes.

This year we had a total harvest level of 56,977 kilograms. Spring harvest at 24,604 kilograms valued at \$36,026 and this fall harvest showing 32,373 kilograms valued at \$55,411 having a total value of \$91,437 for 2005.

Production levels continue to increase each year. Though challenges exist, achievements are present.

MEETINGS/WORKSHOPS

The NHFA Board, Management, and Resource Coordinator had seven meetings with the fishers this year and most of the meetings were focused on how to improve the fishery. Representative from the Department of Conservation continue to attend our meetings to discuss their findings during regular patrols after the fishing seasons. The fishers have an opportunity to ask general questions and to address concerns to conservation.

PLANS FOR 2006

- To provide viable employment opportunity to NCN members through the fishing industry.
- To mitigate and subsidize NCN fishers as a compensation from the 1996 NFA Implementation Agreement.
- To encourage members to achieve an income through traditional and sustainable practice.
- To assist in expanding in the international and global economy.
- To continue using our renewable resources through traditional and sustainable practice.
- The NHFA to be more aware of the needs of the fishers.
- To establish terms of reference for Fisheries Board.
- Promote fishing industry, to have more fishers licenced.

TRAPPERS PROGRAM

MANAGEMENT & ADMINISTRATION

The Nelson House Trapper's Association is comprised of a resource coordinator, manager and local Fur Council who oversee the operation of the program.

OPERATING PERIOD

The operation runs throughout the year with the active trapping season opening in early October until late May of each year.

ACCOMPLISHMENTS

There are approximately 150 trappers who use the Nelson House Resource Area.

The association subscribes to the Trappers Magazine for all trappers where they can get information on upcoming activities or any new regulations concerning the trapping industry.

During February, the Local Fur Council, Elders, some active trappers and their families attended the annual meeting and convention in Swan River, Manitoba, where they had various competitions and displays, as well as an opportunity to share knowledge with each other.

The Local Fur Council was involved in the fur display and promotion of the trapping industry during the Nickel Days festivities in Thompson.

Representatives from the Department of Natural Resources continue to make presentations on enforcement regulations, humane trapping, First Nation Initiatives and general information on trapping and they also answered any questions the trappers have.

A total of 232 trappers attended the Annual Fur Auction in Thompson, where a total of \$504,639 of funds was distributed to the trappers through the two-day of the event.

The start-up program continues to be a success for trappers/youth during initial, primary and spring seasons. The maximum amount per trapper is \$600 per year.

An open loans account depends on the previous year's fur production and account balance. Payments toward start-up by trappers are made either directly or deducted from subsidy payments.

Equipment plays a major role in trapping. The Trappers Association keeps an inventory of an assortment of traps, snares, knives, toboggans, chisels, etc. Equipment vouchers valued at \$300 were issued to trappers, in order to purchase equipment from the inventory.

A snowmobile was also purchased for the program to assist the trappers in breaking trails, transportation and for any emergencies that may arise.

The Trapping Program also has a truck that was cost-shared by the Trust Office. It is used to haul trappers, equipment and supplies from a central designated area and transport gear and equipment for the trapper at the start and end of each season.

PLANS FOR 2006

- To mitigate and subsidize NCN trappers as a way to compensate for the adverse affects of the 1996 NFA Implementation Agreement.
- To establish terms of reference for the Fur Council.
- To offer NCN an alternate buyer on furs other than the Northern Store.
- To keep updated on standards and charges in the Trapping Industry for NCN.
- To expand the local economy internationally and globally.
- To continue using our renewable resources, such as wild fur species through traditional and cultural practises.
- To establish a fur-buying market.
- Promote trapping industry by having more trappers licenced.
- Educate youth on trapping standards.

SOCIAL DEVELOPMENT

BAY ROAD BASEBALL FIELD UPGRADE

Funding in the amount of \$2,100 was allocated from the 2003 CAP Budget to upgrade the existing baseball field in the Bay Road Area. To date there has been no activity on the project.

ELDERS TRADITIONAL PROGRAM

This year the Elders Traditional Program had been busy with implementing a work schedule. The teachers bring classes to scheduled activities where students go observe and learn. The students are shown how snowshoes are made as well as moccasins, mukluks and other traditional arts and crafts.

The program assists the school in the implementation of the mini Winter Trappers' Festival. Some of the events that students compete in during the festival are fire building, bannock making, tea boiling and trap setting.

The resource personnel in conjunction with the Grannies & Grandpas run a trap line and they take some students to the trap line to teach them how to set traps. When wild game is caught the Grandpas show them how to skin and prepare the game.

Approximately 150-plus students take part in the program and enjoy it just as much as the Elders enjoy teaching the students and the teachers.

In the spring, the resource personnel successfully hunted for geese and waterfowl. With the abundant harvest, the students distributed their catch to some of the local Elders and they had a feast for the teachers and students at the Grannies' cabins.

Wild game was harvested for the use of the program, according to the season and the resource personnel network available, such as Country Foods, Fisherman's Association and Trapping program. The harvest is used by the Elders to teach the students how to skin, prepare and cook the wild game.

The program makes an effort to operate from September – June, in concurrence with the school calendar, however it hasn't been operating throughout the full school year. By mid-December some employees were laid off due to financial restraints, however got called back by mid-February.

FITNESS TRAIL

In 2005, revenue of \$1,580 was deferred from the previous year. There was no activity in this project throughout the year.

The NCN Trust Office in conjunction with the project coordinator will continue to use the remaining funds for initial purpose.

INDIGENOUS GAMES

In 2005, \$266 was carried over from previous years and allocated to offset costs associated with youth participating in the National Aboriginal Indigenous Games. The remaining funds will be used for the initial purpose.

NCN JUNIOR B HOCKEY CLUB

In 2005, \$50,000 was allocated to the NCN Junior B Hockey Team to participate in the Northern Hockey league.

Due to various reasons the Northern League was dissolved for the 2005/06-hockey season. Sixty percent of the funding allocated was used to pay off current debts. The remaining funds have been retained and will be utilized when the NCN Junior B Hockey Club joins another league.

OTETISKIWIN JUNIOR CHIEF & COUNCIL LEADERSHIP PROGRAM

In 2005, \$7,000 was allocated to the Otetiskiwin Junior Chief & Council Leadership Program.

The Junior Chief & Council Leadership Program offers students an opportunity to, first, understand the role of Leadership as it applies to their school and secondly, prepare them for the public service later on in their respective careers.

Objectives

- To develop our own “Council Chambers”
- To develop a Otetiskiwin Kiskinwamahtowekamik Yearbook
- To invite motivational speakers to the Youth Conference
- To take the Junior Chief & Council on trip to Ottawa and Niagara Falls to broaden student’s understanding of our Capital and of Canada
- To take students to the PRIDE Conference in Peguis, Manitoba

Due to very minimal sponsorship for the program, the Junior Chief & Council could not accomplish all of their objectives as set out. They did however have weekly meetings to ensure that their work plan was followed and were successful in promoting school leadership, positive role models, school spirit and improved school attendance.

MINOR HOCKEY ASSOCIATION

In 2005, the NCN Minor Hockey Association completed various goals it set out to accomplish.

The Minor Hockey Program benefited the community with participation for all ages for each division. Teams from each division all participated in local and out of town tournaments. Hats off to our Midget “A” team who won their division and were the “Norman Regional Champions” for the second year in a row.

Highlights of the year include:

- NCN Minor Hockey Association logo contest – two winners.
- Hockey equipment exchange program for two weeks.
- Skate shop was opened and operating with a new skate-sharpening machine.
- Mike Thomas hockey school with our employees working and learning skills to operate their own hockey camp.
- Conditioning Camp for three weeks hosted by NCN Minor Hockey employees.
- Various parental involvement contests, which encouraged the parents to get involved with the minor hockey program.
- Hiring of a hockey coordinator
- Hiring of an assistant hockey coordinator
- Hiring of four employees to operate and maintain the Sport Shop. All employees were trained on how use the skate sharpener.
- All employees succeeded in obtaining their coach level 1, safety, referee and coach awareness certificates.
- Hiring of drivers with a class 4 licence.
- Recruitment of new Minor Hockey board members for the 2005/06 seasons.
- Minor Hockey Board Retreat' for completion of a Minor Hockey Constitution
- Initiated bi-weekly board meetings at the arena

PLAYGROUND

In 2002, revenue of \$2,260 has been deferred to the preceding year. Funds were allocated in 1999 to install additional playground and landscape at the school area.

The NCN Trust Office will continue to use the funds for its initial purpose

POWWOW ARBOR

In 2001, \$25,000 was allocated to construct a permanent arbor within the community.

As of December 31, 2005, the project has not been constructed. However, there has been clearing of brush and landscaping on the selected site for the arbor. Furthermore, hydro poles have been donated from Manitoba Hydro. It is anticipated that the construction of the arbor will commence in the summer of 2006.

RECREATION PROGRAMMING

In 2005, \$275,000 was allocated to the Recreation Program to continue to meet the needs of the community in various recreational program designs and to provide opportunities for all ages.

Funding for the Family and Community Wellness Centre is transferred to the NCN Finance Department on a quarterly basis. The centre's written, financial and audits are included with the annual reports produced by the Nisichawayasihk Cree Nation.

Please review NCN's 2004/05 Annual Year in Review for NCN Family and Community Wellness Centre's annual report.

REDISCOVERIES OF FAMILIES PROJECT

The purpose of the Rediscovery of Families (RDF) program is to find practical ways to care for families, in a manner that is supportive and consistent with our values, beliefs and traditions. With the assistance and guidance of Elders and support workers, RDF participants are given opportunities to reconnect with the land by participating in traditional activities. These activities include fishing, cleaning fish and setting nets, hunting and berry picking. Other traditional activities include the sacred ceremonies, such as the sweat lodge, medicine picking, pipe ceremonies, sharing circles, and exploring historical sites like the area where dancing circles were held in the past.

