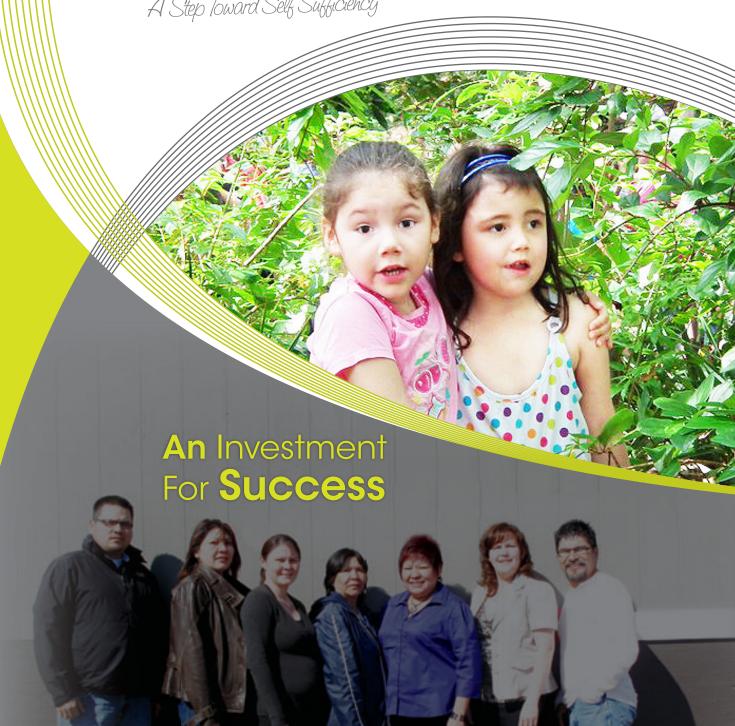


ANNUAL PROPERTIES OF THE PROPE

A Step Toward Self Sufficiency



TRUST OFFICE

The Nisichawayasihk Trust was created in March 1996 as part of Nelson House First Nation NFA Implementation Agreement between Nisichawayasihk Cree Nation, Government of Canada, the Province of Manitoba and Manitoba Hydro.

As part of the 1996 NFA agreement, NCN received about \$64.9 million in compensation for damages caused by the Churchill River Diversion (a project of Manitoba Hydro). From profits earned, Nisichawayasihk Trust allocates funds to support a variety of community projects and programs annually.

As part of the 2006 PDA Wuskwatim Implementation Agreement the Taskinigahp Trust was established as part of the Project Development Agreement to hold various monies derived from the Wuskwatim Generation Project including Adverse Effects Proceeds, Transmission Development Funds payments, TPC profits and dividends and dividend loans. From profits earned, Taskinigahp Trust allocates funds to support a variety of community projects and programs, specifically Resource users annually.

Chief and Council have delegated the NCN Trust Office as the assigned agent for both the Nisichawayasihk & Taskinigahp Trust pursuant to their respective indentures. Both Trusts are virtually identical, with similar procedural requirements with the Nisichawayasihk Trust Indenture conducts the "Community Approval Process" known as CAP and the Taskinigahp Trust Indenture conducts the "Community Involvement Process" known as CIP.

Each year funding applications are received from a variety of NCN entities and individuals who are primarily responsible to provide services to NCN members. Funding applications are reviewed by the CAP-CIP Committee and are discussed at a series of meetings in which Committee members evaluate each application based on a established criteria for allocation of Trust Moneys.

Consideration is given to projects that create, sustain and improve community infrastructure and/or address community's social, cultural, educational, economical, and physical needs. Projects must have an impact on job creation within the community.

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PURPOSE OF REPORT

ANNUAL REPORT REQUIREMENTS

APPROVAL OF ANNUAL AND AUDITED FINANCIAL REPORT

TRUSTEES FINANCIAL OPERATIONS REPORT

MANITOBA'S ONGOING OBLIGATIONS

OTHER IMPLEMENTATION ISSUES

FUTURE DEVELOPMENTS BY HYDRO



PURPOSE OF REPORT

This Annual Report has been provided to the Trustees in compliance with the Trust Indenture for the Nisichawayasihk Trust and Taskinigahp Trust.