The RDF program is designed to:

- Raise awareness of our values, beliefs and traditions as they relate to relationships with our families.
- Provide families with the necessary support to assist in identifying family strengths as well as issues that have negatively impacted healthy family functioning, and find practical solutions that can be used in every day life.
- Reconnect with the land as a source of food, medicine and spirituality.
- Identify family's service and resource needs, and,
- Better meet the service and resource needs of the families by using a coordinated service approach at the community level for families when they return home from Leftrook Lake.

The full range of programs and services offered by the Family & Community Wellness Centre were used in the delivery of this program. Additional resources were received from NNADAP, Nelson House Medicine Lodge, Royal Canadian Mounted Police (RCMP), Crisis Centres, Pisimweyapiy Counselling Program, traditional Elders, FNHIB Therapists, Nursing Station, FCWC staff and community members.

The last summer trip to Leftrook Lake had a grieving and loss theme, with workshops conducted by Charles and Isabelle Carrier, as the families that participated at that time had experienced multiple losses.

In conjunction with the Nelson House Medicine Lodge, the FCWC hosted a five-day workshop on grieving and loss at the Mile 33 traditional grounds of NCN from June 13 to 17, 2005. There were daily workshops on related issues of grieving and loss such as unresolved grief, anger management, residential school trauma and loss of identity. Each day began with a pipe ceremony and ended with an evening sweat lodge ceremony. We also had evening entertainment provided by performers like singer Delores Sand, hypnotist and puppeteer Richard Latrielle, and some of our own local talent. The highlights of the conference were the performances by Delores Sand and the Hypnotic Show, the Tarot card readings by Francis Sinclair and the ceremonies. We had an overall total of about 300 or more people that participated in the week's event.

A women's retreat was held on September 8 to 11, 2005, focusing on overcoming trauma of childhood sexual abuse. Ten women participated. One participant's comment was that, "Even though our backgrounds and issues might have been different, we know each other's pain, loss and grief. We felt safe, understood and connected at Leftrook Lake."

In October 2005, we hosted a four-day workshop on the 'inner child', facilitated by Lyle S. Willier of Four Directions Consulting. A total of nine women participated.

A couples' retreat was held on December 26 to 30, 2005, with a total of four couples participating in the retreat.

A grand total of 169 individual participants in the RDF project in 2005.

TOW ROPE

In 2005, \$20,000 was deferred to the preceding year for the purpose of upgrading the sliding hill by installing a powered towrope.

To date, there has been no activity on this project because the towrope purchased for the project was used for other purposes. Therefore, it is unlikely the project will proceed as planned.

The Projected Coordinator has submitted a written letter to the NCN Trust Office to re-disclose the funds to the community so that the funding could be used for other programming in the upcoming fiscal year.

YOUTH INITIATIVE PROGRAM

In 2005, \$50,000 was allocated to the Youth Initiative Program to provide effective programs for our youth population and aim toward promotion of holistic wellness and empowerment.

Funding for the Youth Initiative Program is transferred to the NCN Finance Department on a quarterly basis. The program's written, financial and audits are included with the annual reports produced by the Nisichawayasihk Cree Nation. Please review NCN's 2004/05 Annual Year in Review for NCN Youth Initiative Program's annual report.

ZUMMER ADVENTURE CAMP

The purpose of the Zummer Adventure Camp (ZAC) is to provide the children and youth of NCN with recreational and culturally based programming that include day, evening and weeklong camp excursions. ZAC has a dual focus to first, expose children and youth to extracurricular activities and cultural teachings and second, to provide summer students with an opportunity for employment and to serve as role models and mentors for their peers and for the children with whom they work.

ZAC's aim is to nurture the growth and well-being of each child and youth intellectually, emotionally, physically and spiritually in a coordinated fashion.

The ZAC project is designed to:

- Provide participants with fun-filled adventures and new experiences in safe and active indoor and outdoor programs,
- Provide participants with opportunities to build lasting friendships, develop social skills, life skills while creating great summer camp memories at the same time,
- Provide the participants with the opportunity to learn about the NCN cultural heritage sites, lands, resources and the traditional activities, and
- Ensure safety and structure in a nurturing environment for all participants.

Zummer Adventure Camp is delivered during the summer months from June through August. There were eight summer students hired and three people were contracted to assist in delivering ZAC.

Each of the contractors and students were responsible for the delivery of the individual camps. The guides and summer students assigned to adventure camp were responsible for providing traditional teachings on ceremonial aspects of our culture, such as the sweat lodge ceremonies. They also provided teachings on arts & crafts, traditional land sites, medicinal plants, tanning of hides, hunting and language.

We had a total of 173 children and youth registered for the Zummer Adventure Camp this summer. All the children and youth were divided into groups by colours, which rotated after each activity. This ensured everyone participated in all the camps. There were 130 children and youth who consistently participated in the camps throughout the summer months.

Once again, the highlight of the ZAC program was the weeklong camp excursion to Leftrook Lake. Each week we had at least 12 youth participate in these excursions. The camp ran from July 11 to August 12, 2005, with a total of 62 youth participants. Unfortunately, during one of our trips, there was a suicide in the community. We had family members and close friends with us at the camp when we got the bad news. We were able to provide them with critical incident stress debriefing. In addition, two youths were given suicide assessments and safety plans were developed.

While at Leftrook Lake, the youths were provided with opportunities to participate in daily sessions and teachings that address relevant issues such as alcohol and drugs, gangs, suicide and loss of traditional values and beliefs. Being in Leftrook Lake provided them with more than being connected and at peace with the earth and environment. It also instilled in them pride in who they are as Aboriginal People. Their pride grew as they experienced and learned more about our Cree culture and way of life.

TRANSPORTATION

OTETISKIWIN TRANSIT

In 2005, revenue of \$100 was deferred from previous year. Funds were allocated for the purpose of purchasing a transit bus for the Personal Care Home.

OTHER

ELDERS SUBSIDY PROGRAM

Funding is allocated annually to provide community Elders with a monthly subsidy of \$100 to supplement their pensions and other living expenses. A total of 85 Elders were subsidized in 2005 for a total of \$99,300.

SHORELINE DEBRIS CLEANING

The Nisichawayasihk Cree Nation Debris Management Program (DMP) began in the spring of 1999 with a primary purpose of removing debris from the shoreline and waterways of the NCN Resource Management Area, especially in areas with heavy commercial, recreational and traditional traffic.

The aim of the work is to create natural aesthetics within the waterways and to clear debris from fish spawning areas, historical areas and camping areas, as well as to prevent additional debris from entering the waterways.

This year an additional \$30,000 was set aside for bank stabilization to create natural aesthetics within the waterways, while benefiting the resource users that use the affected areas on daily, seasonal and annual basis.

\$150,000 was allocated for the clean up portion of the project, with 59 contracts of \$1,500 allocated to contractors for a total of \$88,500. Four workers were hired on an hourly basis for a total of \$54,069.44, to work on site layout, debris burning, equipment repairs and project administration. As fishermen and trappers make up a large percentage of people using the RMA, 20 contracts were allocated to them, with the balance of 39 allocated to other contractors through a lottery system (drawing names).

The ability to expand the number of contracts was hampered by rising costs to service and repair aging equipment, as well as increased fuel costs. A total of \$5,40.98 was spent on fuel, while \$4150,93 was set aside to cover repairs and other miscellaneous items.

All 59 contracts were completed. Shoreline crews used chainsaws to cut debris into manageable lengths that were stacked together in large piles for burning by the burning crew. A contest was held to encourage the contractors to make fewer and bigger debris piles, which resulted in an overall saving, as hourly workers had fewer piles to burn.

The total length of shoreline cleared was 18.2 kilometres.

In 2006, DMP will be requesting the use of Manitoba Hydro's barge/cherry picker for a two-week period to clear some of the areas with high numbers of deadheads (half-sunken or submerged logs just below the water's surface), which pose a serious safety threat to resource users.

DMP will also be requesting that helicopter time be set aside after the ice break up in order to better identify and select areas for cleanup and bank stabilization, and that funding for bank stabilization be maintained at its current funding level.

Part 2



2005

Nisichawayasihk Trust

Financial Statements
Year Ended December 31, 2005



NISICHAWASIIHK TRUST

INDEX

	PAGE
Auditors' Report	44
Statement of Financial Position	45
Statement of Restricted Capital - General Fund	46
Statement of Unrestricted Capital - Community Development Fund	47
Statement of Restricted Capital - Community Development Fund	48
Statement of Restricted Capital - Claims Fund	48
Statement of Restricted Capital - Investment and Heritage Fund	49
Statement of Cash Flows	50
Notes to Financial Statements	51 - 61
Schedule of 2005 Program Funding	62



W.J. Hemenway, B.A. C.A. - Partner (ret.)
A.M. (Arnie) Silver, B.A., C.A. - Principal
Jerrod A. Griffiths, B. COMM. (HONS.), C.A. - Principal
R.W. Malanchuk, C.M.A. - Associate

AUDITORS' REPORT

To the Trustees
Nisichawasihk Trust

We have audited the statement of financial position of Nisichawasihk Trust as at December 31, 2005 and the statements of unrestricted capital, restricted capital and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
February 27, 2006

A handwritten signature in blue ink, appearing to read "Hemenway Silver".