Under Article 19.3 of the Nisichawasihk Trust Indenture and Article 21.3 of the Taskinigahp Trust Indenture, Chief and Council and the Trustees of the Nisichawayasihk & Taskinigahp Trust are required to call a Meeting of Members to review 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 & Community Involvement Process (CAP/CIP) to allocating funds to community programs.

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.

The Nisichawayasihk Cree Nation Trust Office administers all programs and projects unless indicated otherwise.

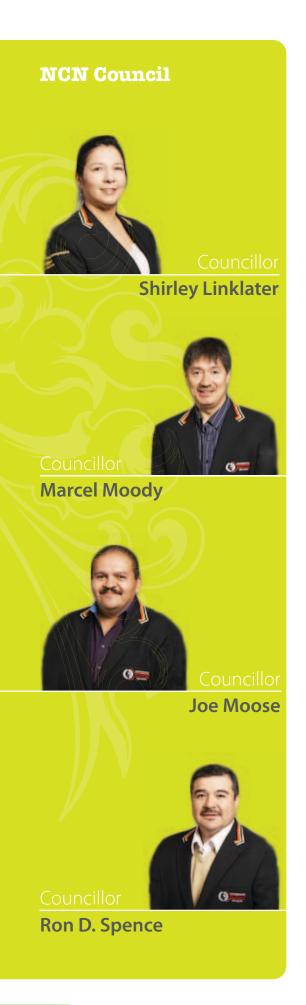
ANNUAL REPORT

REQUIREMENTS

Under Article 18.1 of the Nisichawayasihk Trust Indenture and 20.1 of the Taskinigahp Trust Indenture, Trustees of the both Trusts are required to provide Chief and Council with an annual report on the financial operations of the Trusts within 90 days after the end of each calendar year.

This report is to cover the period from January 1 to December 31, 2010, 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 Nisichawasihk Trust Indenture and 21.1 of the Taskinigahp 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 during the same January 1 to December 31 time period. In addition, Chief and Council must also provide an audited Financial Report of the previous fiscal year, which includes a financial statement of Trust moneys received and an Auditor's Opinion.





APPROVAL OF ANNUAL & AUDITED FINANCIAL REPORT

We, the duly elected Chief & Council for the Nisichawayasihk Cree Nation do hereby approve of this year's Annual and Audited Financial Report in compliance with Article 19.2 of the Nisichawasihk Trust Indenture and 21.2 of the Taskinigahp Trust Indenture which forms part of the NFA Implementation Agreement signed by the Nisichawayasihk Cree Nation, Canada, the Province of Manitoba and Manitoba Hydro on March 18, 1996 and the Project Development Agreement entered into between Nisichawayasihk Cree Nation, Manitoba Hydro and Taskinigahp Power Corporation, the General Partner and the Limited Partnership on September 26, 2006 between Nisichawayasihk Cree Nation, Manitoba Hydro and Taskinigahp Power Corporation, the General Partner and the Limited Partnership.

In compliance with Articles 19.1 and 19.2 of the Nisichawayasihk Trust Indenture and Article 21.1 and 21.2 of the Taskinigahp Trust Indenture, this year's approved Annual and Audited Financial Report has been forwarded to the Trustee's of the Nisichawayasihk & Taskinigahp Trust and made available to members at both the Nisichawayasihk Trust Office and Nisichawayasihk Chief & Council's office. In compliance with Article 19.1 of Nisichawayasihk Trust Indentures and 21.1 of the Taskinigahp Trust Indenture, the 2010 fourth quarter report is attached to this year's narrative and audited financial statement.

In compliance with Article 19.2 of the Nisichawayasihk Trust Indenture and 21.2 of the Taskinigahp Trust Indenture, Notice of the Availability of this year's Annual and Audited Financial Report has been given in the same manner as for a meeting of members.