CHARTERED ACCOUNTANTS



Member of
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Chartered Accountants
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NISICHAWASIIHK TRUST

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2005

	General Fund	Community Development Fund	Claims Fund	Investment and Heritage Fund	Total 2005	Total 2004
CURRENT ASSETS						
Cash	\$ 2,125,609	\$ 57,955	\$ 1,889	\$ 330,084	\$ 2,515,537	\$29,906,604
Accounts receivable	-	-	-	-	-	590,178
Accrued interest	-	10,128	-	51,656	61,784	89,657
Due from Claims Fund	-	-	-	-	-	23,735
	<u>2,125,609</u>	<u>68,083</u>	<u>1,889</u>	<u>381,740</u>	<u>2,577,321</u>	<u>30,610,174</u>
Investments (NOTE 10)	37,826,030	1,164,798	-	9,673,386	48,664,214	23,703,947
	<u>\$39,951,639</u>	<u>\$ 1,232,881</u>	<u>\$ 1,889</u>	<u>\$10,055,126</u>	<u>\$51,241,535</u>	<u>\$ 54,314,121</u>
CURRENT LIABILITIES						
Due to Trust Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 955
Due to Claims Fund	-	-	-	-	-	5,000
Due to Investment and Heritage Fund	-	-	-	-	-	585,178
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,133</u>
DUE TO INVESTMENT AND HERITAGE FUND (NOTE 7)	-	-	-	-	-	23,735
RESTRICTED CAPITAL (PAGES 46 AND 48)	39,951,639	1,232,881	1,889	10,055,126	51,241,535	53,699,253
	<u>\$39,951,639</u>	<u>\$ 1,232,881</u>	<u>\$ 1,889</u>	<u>\$10,055,126</u>	<u>\$51,241,535</u>	<u>\$ 54,314,121</u>
TRUST VIOLATION (NOTE 9)						
SIGNIFICANT EVENT (NOTE 11)						

NISICHAWASIIHK TRUST

**STATEMENT OF RESTRICTED CAPITAL
GENERAL FUND**

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ 40,036,674	\$40,000,000
Gain on bond dispositions	38,970	934,014
Interest income on Trust assets	1,148,212	1,389,364
Excursion revenue received from Hydro	-	36,674
	41,223,856	42,360,052
Transferred to Unrestricted Capital - Community Development Fund	1,272,217	2,323,378
BALANCE, END OF YEAR	\$ 39,951,639	\$40,036,674

NISICHAWASIIHK TRUST

STATEMENT OF UNRESTRICTED CAPITAL
COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ -	\$ -
Transfer from restricted capital - General Fund	1,272,217	2,323,378
FUNDS AVAILABLE FOR THE YEAR	1,272,217	2,323,378
Transfer from Restricted Capital - Investment and Heritage Fund	2,720,083	1,664,822
Program Funding (SCHEDULE 1)	(3,985,300)	(3,983,200)
Transfer to Restricted Capital - Claims Fund (PAGE 48)	(7,000)	(5,000)
BALANCE, END OF YEAR	\$ -	\$ -

STATEMENT OF RESTRICTED CAPITAL
COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ 1,183,242	\$ 1,158,453
Interest income	49,639	24,789
BALANCE, END OF YEAR	\$ 1,232,881	\$ 1,183,242

NISICHAWASIIHK TRUST

STATEMENT OF RESTRICTED CAPITAL
CLAIMS FUND

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ 1,678	\$ 1,078
Transfer from Unrestricted Capital - Community Development Fund (PAGE 47)	7,000	5,000
Interest income	211	600
	8,889	6,678
Transfer to Nisichawayasihk Trust Office	(7,000)	(5,000)
BALANCE, END OF YEAR	\$ 1,889	\$ 1,678

NISICHAWASIIHK TRUST

**STATEMENT OF RESTRICTED CAPITAL
INVESTMENT AND HERITAGE FUND**

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ 12,477,659	\$ 13,876,732
Transfer to Unrestricted Capital - Community Development Fund (NOTE 8)	(2,720,083)	(1,664,822)
Interest income on restricted funds	292,763	262,773
Gain on bond disposition	4,787	2,976
BALANCE, END OF YEAR	\$ 10,055,126	\$ 12,477,659

NISICHAWASIIHK TRUST

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2005

	General Fund	Community Development Fund	Claims Fund	Investment and Heritage Fund	Total 2005	Total 2004
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash from interest income	\$ 1,220,050	\$ 43,230	\$ 211	\$ 292,720	\$ 1,556,211	\$ 1,815,741
Cash from Hydro excursion revenue	-	-	-	-	-	36,674
Cash transferred to Trust Office	(2,002,105)	-	(7,000)	(1,996,150)	(4,005,255)	(3,819,538)
Cash transferred from Trust Office	-	-	12,000	-	12,000	382,757
Cash transferred to/(from) General Account	138,755	-	-	(138,755)	-	-
Cash transferred to Commercial Fishermen	-	-	-	-	-	(167,707)
Cash transferred from Claims Account	-	-	(23,735)	23,735	-	-
Net cash received from (paid for) operating activities	<u>(643,300)</u>	<u>43,230</u>	<u>(18,524)</u>	<u>(1,818,450)</u>	<u>(2,437,044)</u>	<u>(1,752,073)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	112,285,927	-	-	4,465,354	116,751,281	38,072,875
Foreign exchange loss	-	-	-	(38,542)	(38,542)	(109,714)
Purchase of investment	<u>(134,744,707)</u>	<u>(366,819)</u>	<u>-</u>	<u>(6,555,236)</u>	<u>(141,666,762)</u>	<u>(29,591,170)</u>
Net cash received from (paid for) investing activities	<u>(22,458,780)</u>	<u>(366,819)</u>	<u>-</u>	<u>(2,128,424)</u>	<u>(24,954,023)</u>	<u>8,371,991</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	(23,102,080)	(323,589)	(18,524)	(3,946,874)	(27,391,067)	6,619,918
Cash, beginning of year	25,227,689	381,544	20,413	4,276,958	29,906,604	23,286,686
CASH, END OF YEAR	\$ 2,125,609	\$ 57,955	\$ 1,889	\$ 330,084	\$ 2,515,537	\$ 29,906,604

NISICHAWASIIHK TRUST

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

1. NISICHAWASIIHK TRUST

Nisichawasihk Trust was created on March 15, 1996 pursuant to an agreement between Her Majesty the Queen in Right of Canada, Her Majesty the Queen in Right of the Province of Manitoba, Nisichawayasihk Cree Nation and the Manitoba Hydro-Electric Board to settle obligations under the Northern Flood Settlement Agreement.

Proceeds of Settlement

In accordance with the terms of the agreement, the financial obligations of the various parties have been settled according to schedule 1.1 of the Agreement.

Funds Available

The Funds Available for any year are the amounts approved through the Community Approval Process for administering the Trust and the amounts paid to Chief and Council to fund the various programs.

Funds Available is defined as the greater of the income earned in the Trust Assets and whichever of the following applies:

- i) pending receipt by the Trust of interest on the Hydro Bond, an amount determined by the Community Approval Process, not to exceed four million (\$4,000,000) dollars, or;
- ii) during the period when the Trust, either directly or through Canada, received the interest on the Hydro Bond, the interest paid on the bond, and;
- iii) in any other circumstances, the amount by which the Net Value of the Assets as determined by the Corporate Trustee at the close of the prior fiscal year, excluding the Arena funds, Assets held in the Investment and Heritage Account, and the principal amounts in the Operation and Maintenance Sub-Account and the Recreational Facilities and Programs Sub-Account, exceed forty million

All Funds Available are to be allocated firstly out of income of the Trust and then out of the balance of Trust Capital.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using fund accounting concepts.

2. BASIS OF PRESENTATION - CONTINUED

General Fund

The General Fund includes transactions related to the Trust Assets which are managed by the Trustees, which includes the Corporate Trustees - Royal Trust Corporation of Canada, and four members of Nisichawayasihk Cree Nation.

Community Development Fund

The Community Development Fund includes transactions related to implementing the Agreement, administering the Trust, and conducting the Community Approval Process.

Claims Fund

The Claims Fund includes transactions related to settling compensation claims of:

- the Cree Nation,
- its Members, and,
- any group, unincorporated association, or corporation whose membership or shareholding is wholly or substantially comprised and controlled by the Cree Nation or its Members,

for damages and losses suffered resulting from or attributable to the adverse effects of the Projects of the Manitoba Hydro-Electric Board.

Investment and Heritage Fund

The Investment and Heritage Fund includes funds which have been approved by the Community Approval Process for business and investment purposes.

All monies that were held in the Trust cash account of each fund at December 31, 2005 earned interest at 3.2%.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant for the Trust.

a) Basis of Accounting

The Nisichawayasihk Trust follows the restricted fund method of accounting.

b) Accrued Interest

Accrued interest represents interest earned on the investments that will not be received until after year end.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) Management Estimates and Assumptions

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

4. RESTRICTED ASSETS - GENERAL FUND

Trust assets are managed by the Trustees, which includes the Corporate Trustees - Royal Trust Corporation of Canada and four members of Nisichawayasihk Cree Nation.

All trust assets are restricted and can only be accessed through the Community Approval Process, subject to the restrictions disclosed in Note 1.

5. FUNDS AVAILABLE - UNALLOCATED

Unallocated Funds Available are paid to Chief and Council who can either deposit such funds in the Investment and Heritage Account or the Community Development Account. If the funds are deposited in the Community Development Account, they are subject to the Community Approval Process and will be spent in the subsequent fiscal year in addition to the Funds Available for that year.

6. RESTRICTED ASSETS - COMMUNITY DEVELOPMENT FUND

Compensation of \$1,000,000 was received in the past as part of the Northern Flood Agreement and was used as a loan guarantee for the Northern Flood Committee.

The interest on the \$1,000,000 is to be used to build and develop recreational facilities and to provide recreational programs to the Cree Nation and its Members and can only be accessed through the Community Approval Process. The capital account of \$1,000,000 in the Recreational Facilities and Programs sub-account cannot be encroached upon.

7. RESTRICTED ASSETS - CLAIMS FUND

The monies in the claims account can only be used to compensate:

- the Cree Nation,
- its Members, and,
- any group, unincorporated association, or corporation whose membership or shareholding is wholly or substantially comprised and controlled by the Cree Nation or its Members,

for damages and losses suffered resulting from or attributable to the adverse effects of the Projects of the Manitoba Hydro-Electric Board. Monies may also be used for the reasonable costs of the Arbitrator arising out of such claims, the reasonable costs to investigate such claims, and payment of costs awarded to a Claimant.

At the beginning of each fiscal year, an amount will be allocated as a first priority from the Funds Available to ensure that a minimum balance of \$50,000 (the aggregate of funds both at the Nisichawayasihk Trust Office and at the Nisichawayasihk Trust) is maintained in the Claims Fund. Funds in excess of \$50,000 on the last business day of any fiscal year (nil at December 31, 2005) will be transferred to the Investment and Heritage Fund.

8. RESTRICTED ASSETS - INVESTMENT AND HERITAGE FUND

Upon settlement of the Trust, \$250,000 was transferred to the Investment and Heritage sub-account in 1996. The \$250,000 and the interest earned on it (totalling \$419,808 at December 31, 2005) cannot be encroached upon until certain Trust conditions are met. The restriction is intended to minimize the effects of inflation on the \$40,000,000 Capital Investment in the General Fund. Additional monies deposited to this account cannot be withdrawn in the fiscal year in which they were deposited.

A further \$12,198,400 was settled on the Investment and Heritage sub-account in 2001. This amount represented the premium received by the Trust upon redemption of the Hydro Bond, and is to be invested until 2013 unless the members instruct otherwise. During the year, \$2,720,083 to supplement the 2005 Funds Available amount.

9. TRUST VIOLATION

As at December 31, 2005, The Nisichawayasihk Trust was in violation of article 16.1 (g) of the Trust Indenture which states the capital in General Fund will not be less than \$40,000,000. At December 31, 2005 the capital in the General Fund was \$39,951,639, a shortfall of \$48,361.

10. INVESTMENTS

The investments are accounted for using the cost method and consist of the following:

General Fund	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Bank of Nova Scotia	\$ 3,988,720	\$ 3,988,600	\$ -	\$ -
Bank of Nova Scotia	3,977,960	3,977,760	-	-
Bank of Nova Scotia	2,974,410	2,974,290	-	-
Canadian Gov't 3.25%	-	-	1,999,600	2,009,700
Canadian Gov't 3.5%	-	-	1,983,200	2,007,850
Canadian Gov't 3.5%	-	-	508,100	501,963
Canadian Treasury Bills	-	-	980,420	980,420
Canadian Treasury Bills	-	-	3,940,800	3,940,800
Canadian Treasury Bills	-	-	3,971,720	3,971,720
Canadian Treasury Bills	-	-	1,944,440	1,944,440
CIBC	3,988,720	3,988,600	-	-
CIBC	2,973,900	2,973,660	-	-
Firstbank	3,988,360	3,988,240	-	-
Firstbank	3,978,080	3,977,760	-	-
National Bank	3,989,800	3,989,720	-	-
TD Bank	3,988,360	3,988,240	-	-
TD Bank	3,977,720	3,977,360	-	-
Subtotal - General Fund	<u>37,826,030</u>	<u>37,824,230</u>	<u>15,328,280</u>	<u>15,356,893</u>
Community Development Fund				
Can Capital Auto 3.54%	100,000	99,412	-	-
Canada Housing 3.55%	113,381	113,416	-	-
Canada Housing 3.55%	-	-	98,400	99,562
Canada Housing 3.70%	114,776	114,143	-	-
Canada Housing 3.70%	-	-	99,650	100,563
Canada Housing 3.75%	109,021	108,771	-	-
Canadian Gov't 3.25%	99,980	99,469	99,980	100,485
Cdn Capital Auto 3.539%	-	-	100,000	100,620
Farm Credit Canada Corp. 3.80%	113,749	112,582	-	-
Manitoba 4.80%	99,990	104,463	99,990	101,721
Ontario 4.00%	99,980	99,961	99,980	101,087
Ontario 4.50%	113,942	117,123	-	-
Ontario 4.75%	99,979	103,950	99,979	102,307
Toronto Municipal 4.90%	100,000	103,985	100,000	101,145
Subtotal - Community Development Fund	<u>1,164,798</u>	<u>1,177,275</u>	<u>797,979</u>	<u>807,490</u>

10. INVESTMENTS - CONTINUED

	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investment and Heritage Fund				
Alcan	\$ -	\$ -	\$ 25,226	\$ 24,990
Aviva Ord	9,456	8,789	9,456	9,052
Banca Intensa Spa	7,673	8,077	7,674	7,526
Banco Santander	8,485	8,620	8,485	8,330
Bank of Montreal	31,329	36,075	41,208	42,165
Bank of Nova Scotia	52,159	61,828	49,166	51,486
Bayer AG	6,323	7,295	6,323	6,085
BCE Inc.	-	-	24,436	24,871
Boots Group PLC	2,531	1,948	2,531	2,419
BP PLC	8,060	8,163	8,060	7,732
Canadian National Railway	31,306	41,913	31,306	32,882
Canadian Natural	31,381	37,748	-	-
Canadian Tire	21,983	28,164	21,983	22,765
Canon Inc.	7,559	7,844	7,559	7,452
CI Fund Mgmt	-	-	20,421	22,603
CIBC	23,665	25,597	33,201	33,948
Cie de Saint Gobain	4,844	4,509	4,844	4,693
Coles Meyer	2,255	-	2,255	-
Electrabel	-	-	2,773	2,672
Encana Corp.	40,814	65,700	34,917	36,936
Ensign Energy	15,136	17,126	-	-
EOG Resources	7,806	8,554	-	-
E.W. Scripps	5,341	5,039	-	-
Falconbridge	19,579	39,675	23,506	24,258
Fortis	7,266	7,981	7,266	7,128
Glaxosmithkline PLC	9,087	9,246	9,087	8,877
Goldcorp Inc.	20,998	26,159	-	-
Great West Lifeco	24,216	28,398	24,216	24,698
HBOS PLC	9,750	9,611	9,750	9,485
Hong Kong Electric	2,327	2,426	-	-
Husky Energy	-	-	26,171	28,085
Iberdrola	4,947	5,081	4,947	4,895
Subtotal	416,276	511,566	446,767	456,033

10. INVESTMENTS - CONTINUED

	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investment and Heritage Fund				
- continued				
Subtotal from previous page	\$ 416,276	\$ 511,566	\$ 446,767	\$ 456,033
Inco	18,004	20,453	18,004	17,820
ING Group	9,042	9,843	9,042	8,881
Ipsco	16,472	37,717	23,230	31,521
Ishares Trust MSCI EAFE Fnd	321,352	374,163	321,352	347,178
IUnits S&P/TSX Cdn Financial	238,659	287,746	110,301	114,667
IUnits S&P/TSX Cdn Midcap	227,280	276,684	107,820	118,170
KDDI Corp.	6,633	6,717	6,633	6,484
Lloyds TSB Group	9,669	8,397	9,669	9,381
Magna Int'l	-	-	16,863	17,250
Manulife Financial	43,406	53,933	43,406	43,766
National Australia Bank	8,185	8,315	8,185	8,117
National Bank	27,463	34,382	27,463	28,429
Nexen	20,894	44,890	20,894	19,724
Nova Chemicals	-	-	21,798	23,531
Oversea Chinese Bank	5,026	5,129	-	-
Potash Corp. of Sask.	-	-	23,403	25,935
Power Corp. Cda	27,706	29,919	27,706	29,295
Precision Drilling	17,468	21,109	20,061	20,768
Qualcomm Inc.	4,436	4,520	-	-
QLT Inc.	-	-	17,295	17,403
RBC Private Cdn Growth	231,611	289,774	231,611	242,166
RBC Pvte Cdn Mid Cap	230,000	280,872	100,000	108,050
RBC Pvte Int'l Equity	60,000	72,046	60,000	64,478
RBC Pvte US Growth Equity	100,000	109,609	100,000	103,590
RBC Pvte US Value Equity	234,316	225,845	114,807	122,180
RBC Pvte US Val Small Cap	114,808	119,975	114,807	126,481
Reed Elsevier	4,710	4,480	2,334	2,288
Research in Motion	-	-	35,657	33,091
Subtotal	2,393,416	2,838,084	2,039,108	2,146,677

10. INVESTMENTS - CONTINUED

	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investment and Heritage Fund				
- continued				
Subtotal from previous page	\$ 2,393,416	\$ 2,838,084	\$ 2,039,108	\$ 2,146,677
Rio Tinto	6,929	10,057	5,766	5,657
Rona Inc.	17,047	14,801	-	-
Royal Dutch Petroleum	9,465	9,609	9,465	9,315
RWE AG	8,455	10,765	8,455	8,268
Smith International	6,673	7,355	-	-
Societe General Paris	6,808	7,889	6,808	6,671
Takeda Pharmaceutical	7,063	7,253	7,063	6,954
Talisman Energy	30,406	56,364	25,261	25,233
TD Bank	44,671	55,934	44,671	45,677
TD S&P/TSX Cap Comp.	705,614	853,626	475,266	477,572
TECK Cominco	23,439	44,056	23,439	26,213
Telefonica	9,795	7,933	8,754	8,593
Telstra Corp.	9,205	6,808	8,197	6,736
Telus Corp.	26,710	38,288	21,753	23,905
Total SA	8,038	8,789	8,038	7,854
Toyota Motor Corp.	8,553	10,588	6,147	6,108
Transcanada Corp.	24,250	31,153	24,250	25,330
Unilever PLC	8,857	8,493	8,857	8,670
Westfarmers Ltd.	3,420	3,162	2,238	2,242
Adobe Sys Corp.	9,655	11,204	5,610	6,041
Aflac	9,553	11,095	6,756	7,193
Ambac Financial	-	-	4,388	4,448
Amgen	7,241	8,275	3,246	3,474
Apache	9,079	11,983	15,318	15,521
Biovail	17,460	15,279	-	-
Carnival Corp	4,782	4,676	6,114	6,590
Chicago Mercantile	9,461	10,711	-	-
Chunghwa Telecom	-	-	3,376	3,420
Cisco Systems	4,827	4,291	4,873	5,000
Subtotal	3,430,872	4,108,521	2,783,217	2,899,362