In compliance with Article 19.3 of the Nisichawayasihk Trust Indenture and 21.3 of the Taskinigahp Trust Indenture, a meeting of members shall be held within one hundred and twenty days (120) after the fiscal year end to discuss this year's Annual, Audited Financial Report by Chief & Council and this year's Trustee's annual report on the financial operations of the Nisichawayasihk Trust and Taskinigahp Trust. Notice of this meeting shall be given in accordance with Article 8.2 of the Nisichawayasihk Trust Indenture and 8.4 of the Taskinigahp Trust Indenture.

NISICHIWAYASIHK TRUSTEES

FINANCIAL OPERATIONS REPORT

BACKGROUND

The Nisichawayasihk Trust was created in March, 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 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.

CHANGE IN TRUSTEES

During the year Chief Jerry Primrose, upon election to office, accepted the position of Trustee pursuant to the terms of the Trust. In addition, the Corporate Trustee, the Royal Trust Corporation of Canada, welcomed a new member to their team. Bartley Harris is a Senior Trust Officer and will be the Royal Trust's lead relationship manager for the Nisichawayasihk Trust. Bartley is Ojibway-Cree by way of Pequis First Nation and is highly credentialed having earned both Juris Doctorate and MBA Degrees.



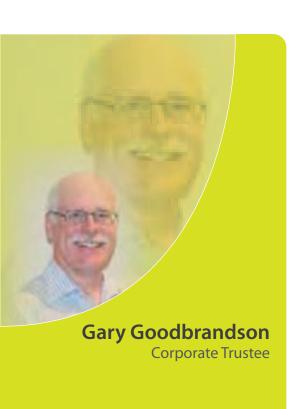
Nelson House Trustees

Chief Jim Moore Councillor Shirley Linklater Alvin Yetman David Kobliski

Corporate Trustee

Royal Trust Corporation of Canada







FUNDS AVAILABLE FOR 2010

As determined by the Trust Indenture and the Community Approval Process (CAP), the amount available for expenditure from the Trust ("Funds Available") for 2010 was \$3,831,252.00. Of this amount, \$3,811,252.00 was distributed for the purposes set out in the 2010 CAP Budget and \$20,000.00 for the claims account. Of the \$3,831,252.00 CAP Budget, \$2,832,448 was distributed from the Main Trust and \$998,804 from the Investment and Heritage Account. As at December 31, 2010, there were no further payments from the Trust due for programs, services and projects approved by CAP for 2010.

The Recreational facilities and programs sub-account

The Recreational Facilities and Programs Sub-account is part of the Nisichawayasihk Trust. As per the terms of the Trust Indenture, funds held in Recreational Facilities and Programs Sub-account must be used "to build or develop recreational facilities on Reserve and for recreation programs for Nelson House". There are no powers to encroach on capital of this account. In 2010, the Community approved recreation programs and proposals totaling \$34,000.00, from the Recreation Facilities and Programs Sub-Account, to be used as determined by the Recreation Board during the year.

FINANCIAL OPERATIONS REPORT

Capital Payments Received by the Trust

The Trust earned net realized capital gains of \$979.00 during the course of the year through the sale of various investments. The capital gain realized was in the Recreation & Program Facilities Account.

In accordance with Schedule 2.2 and Article 2.51 of the Nelson House First Nation NFA Implementation Agreement, we confirm that the Trustees received a payment of \$17,654.46 from Manitoba Hydro for excursions from the compensated range. These funds were deposited to the Investment and Heritage account as required by the Trust Agreement.

Revenue Received and Generated by the Trust

Total revenues generated in 2010 from Trust Investments were \$2,583,965. The revenues (interest and dividends) were recorded in each account as follows:

Main Trust Account	\$2,300,092.00
Investment & Heritage Account	\$232,802.00
Claims Account	\$0.00
Recreation & Program Facilities Account	\$51,071.00

Investments Held at December 31, 2010

As at December 31, 2010 the total value of all Trust accounts was \$45,807,938. This amount was held in the following accounts and in the following proportions:

Main Trust Account: Total Value - \$40,000,092

\$40,000,000 Manitoba Hydro Bonds 5.75% due 30/06/2013 earning an interest rate of 5.75%. This bond pays interest of \$2,300,000.00 a year, which is used to help fund the CAP Budget each year. \$92 held in Cash earning an average 30-day Canada Treasury Bill rate of 0.16%.

Investment and Heritage Account: Total Value - \$4,228,773

\$3,147,625 Manitoba Hydro Bonds, due 30/06/2013 earning an interest rate of 5.75%. To provide for future CAP Budgets, this Bond will be partially redeemed each year. Interest and capital payments total \$1,369,694.26 per year. The face value of this bond will decrease with each payment and ultimately the value of the bond will decline to \$0.00 at maturity. In essence this bond can be viewed as a \$1,369,694.26 annual annuity that will end after June 30th, 2013.

\$1,081,148 held in Cash earning an average 30-day Canada Treasury Bill rate of 0.16%

Claims Account: Total Value - \$109

\$109 held in Cash earning an average 30-day Canada Treasury Bill rate of 0.16%.

Recreation and Program Facilities Account: Total Value - \$1,578,964

\$1,559,939 held in a diversified portfolio of high quality bonds. \$19,025 held in Cash and short term investments earning a rate of .16%.

As at December 31, 2010 we estimate the portfolio will generate an annual income of approximately \$60,800. As bonds mature we will invest the proceeds at prevailing rates for terms of 4 to 7 years.

INVESTMENT COMMENTARY FOR 2010

Interest Rates and Bonds

In 2010, we saw short term rates rise slightly whereas longer term bond rates declined modestly. As a result, the value of longer term bonds increased in value. For 2010 the return on bonds was higher than forecast. The DEX Canadian Universe bond index (DEX is a recognized bond index that measures the return on investment grade bonds) increased 6.74% in 2010.

At the start of the 2010, the Bank of Canada rate was 0.25%. The Bank of Canada started increasing the Bank of Canada rate in June 2010. By September the Bank has raised the rate to 1.0%, which is where it currently sits. This rate has a strong influence on the yield of short term bond (maturities of less than 5 years).

Short term bond rates have remained at rock-bottom levels for over a year and long term rates have modestly declined as governments around the world try to stimulate their economies by keeping interest rates low. The yield of government of Canada bonds has flattened in the past year. The following chart details the yields on Government of Canada Bonds for varying terms.



MANITOBA HYDRO'S ONGOING OBLIGATIONS

IMPLEMENTATION OF SAFETY MEASURES

In accordance with Article 2.7.2 of the 1996 NFA Implementation Agreement, Manitoba Hydro, in consultation with Nelson House, at Manitoba's Hydro expense, continues to implement the following safety measures:

- Prepares, marks and maintains ice crossings and main trails on the ice in the locations shown on Schedule 2.1 (Burntwood River, Three Point Lake, God's Rapid's Portage, Early Morning Rapids, Wapisu Lake, Notigi Lake, and Rat River);
- Monitor the safety of ice crossings when reasonably required in the winter period;
- Post notices with respect to changing ice conditions and vehicle load limits on any ice crossing;
- Remove debris at shoreline locations where winter ice trails intersect the shoreline and a hazard to access exists;
- Supply , install and maintain mid-channel directional markers or buoys, where reasonably required
- Maintains warning signs of rapids or falls between Footprint Lake and Wuskwatim Lake, at reasonably visible upstream locations on both banks of the Burntwood River;
- Provides reasonable maintenance of the existing portages at Gods Rapids and Early Morning Rapids shown on Schedule 2.1, of the agreement, to a standard sufficient to accommodate equipment typically used by members;
- Maintain flashing amber lights at each end of the God's Rapids Portage and the Early Morning Rapids Portage;
- Maintains docks, boat skids and boat launches.