10. INVESTMENTS - CONTINUED

	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investment and Heritage Fund				
- continued				
Subtotal from previous page	\$ 3,430,872	\$ 4,108,521	\$ 2,783,217	\$ 2,899,362
Danaher Corp	10,811	10,405	8,322	8,292
Dell Inc.	6,254	4,714	6,313	6,847
Ebay Inc.	11,272	10,078	7,809	8,402
Ecolab	9,213	9,303	9,300	9,302
Express Scripts Inc.	4,431	9,770	7,156	7,360
Extendicare Inc.	26,452	25,895	-	-
Fifth Third Bancorp	-	-	4,290	3,985
First Data Corp.	-	-	6,733	6,656
Fiserv Inc.	6,298	6,558	2,258	2,419
General Electric	8,138	7,764	8,214	8,347
Genzyme Corp.	5,559	6,602	5,390	5,591
Gildan Activewear	7,481	13,000	-	-
Home Depot	3,322	3,068	3,353	3,344
Int'l Game	-	-	3,777	3,724
Jabil Circuit Inc	4,412	6,270	4,454	4,464
Johnson & Johnson	5,783	5,606	5,837	6,107
Kohls Corp.	4,563	4,250	4,606	4,439
MBNA Corp.	-	-	6,293	6,447
McGraw Hill	8,446	9,330	5,293	5,509
Medtronic Inc.	7,053	7,719	10,605	10,462
Microsoft Corp	9,649	8,689	4,905	4,342
Midcap Spdr	240,559	257,538	116,882	120,878
Matsushita Electric	6,639	8,096	-	-
Paychex Inc.	9,727	10,222	4,267	4,307
Pepsico Inc.	10,429	11,365	7,144	7,225
Posco Spon Adr	4,681	4,907	4,632	4,556
Quest Diagnostics	4,909	4,802	-	-
SLM Corp.	16,116	17,021	9,983	10,603
Staples Inc.	5,863	6,540	5,930	6,695
Subtotal	3,868,932	4,578,033	3,046,963	3,169,665

10. INVESTMENTS - CONTINUED

	2005		2004	
	<u>COST</u>	<u>MARKET</u>	<u>COST</u>	<u>MARKET</u>
Investment and Heritage Fund				
- continued				
Subtotal from previous page	\$ 3,868,932	\$ 4,578,033	\$ 3,046,963	\$ 3,169,665
SPDR Trust Unit Ser 1	718,005	717,847	463,099	469,898
Suncor	-	-	28,162	29,892
Nortel	23,610	22,170	-	-
Sun Life Financial	33,323	38,552	-	-
Starbucks Corp.	5,628	5,948	5,681	6,380
Stryker Corp.	5,247	4,921	9,821	10,453
Symantec Corp.	-	-	9,284	7,751
Sysco Corp.	-	-	7,372	8,040
United Parcel Service	10,383	9,638	5,555	5,657
United Techs	4,647	5,215	4,690	4,976
UPM - Kymmene	3,345	3,079	-	-
Walgreen	6,967	7,740	7,032	6,927
Wellpoint Inc.	3,842	4,186	-	-
Whole Foods Mkt	6,079	9,925	6,137	6,312
Zimmer Holdings	6,458	5,111	3,862	3,857
Farm Credit Corp. 3.30%	502,100	499,984	502,100	503,307
Farm Credit Corp. 2.50%	493,850	487,725	-	-
Farm Credit Corp. 3.25%	499,900	490,908	-	-
Canada Housing 3.55%	248,300	246,557	-	-
Canada Housing 3.75%	248,875	247,207	-	-
Can Capital Auto	500,000	497,060	500,000	503,102
Cdn Gov't 3.25%	999,800	994,694	999,800	1,004,850
Cdn Treasury	486,735	486,735	985,200	985,200
Cdn Treasury	997,360	997,360	992,930	992,930
Subtotal - Investment and Heritage Fund	9,673,386	10,360,595	7,577,688	7,719,197
Total Investments - All Funds	\$48,664,214	\$49,362,100	\$23,703,947	\$23,883,580

11. SIGNIFICANT EVENT

As at the date of release of these financial statements, the entire 2006 budget had not yet been approved by the Community Approval Process.

Approximately \$1,326,000 of the \$3,992,300 budget has been approved, however the remaining amount of approximately \$2,666,300 which was to be transferred from the Investment and Heritage Fund was not approved. The approval and the related process is presently in arbitrations in accordance with Article 13.4.1 of the Nisichawasihk Trust Agreement.

SCHEDULE 1**NISICAWASIIHK TRUST****SCHEDULE OF 2005 PROGRAM FUNDING****YEAR ENDED DECEMBER 31, 2005**

	2005	2004
15 Single Family Dwelling Unit	\$ 300,000	\$ -
Agreement Implementation	814,000	743,493
Breakfast Program	-	50,000
Business Development	-	180,000
Commercial Fishing	200,000	167,607
Community Development	-	35,000
Country Foods Program	200,000	200,000
Elders' Subsidy	99,300	67,100
Elders' Traditional Programs	150,000	100,000
Housing	-	500,000
Junior B	-	125,000
Justice Program	25,000	30,000
Martial Arts Program	-	20,000
Minor Hockey	150,000	125,000
NCC Project	-	90,000
NCN Achimowin Radio Station	100,000	-
NCN Personal Care Home	200,000	200,000
Nisichawayasihk Emergency Services	100,000	185,000
Policing	280,000	280,000
Recreation Programming	275,000	300,000
Recycling	30,000	30,000
Rediscovery of Families	100,000	100,000
Resource Management	80,000	80,000
Spirit of Nations Pow Wow	-	25,000
Summer Adventure	75,000	75,000
Telecommunications	100,000	-
Trapper's Program	100,000	100,000
Wheelchair Bus	-	25,000
Wuskwatim Project Equity	550,000	-
Youth Initiative	50,000	150,000
Youth Leadership Program	7,000	-
	\$3,985,300	\$ 3,983,200



Part 3

2005

Nisichawayasihk Trust Office

Financial Statements
Year Ended December 31, 2005



	PAGE
Auditors' Report	66
Statement of Financial Position	67
Statement of Unrestricted Net Assets	68
Summary Statement of Funding, Expenditures and Surplus - Community Development Fund	69 - 70
Statements of Funding and Expenditures:	
Agreement Implementation Program	71
Habitation Program	72
Safety Measures Program	73
Aboriginal Heritage Program	74
Governance Program	75
Justice Program	76
Economic Development Program	77
Recreation Program	78
Community Infrastructure Program	79
Resource and Land Use Planning Program	80
Radio Station Announcer and Upgrade Program	81
Transportation Program	82
Youth Council Initiative Program	83
Education Program	84
Shoreline Debris Clean-up Program	85
Statement of Net Assets Invested in Property and Equipment	86
Statement of Funding and Expenditure - Claims Fund	87
Statement of Restricted Net Assets - Investment and Heritage Fund	88
Statement of Cash Flow	89
Notes to Financial Statements	90 - 94
Schedules:	
Administration Expenditures (Schedule 1)	95
Deferred Revenue (Schedule 2)	96 - 97



W.J. Hemenway, B.A. C.A. - Partner (ret.)
A.M. (Arnie) Silver, B.A., C.A. - Principal
Jerrold A. Griffiths, B. COMM. (HONS.), C.A. - Principal
R.W. Malanchuk, C.M.A. - Associate

AUDITORS' REPORT

To Chief and Council
Nisichawayasihk Cree Nation

We have audited the statement of financial position of Nisichawayasihk Trust Office as at December 31, 2005 and the statements of funding, expenditures and surplus, unrestricted net assets, restricted net assets, net assets invested in property and equipment, and cash flows for the year then ended. These financial statements are the responsibility of the Trust Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Nisichawayasihk Trust Office as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read "Hemenway Silver".

Winnipeg, Manitoba
February 27, 2006

CHARTERED ACCOUNTANTS



Member of
The Institute of
Chartered Accountants
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NISICAWAYASIIHK TRUST OFFICE

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2005

	Community Development Fund	Claims Fund	Investment and Heritage Fund	Total 2005	Total 2004
CURRENT ASSETS					
Unrestricted cash	\$1,568,843	\$ -	\$ -	\$1,568,843	\$905,359
Restricted cash (NOTE 7)	-	45,788	-	45,788	47,252
Interest receivable	40,348	-	-	40,348	31,384
Accounts receivable (NOTE 3)	17,837	-	-	17,837	38,014
Accounts receivable - Shoreline Debris Clean-up (NOTE 3)	-	-	-	-	135,000
Short-term investments (NOTE 3)	1,965,184	-	-	1,965,184	1,927,790
Due from Nisichawasihk Trust	-	-	-	-	955
Due from Claims Fund	9,635	-	-	9,635	2,998
	<u>3,601,847</u>	<u>45,788</u>	<u>-</u>	<u>3,647,635</u>	<u>3,088,752</u>
RESTRICTED CASH (NOTE 4)	49,229	-	-	49,229	48,501
PROPERTY AND EQUIPMENT (NOTES 3 AND 5)	99,140	-	-	99,140	106,879
	<u>\$3,750,216</u>	<u>\$45,788</u>	<u>\$ -</u>	<u>\$3,796,004</u>	<u>\$3,244,132</u>
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 130,373	\$ -	\$ -	\$ 130,373	\$ 105,693
Due to Community Development Fund	-	9,635	-	9,635	2,998
	<u>130,373</u>	<u>9,635</u>	<u>-</u>	<u>140,008</u>	<u>108,691</u>
DEFERRED FUNDING (PAGES 70, 87 AND 97)	<u>3,520,703</u>	<u>36,153</u>	<u>-</u>	<u>3,556,856</u>	<u>3,128,887</u>
	<u>3,651,076</u>	<u>45,788</u>	<u>-</u>	<u>3,696,864</u>	<u>3,237,578</u>
NET ASSETS					
Invested in property and equipment (PAGE 86)	99,140	-	-	99,140	106,879
Unrestricted (PAGE 68)	-	-	-	-	(100,325)
Restricted (PAGES 87 AND 88)	-	-	-	-	-
	<u>99,140</u>	<u>-</u>	<u>-</u>	<u>99,140</u>	<u>6,554</u>
	<u>\$3,750,216</u>	<u>\$45,788</u>	<u>\$ -</u>	<u>\$3,796,004</u>	<u>\$3,244,132</u>
SIGNIFICANT EVENT (NOTE 11)					