The 1996 NFA Implementation Agreement is a complex document that requires careful and constant attention to ensure the Agreement's provisions are fulfilled. Under the Agreement, Manitoba Hydro fulfilled several on-going commitments in 2010 in the following areas:

IMPLEMENTATION OF SAFETY MEASURES

OPERATION, MAINTENANCE & REPLACEMENT OF SPECIFIED REMEDIAL WORKS AND THE ARENA

WATER REGIME PREDETERMINE COMPENSATION





OPERATION, MAINTENANCE & REPLACEMENT OF SPECIFIED REMEDIAL WORKS AND THE ARENA

In accordance to Article 11.2.1 of the 1996 NFA Agreement addresses the Operation & Maintenance Board, the Board membership currently consists of two members from Manitoba Hydro, Jack Dysart and Mark Sweeny and two members appointed by Chief & Council, Norman Linklater and Curtis Lobster with their alternate David Spence. With Jack Dysart's new title as chief of South Indian Lake his position will be filled shortly. The board continues to fulfill their duties outlined for them as per Article 11.3 of the 1996 Agreement.

Under Article 11.4.4 of the Agreement, Manitoba Hydro fulfilled its obligation by paying 90 percent of the Arena Operation and Maintenance Costs. The Gilbert McDonald Arena approved budget for the 2010/2011 fiscal year was \$530,483.47, with NCN fulfilling their obligation and contributed \$50,000.00 from the 2010 CAP Budget. These funds were transferred to the Gilbert McDonald Arena Finance Department in accordance with the disclosure requirement.

The Gilbert McDonald Arena continues to employ nine full time staff and is managed by Ken Brightnose and Karen Lewis as Assistant Manager. Extra casual staffs are hired during major events hosted at the arena.

The chiller was damaged internally probably with wear and tear, and had to be replaced through Ranger Insurance and now is in good running order. We also encountered failures on the compressors this is due to the fact that their years past operation and it is costly to



keep them maintained. CIMCO Refrigeration will make a recommendation to replace both the compressors in the next season.

We are also looking to purchasing a defibrillator and the staff will be familiarized and trained on this new unit. We had information that every public facility should have one available in the building.

WATER REGIME PREDETERMINE COMPENSATION

Under Article 2.4.1 & 2.5.1 of the 1996 NFA Implementation Agreement, the report for the period November 1, 2009 – March 31, 2010 provided by Manitoba Hydro showed no deviation for the compensated range.

Manitoba Hydro paid to the Nisichawayasihk Trust approximately \$4,383.27 for exceeding the parameters of the compensated range for the period from April 1, 2010 – October 31, 2010.

The funds were deposited into the Investment & Heritage Account and can only be accessed through the community approval process in a subsequent year in addition to the \$3,700,000.00 that is currently available annually.

The funds that are allocated is spent on various projects and upgrades and are as follows:

- Plant Upgrades
- Washroom Renovations
- Tables and Chairs
- Utilities (Hall and Arena)
- Kick Board
- Internet
- Office Supplies
- Tools and Shop Supplies
- Extra Security (for evening programs)



OTHER

IMPLEMENTATION ISSUES

WILLE MOORE Treaty Land Entitlement Coordinator



COMPENSATION LANDS

The 1996 NFA Implementation Agreement provided that six parcels of provincial Crown lands (at Suwanee Lake, Wapisu 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, and the lands have been surveyed.

NCN and Canada are still discussing the mechanics of finalizing the process. Some documents must be completed. It is hoped that at least three of the parcels will become reserve land soon. hk Cree Nation NCN Treaty Entitlement Agreement TEA a total of 79,435 acres are outstanding to the NCN as Treaty Entitlement Lands.

Listed are the Treaty Land Entitlement Selections that NCN have selected for Reserve. They are classified in categories: Red List- which is it heavily encumbered with numerous third party interests that make the parcel ineligible but in NCN' case, it is more likely because the selection is subject to an Hydro Easement.

Amber List – is not as heavily encumbered with third party interests, but it is eligible for reserve creation.