NISICAWAYASIIHK TRUST OFFICE

STATEMENT OF UNRESTRICTED NET ASSETS

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$(100,325)	\$(141,063)
Surplus (deficit) for the year	100,325	40,738
BALANCE, END OF YEAR	\$ -	\$(100,325)

NISICAWAYASIIHK TRUST OFFICE

SUMMARY STATEMENT OF FUNDING, EXPENDITURES AND SURPLUS
COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2005

<u>PROGRAM</u>	<u>NISICAWAYASIIHK TRUST FUNDING</u>	<u>OTHER REVENUE</u>
Agreement Implementation (PAGE 71)	\$ 814,000	\$135,302
Habitation (PAGE 72)	500,000	1,453
Safety Measures (PAGE 73)	100,000	50,217
Aboriginal Heritage (PAGE 74)	349,300	2,067
Governance (PAGE 75)	-	-
Justice (PAGE 76)	312,000	-
Economic Development (PAGE 77)	680,000	46,612
Recreation (PAGE 78)	500,000	23,080
Community Infrastructure (PAGE 79)	-	-
Resource and Land Use Planning (PAGE 80)	580,000	131,003
Radio Station Announcer and Upgrade (PAGE 81)	100,000	11,945
Transportation (PAGE 82)	-	-
Youth Council Initiative (PAGE 83)	50,000	-
Education (PAGE 84)	-	-
Shoreline Debris Clean-up (PAGE 85)	-	242,277
	<u>\$3,985,300</u>	<u>\$643,956</u>

DEFERRED FUNDING <u>2004</u>	DEFERRED FUNDING <u>2005</u>	<u>TOTAL REVENUES</u>	<u>TOTAL EXPENDITURES</u>	<u>SURPLUS</u>
\$ 78,606	\$ (93,072)	\$ 934,836	\$ 834,511	\$100,325
653,985	(514,123)	641,315	641,315	-
14,275	(7,197)	157,295	157,295	-
25,000	(36,446)	339,921	339,921	-
924	(924)	-	-	-
4,611	(11,960)	304,651	304,651	-
1,966,423	(2,654,842)	38,193	38,193	-
151,809	(59,132)	615,757	615,757	-
8,380	(8,380)	-	-	-
136,611	(93,957)	753,657	753,657	-
34,831	(12,135)	134,641	134,641	-
100	(100)	-	-	-
-	-	50,000	50,000	-
9,078	(2,039)	7,039	7,039	-
-	(26,396)	215,881	215,881	-
\$3,084,633	\$(3,520,703)	\$4,193,186	\$4,092,861	\$100,325

NISICAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
AGREEMENT IMPLEMENTATION PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$814,000	\$814,000	\$743,493
INTEREST REVENUE	-	36,296	35,135
TRANSFER TO PROGRAMS (NOTE 9)	-	(2,689)	(25,741)
OTHER REVENUE	-	101,695	92,640
DEFERRED FUNDING - 2003	-	-	30,000
DEFERRED FUNDING - 2004	78,606	78,606	(78,606)
DEFERRED FUNDING - 2005	-	(93,072)	-
	<u>892,606</u>	<u>934,836</u>	<u>796,921</u>
EXPENDITURES			
Administration (SCHEDULE 1)	464,000	477,756	454,497
Corporate trustee	315,450	252,457	232,550
Nelson House trustees	30,000	18,002	24,200
Community approval process	32,905	51,555	15,094
Professional services	50,251	34,741	29,842
	<u>892,606</u>	<u>834,511</u>	<u>756,183</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$100,325	\$ 40,738

NISICAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
HABITATION PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$ 500,000	\$500,000	\$ 700,000
INTEREST REVENUE	-	1,453	1,808
TRANSFER FROM (TO)			
SUB-PROGRAMS (NOTE 10)	-	-	(200,000)
TRANSFER FROM (TO)			
SUB-PROGRAMS (NOTE 10)	-	-	200,000
DEFERRED FUNDING - 2003	-	-	469,113
DEFERRED FUNDING - 2004	653,985	653,985	(653,985)
DEFERRED FUNDING - 2005	-	(514,123)	-
	<u>1,153,985</u>	<u>641,315</u>	<u>516,936</u>
EXPENDITURES			
Housing development	811,627	343,352	216,628
Home opportunity	44,232	-	-
Elders' housing complex	284,249	284,249	300,000
R.C. church renovations	163	-	87
U.C. church renovations	13,714	13,714	221
	<u>1,153,985</u>	<u>641,315</u>	<u>516,936</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$100,000	\$100,000	\$185,000
TRANSFER TO PROGRAMS (NOTE 9)	-	217	183
TRANSFER FROM PE TA PUN TRUST	-	50,000	-
DEFERRED FUNDING - 2003	-	-	46,544
DEFERRED FUNDING - 2004	14,275	14,275	(14,275)
DEFERRED FUNDING - 2005	-	(7,197)	-
	<u>114,275</u>	<u>157,295</u>	<u>217,452</u>
EXPENDITURES			
Emergency service	114,275	157,078	217,016
Emergency service rescue equipment	-	217	436
	<u>114,275</u>	<u>157,295</u>	<u>217,452</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
ABORIGINAL HERITAGE PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$349,300	\$349,300	\$292,100
TRANSFER TO PROGRAMS (NOTE 9)	-	-	12,950
OTHER REVENUE	-	2,067	170
DEFERRED FUNDING - 2003	-	-	59,722
DEFERRED FUNDING - 2004	25,000	25,000	(25,000)
DEFERRED FUNDING - 2005	-	(36,446)	-
	<u>374,300</u>	<u>339,921</u>	<u>339,942</u>
EXPENDITURES			
Elders' subsidy	99,300	96,000	93,300
Elders' cultural traditional	150,000	143,921	121,642
Pow-wow harbour	25,000	-	-
Pow-wow committee	-	-	25,000
Rediscovery of families project	100,000	100,000	100,000
	<u>374,300</u>	<u>339,921</u>	<u>339,942</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

	BUDGET	2005	2004
	(unaudited)		
DEFERRED FUNDING - 2003	\$ -	\$ -	\$924
DEFERRED FUNDING - 2004	924	924	(924)
DEFERRED FUNDING - 2005	<u>-</u>	<u>(924)</u>	<u>-</u>
	924	-	-
EXPENDITURES	924	-	-
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NISICAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
JUSTICE PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$312,000	\$312,000	\$310,000
DEFERRED FUNDING - 2003	-	-	12,015
DEFERRED FUNDING - 2004	4,611	4,611	(4,611)
DEFERRED FUNDING - 2005	-	(11,960)	-
	<u>316,611</u>	<u>304,651</u>	<u>317,404</u>
EXPENDITURES			
Justice	29,611	17,651	37,404
Police service	280,000	280,000	280,000
Otetiskiwin Junior Chief and Council	7,000	7,000	-
	<u>316,611</u>	<u>304,651</u>	<u>317,404</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
ECONOMIC DEVELOPMENT PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIIHK TRUST	\$ 680,000	\$ 680,000	\$ 245,000
INTEREST REVENUE	-	46,537	32,635
TRANSFER TO PROGRAMS (NOTE 9)	-	-	69
OTHER REVENUE	-	75	892
DEFERRED FUNDING - 2003	-	-	1,895,081
DEFERRED FUNDING - 2004	1,966,423	1,966,423	(1,966,423)
DEFERRED FUNDING - 2005	-	(2,654,842)	-
	<u>2,646,423</u>	<u>38,193</u>	<u>207,254</u>
EXPENDITURES			
Insurance	4,315	-	-
Off reserve investment	-	-	69
Nelson House business development	-	-	180,000
Equity in Wuskwatim project	2,089,354	-	-
Community development plan	35,000	-	-
NCN recycling	33,707	31,401	27,185
NCN investment savings	384,047	-	-
High speed internet and cell phone service	100,000	6,792	-
	<u>2,646,423</u>	<u>38,193</u>	<u>207,254</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
RECREATION PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIIHK TRUST	\$500,000	\$500,000	\$ 645,000
INTEREST REVENUE (NOTE 6)	-	5,867	4,202
TRANSFER TO PROGRAMS (NOTE 9)	-	-	9,354
OTHER REVENUE	-	17,213	40,039
DEFERRED FUNDING - 2003	-	-	73,168
DEFERRED FUNDING - 2004	151,809	151,809	(151,809)
DEFERRED FUNDING - 2005	-	(59,132)	-
	<u>651,809</u>	<u>615,757</u>	<u>619,954</u>
EXPENDITURES			
Recreation	373,622	373,622	231,796
Otetiskiwin Minor Hockey Association	126,060	131,294	118,104
Baseball field upgrade	2,100	-	-
Tow rope	20,921	-	-
Indigenous games	266	-	-
Playground	2,260	-	-
Junior B/Senior AAA Hockey Club	50,000	35,841	174,454
Martial arts	-	-	20,000
Summer adventure	75,000	75,000	75,000
Fitness trail	1,580	-	600
	<u>651,809</u>	<u>615,757</u>	<u>619,954</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
COMMUNITY INFRASTRUCTURE PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
DEFERRED FUNDING - 2003	\$ -	\$ -	\$ 8,380
DEFERRED FUNDING - 2004	8,380	8,380	(8,380)
DEFERRED FUNDING - 2005	-	(8,380)	-
	<u>8,380</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Road improvements	1,069	-	-
Community aesthetics and improvements	<u>7,311</u>	<u>-</u>	<u>-</u>
	<u>8,380</u>	<u>-</u>	<u>-</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICAWAYASIIHK TRUST OFFICE

STATEMENT OF FUNDING AND EXPENDITURES RESOURCE AND LAND USE PLANNING PROGRAM

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICAWASIIHK TRUST	\$580,000	\$580,000	\$ 547,607
TRANSFER TO PROGRAMS (NOTE 9)	-	2,472	-
LOAN RECOVERIES	-	71,540	26,913
EQUIPMENT SALES	-	38,122	22,743
OTHER REVENUE	-	18,869	17,714
DEFERRED FUNDING - 2003	-	-	119,146
DEFERRED FUNDING - 2004	136,611	136,611	(136,611)
DEFERRED FUNDING - 2005	-	(93,957)	-
	<u>716,611</u>	<u>753,657</u>	<u>597,512</u>
EXPENDITURES			
Commercial fisherman	215,827	302,153	210,712
Commercial trappers	197,598	149,116	107,798
Country foods	221,653	224,959	178,347
Resource management	81,533	77,429	100,655
	<u>716,611</u>	<u>753,657</u>	<u>597,512</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
RADIO STATION ANNOUNCER AND UPGRADE PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIIHK TRUST	\$100,000	\$100,000	\$ 90,000
OTHER REVENUE	-	11,945	19,605
DEFERRED FUNDING - 2003	-	-	36,489
DEFERRED FUNDING - 2004	34,831	34,831	(34,831)
DEFERRED FUNDING - 2005	-	(12,135)	-
	<u>134,831</u>	<u>134,641</u>	<u>111,263</u>
EXPENDITURES			
NCN Achimowin radio and television	134,831	134,641	111,263
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
TRANSPORTATION PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIIHK TRUST	\$ -	\$ -	\$25,000
DEFERRED FUNDING - 2003	-	-	100
DEFERRED FUNDING - 2004	100	100	(100)
DEFERRED FUNDING - 2005	<u>-</u>	<u>(100)</u>	<u>-</u>
	100	-	25,000
EXPENDITURES			
Otetiskiwin transit	100	-	-
Personal Care Home Wheelchair Bus	<u>-</u>	<u>-</u>	<u>25,000</u>
	100	-	25,000
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
YOUTH COUNCIL INITIATIVE PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIIHK TRUST	\$50,000	\$50,000	\$150,000
EXPENDITURES			
Youth development	50,000	50,000	150,000
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
EDUCATION PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
NISICHAWAYASIIHK TRUST	\$ -	\$ -	\$50,000
TRANSFER FROM (TO)			
SUB-PROGRAMS (NOTE 10)	-	-	(372)
TRANSFER FROM (TO)			
SUB-PROGRAMS (NOTE 10)	-	-	372
DEFERRED FUNDING - 2003	-	-	40,704
DEFERRED FUNDING - 2004	9,078	9,078	(9,078)
DEFERRED FUNDING - 2005	-	(2,039)	-
	<u>9,078</u>	<u>7,039</u>	<u>81,626</u>
EXPENDITURES			
Encounters with Canada	1,320	-	-
School breakfast program	7,258	7,039	43,033
Special education services	500	-	38,511
Boat repair and construction project	-	-	82
	<u>9,078</u>	<u>7,039</u>	<u>81,626</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
SHORELINE DEBRIS CLEAN-UP PROGRAM**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
PROGRAM FUNDING			
MANITOBA HYDRO	\$235,000	\$235,000	\$149,000
INTEREST REVENUE	-	5,180	1,741
TRANSFER TO PROGRAMS (NOTE 9)	-	-	3,185
OTHER REVENUE	-	2,097	2,184
DEFERRED FUNDING - 2003	-	-	2,978
DEFERRED FUNDING - 2005	-	(26,396)	-
	<u>235,000</u>	<u>215,881</u>	<u>159,088</u>
EXPENDITURES			
Debris management	235,000	215,881	159,088
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

STATEMENT OF NET ASSETS INVESTED IN PROPERTY AND EQUIPMENT

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$106,879	\$128,511
Property and equipment purchased	15,978	6,370
Amortization (NOTE 3)	(23,717)	(28,002)
BALANCE, END OF YEAR	\$ 99,140	\$106,879

NISICAWAYASIIHK TRUST OFFICE

**STATEMENT OF FUNDING AND EXPENDITURES
CLAIMS FUND**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
TRANSFER FROM			
NISICAWASIIHK TRUST	\$7,000	\$ 7,000	\$ 5,000
INTEREST	-	1,101	1,014
DEFERRED FUNDING - 2003	-	-	48,922
DEFERRED FUNDING - 2004	44,254	44,254	(44,254)
DEFERRED FUNDING - 2005	-	(36,153)	-
	<u>51,254</u>	<u>16,202</u>	<u>10,682</u>
EXPENDITURES			
Claims account	51,254	16,202	10,682
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NISICHAWAYASIIHK TRUST OFFICE

**STATEMENT OF RESTRICTED NET ASSETS
INVESTMENT AND HERITAGE FUND**

YEAR ENDED DECEMBER 31, 2005

	2005	2004
BALANCE, BEGINNING OF YEAR	\$ -	\$ -
BALANCE, END OF YEAR	\$ -	\$ -

NISICHAWAYASIIHK TRUST OFFICE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2005

	Community Development Fund	Claims Fund	Investment and Heritage Fund	Total 2005	Total 2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash from Nisichawayasihk Trust	\$ 3,986,255	\$ 7,000	\$ -	\$ 3,993,255	\$ 3,605,443
Cash from Pe Ta Pun Trust	50,000	-	-	50,000	-
Interest income received	86,369	1,101	-	87,470	65,061
Cash from other sources	653,800	-	-	653,800	365,944
Cash paid for program expenses	(4,068,181)	-	-	(4,068,181)	(4,222,311)
Cash paid for claims	(6,637)	(9,565)	-	(16,202)	(10,887)
Net cash received from (paid for) operating activities	<u>701,606</u>	<u>(1,464)</u>	<u>-</u>	<u>700,142</u>	<u>(196,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Redemption of short-term investments	-	-	-	-	216,540
Purchase of short-term investments	(37,394)	-	-	(37,394)	(1,022,325)
Net cash received from (paid for) investing activities	<u>(37,394)</u>	<u>-</u>	<u>-</u>	<u>(37,394)</u>	<u>(805,785)</u>
INCREASE (DECREASE) IN CASH FOR THE YEAR	664,212	(1,464)	-	662,748	(1,002,535)
Cash, beginning of year	953,860	47,252	-	1,001,112	2,003,647
CASH, END OF YEAR	<u>\$ 1,618,072</u>	<u>\$45,788</u>	<u>\$ -</u>	<u>\$ 1,663,860</u>	<u>\$ 1,001,112</u>
Cash consists of:					
Unrestricted cash	\$ 1,568,843	\$ -	\$ -	\$ 1,568,843	\$ 905,359
Restricted cash	49,229	45,788	-	95,017	95,753
	<u>\$ 1,618,072</u>	<u>\$45,788</u>	<u>\$ -</u>	<u>\$ 1,663,860</u>	<u>\$ 1,001,112</u>

1. NISICHAWAYASIIHK TRUST OFFICE

The Nisichawayasihk Trust Office was established in May 1996 to administer, on behalf of Chief and Council, the Program Funding received from the Nisichawayasihk Trust.

These financial statements present the assets, liabilities, revenues, expenditures and surpluses of the various programs only insofar as they relate to the Nisichawayasihk Trust funding. As a result, these statements do not include all the revenues and expenses of the various programs.

Funds Available

The Funds Available for any year are the amounts approved through the Community Approval Process for administering the Trust Office and funding the various programs, not to exceed the Funds Available for that year (\$3,992,300 for the year ended December 31, 2005).

Funds for the Claims Fund have a first priority over other programs.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using fund accounting concepts.

Community Development Fund

The Community Development Fund includes transactions related to implementing the Agreement, administering the Trust Office and various programs, and conducting the Community Approval Process.

Claims Fund

The Claims Fund includes transactions related to settling compensation claims of:

- the Cree Nation,
- its Members, and
- any group, unincorporated association, or corporation whose membership or shareholding is wholly or substantially comprised and controlled by the Cree Nation or its Members,

for damages and losses suffered resulting from, or attributable to the adverse effects of the Projects of the Manitoba Hydro-Electric Board.

Investment and Heritage Fund

The Investment and Heritage Fund includes funds which have been approved by the Community Approval Process for business and investment purposes.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant for the Trust Office:

a) **Basis of Accounting**

These financial statements are prepared on the accrual basis of accounting.

b) **Property and Equipment and Amortization**

Property and equipment are expensed against related funding. Amounts are recorded at cost in the Community Development Fund with the offset to the Net Assets Invested in Property and Equipment account. Amortization is provided for at the following rates and is charged against the Net Assets Invested in Property and Equipment account.

	<u>RATE</u>	<u>METHOD</u>
Office equipment	20%	Declining balance
Trailer improvements	4%	Declining balance
Vehicle	30%	Declining balance

c) **Accounts Receivable**

Accounts receivable are recorded net of an allowance for doubtful accounts.

d) **Short-Term Investments**

Short-term investments consist of redeemable guaranteed investment certificates issued by Royal Bank of Canada bearing interest at variable rates, one purchase of \$1,539,354 that matures February 7, 2006, two of which (one purchase of \$40,510 and one purchase of \$364,711) that matures April 24, 2006, and one purchase of \$20,609 that matures May 24, 2006. These investments are recorded at cost.

e) **Revenue Recognition**

The Trust Office follows the restricted fund method of accounting for program funding.

f) **Management Estimates and Assumptions**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

4. RESTRICTED CASH - COMMUNITY DEVELOPMENT FUND

The Trust Office has deposited monies in trust at the Peguis First Nations branch of the Royal Bank of Canada to guarantee loans taken by Home Ownership Program

5. PROPERTY AND EQUIPMENT

	2005		2004
	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE</u>
Office equipment	\$150,613	\$109,281	\$ 46,275
Trailer improvements	25,022	3,327	22,599
Vehicle	185,431	149,318	38,005
	<u>\$361,066</u>	<u>\$261,926</u>	<u>\$106,879</u>

6. RESTRICTED CASH - COMMUNITY DEVELOPMENT FUND

Compensation of \$1,000,000 was received in the past as part of the Northern Flood Agreement and was used as a loan guarantee for the Northern Flood Committee.

This amount has since been recovered and was deposited in the Recreational Facilities and Programs sub-account of Nisichawasihk Trust which, at December 31, 2005, consisted of \$1,232,881 in a cash account.

The interest on the \$1,000,000 is to be used to build and develop recreational facilities and to provide recreational programs to the Cree Nation and its Members and can only be accessed through the Community Approval Process. The capital account of \$1,000,000 in the Recreational Facilities and Programs sub-account can not be

7. RESTRICTED CASH - CLAIMS FUND

The monies in the Claims Account can only be used to compensate:

- the Cree Nation,
- its Members, and
- any group, unincorporated association, or corporation whose membership or shareholding is wholly or substantially comprised and controlled by the Cree Nation or its Members,

for damages and losses suffered resulting from or attributable to the adverse effects of the Projects of the Manitoba Hydro-Electric Board. Monies may also be used for the reasonable costs of the Arbitrator arising out of such claims, the reasonable costs to investigate such claims, and payment of costs awarded to a Claimant.

NISICHAWAYASIIHK TRUST OFFICE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2005

7. RESTRICTED CASH - CLAIMS FUND (continued)

At the beginning of each fiscal year, an amount will be allocated as a first priority from the Funds Available to ensure that a minimum balance of \$50,000 (the aggregate of funds both at the Nisichawayasihk Trust Office and at the Nisichawayasihk Trust) is maintained in the Claims Fund. Funds in excess of \$50,000 on the last business day of any fiscal year will be transferred to the Investment and Heritage Fund.

Funds at December 31, consisted of the following:

	<u>2005</u>	<u>2004</u>
Nisichawayasihk Trust	\$ 1,889	\$ 1,678
Nisichawayasihk Trust Office	36,153	44,254
	<u>\$38,042</u>	<u>\$45,932</u>

8. RESTRICTED CASH - INVESTMENT AND HERITAGE FUND

The Investment and Heritage account monies can only be used for business and investment purposes.

9. TRANSFER TO PROGRAMS

During the year, funds (from interest income) were transferred from the Agreement Implementation program to the following programs:

	<u>2005</u>	<u>2004</u>
Aboriginal Heritage Program		
- Elders' subsidy sub-program	\$ -	\$ 4,400
- Cultural sub-program	-	8,550
Economic Development Program		
- Off reserve investment sub-program	-	69
Recreation Program		
- Junior B Hockey Club sub-program	-	9,354
	<u>-</u>	<u>9,354</u>
Subtotal	\$ -	\$22,373

9. TRANSFER TO PROGRAMS - CONTINUED

	<u>2005</u>	<u>2004</u>
Subtotal from previous page	\$ -	\$ 22,373
Resource and Land Use Planning		
- Country foods sub-program	2,472	-
Safety Measures		
- Emergency equipment sub-program	217	183
Shoreline Cleaning		
- Debris management sub-program	-	3,185
	<u>\$ 2,689</u>	<u>\$ 25,741</u>

10. TRANSFER FROM (TO) SUB-PROGRAMS

As part of the Community Approval Process, redisclosures of deferred revenue were made to reallocate funds available between various sub-programs as follows:

	<u>2005</u>	<u>2004</u>
Habitation		
- Home Opportunity sub-program	\$ -	\$(200,000)
- Housing Development sub-program	-	200,000
Education		
- Boat Repair and Construction sub-program	-	(372)
- School Breakfast sub-program	-	372
	<u>\$ -</u>	<u>\$ -</u>

11. SIGNIFICANT EVENT

As at the date of release of these financial statements, the entire 2006 budget had not yet been approved by the Community Approval Process.

Approximately \$1,326,000 of the \$3,992,300 budget has been approved, however the remaining amount of approximately \$2,666,300 which was to be transferred from the Investment and Heritage Fund was not approved. The approval and the related process is presently in arbitrations in accordance with Article 13.4.1 of the Nisichawasihk Trust Agreement.

SCHEDULE 1**NISICHAWAYASIIHK TRUST OFFICE****SCHEDULE OF ADMINISTRATION EXPENDITURES**

YEAR ENDED DECEMBER 31, 2005

	BUDGET	2005	2004
	(unaudited)		
Director Trust Operations	\$ 66,262	\$ 64,823	
Acting Director Trust Operations	47,835	51,322	
Finance Controller	42,044	39,969	
Finance Clerk	30,901	29,573	
Administrative Clerk	23,715	16,534	
Payroll Clerk	-	14,128	
Compliance Officer	38,314	35,267	
Resource and Land Use Planning Co-ordinator	46,005	48,567	
Employer's share of statutory deductions	8,271	9,419	
Employee benefits package	28,731	28,506	
Janitor	10,115	10,425	
Equipment and furniture (non-capital)	10,214	6,382	
Supplies	19,089	10,056	
Telephone, satellite and internet	11,218	11,397	
Bank charges and payroll/administration fees	5,140	5,324	
Postage and freight	2,829	2,802	
Vehicle maintenance and insurance	6,368	9,868	
Travel	46,697	31,208	
Trailer insurance	772	872	
Hydro	2,401	2,676	
Water and sewer	2,400	2,400	
Casual help	2,056	2,411	
CPA membership fee	165	165	
Technical support	1,820	2,415	
Donations	5,926	5,118	
Training and development	938	3,988	
Summer student employment	1,552	2,512	
Transfers to net assets			
invested in property and equipment	15,978	6,370	
	\$464,000	\$477,756	\$454,497

SCHEDULE 2**NISICHAWAYASIIHK TRUST OFFICE****SCHEDULE OF DEFERRED REVENUE**

YEAR ENDED DECEMBER 31, 2005

<u>PROGRAM</u>	<u>SUB-PROGRAM</u>	<u>2005</u>	<u>2004</u>
AGREEMENT IMPLEMENTATION	Administration	\$ 2,572	\$ -
	Nelson House Trustees	11,998	-
	Community Approval Process	-	7,905
	Professional Services	15,510	251
	Corporate Trustees	62,993	70,450
	Housing Development	468,275	511,627
HABITATION	Home Opportunity	45,685	44,232
	Personal Care Home	-	84,249
	R.C. Church Renovations	163	163
	U.C. Church Renovations	-	13,714
SAFETY MEASURES	Emergency Service	7,197	14,275
ABORIGINAL HERITAGE	Elders' Subsidy	3,300	-
	Elders' Cultural Traditional	8,146	-
	Pow-wow Arbour	25,000	25,000
	Governance	924	924
GOVERNANCE	Justice	11,960	4,611
JUSTICE	Insurance	4,315	4,315
ECONOMIC DEVELOPMENT	NCN Investment Savings	392,385	384,047
	Equity - Wuskwatim	2,127,553	1,539,354
	Community Development	35,000	35,000
	NCN Recycling	2,381	3,707
	High Speed Internet and Cell Phone Service	93,208	-
	Recreation	5,492	98,622
	Baseball Field Upgrade	2,100	2,100
	Tow Rope	21,296	20,921
RECREATION	Indigenous Games	266	266
	Playground	2,260	2,260
	Minor Hockey Association	6,069	26,060
	Senior AAA Hockey Club	20,068	-
	Fitness Trail	1,580	1,580
	Road Improvements	1,069	1,069
	Community Aesthetics and Improvements	7,311	7,311
	Commercial Fishermen	18,152	15,827
RESOURCE AND LAND USE PLANNING	Commercial Trappers	70,968	97,598
	Country Foods	-	21,653
	Resource Management	4,837	1,533
Subtotal		\$3,480,033	\$3,040,624

SCHEDULE 2 - CONTINUED**NISICHAWAYASIIHK TRUST OFFICE****SCHEDULE OF DEFERRED REVENUE - CONTINUED****YEAR ENDED DECEMBER 31, 2005**

<u>PROGRAM</u>	<u>SUB-PROGRAM</u>	<u>2005</u>	<u>2004</u>
Subtotal from previous page		\$3,480,033	\$3,040,624
COMMUNICATION	NCN Achimowin		
	Radio and Television	12,135	34,831
EDUCATION	School Breakfast Program	219	7,258
	Encounters with Canada	1,320	1,320
	Special Education Services	500	500
TRANSPORTATION	Otetiskiwini Transit	100	100
SHORELINE CLEANING	Debris Management	26,396	-
		<u>3,520,703</u>	<u>3,084,633</u>
CLAIMS FUND	Claims Fund	36,153	44,254
		<u>\$3,556,856</u>	<u>\$3,128,887</u>



NISICHAWAYASIHK
TRUST OFFICE

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