Am	ber List	Step Date	Selected/ Surveyed Acres	Unencumbered Acres
11-01	Moak Lake	Oct 04/2001	3,626.61	5.06
15-01	Reading River	Oct 04/2001	1,171.68	905.93
16-01	Reserve 170 to Junction	Oct 04/2001	1,043.99	690.39
20-01	Wapisu Lake East	Oct 04/2001	5,381.44	
21-01	Wapisu Lake Southwest	Oct 04/2001	948.89	869.08
22-01	Wapisu Lake West	Oct 04/2001	1,852.12	1,545.72
24-01	Wuskwatim Lake North	Oct 04/2001	1,700.93	1,545.72
27-01	Wuskwatim Lake West	Oct 04/2001	669.89	390.18
03-01	Chipewyan Bay	Oct 04/2001	820.88	551.91
08-01	Leaf Rapids to Gate Falls	Oct 04/2001	2,369.78	2,247.96
04-03	Gauer River Addition	Mar 28/2003	1,766.39	1,731.30
18-01	Taskinigap Falls Addition	Mar 20/2003	300.24	293.57
04-06	Early Morning Rapids	Mar 15/2007	1,760.79	933.22
13-01	Osik Lake	Mar 27/2007		5,049.90
12-01	Mynarski Lakes	Mar 11/2010		319.59
25-01	Wuskwatim Lake NE	Mar 11/2010		249.60
16/16		Total:	29,413.59	21,897.15

Red	List	Ston Data	Selected/	Unencumbered
		Step Date	Surveyed Acres	
1-2000	Parcel W Plan 5965	July 06/2000		0.00
2-2000	Birch Tree Brook	July 06/2000	598.33	0.00
3-2000	Birch Tree Brook Addition	Aug 14/2000	400.82	0.00
4-2000	Taskinigup Falls	Dec 06/2000	1,631.75	0.00
8-2000	Kepuche Falls	Dec 20/2000		0.00
1-02	Manasan Falls (revised)	Oct 19/2004	1,003.98	0.00
5-2000	Mile 17 A	Oct 19/2004	186.05	0.00
1-05	Notigi	Aug 22/2005	308.29	0.00
6-2000	Notigi Lake	Oct 31/2005	149.74	0.00
7-2000	Leaf Rapids to Gate Falls	Oct 31/2005		0.00
1-06	Mile 17 B (revised)	Oct 23/2006	1,146.89	1,146.89
11/11		Total:	7,032.90	1,146.89

Regional Survey Maps that have been signed off by NCN Chief and Council and are pending on Reserve status after survey is completed.

		Step Date	Selected/ Surveyed Acres	Unencumbered Acres
04-01	Driftwood Rapids to Grindstone	Nov 02/2006		1,028.35
23-01	Wuskwatim Brook	Aug 03/2010	367.03	367.03
26-01	Wuskwatim Lake South	Aug 03/2010	998.01	998.01
03-06	Driftwood Rapids to Grindstone Addition	Aug 03/2010	80.04	80.04
4/4		Total:	2,473.43	2,473.43

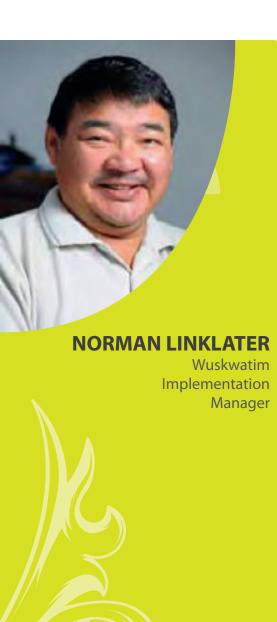
As of March 2011, NCN TLE Selections that are transferred to Reserve are listed below

		Step Date	Selected/ Surveyed Acres	Unencumbered Acres
01-03	Birch Tree Brook West	Jun 08/2006	986.00	986.00
14-01	Pakwaw Lake	Jun 08/2006	4,621.00	4,621.00
6-01	Gauer River	Jun 08/2006		
07-01	Harding Lake	Jun 08/2006	1,747.62	1,747.62
9-01	Leftrook Lake	Jun 08/2006	3,586.50	3,586.50
2-03	Apeganau Lake Addition	Sept 05/2008	26.91	26.91
3-03	Baldock Lake Addition	Sept 05/2008	2,955.00	2,955.00
1-01	Apeganau Lake	Jun 17/2009	1,958.64	1,958.64
2-01	Baldock Lake	Jun 17/2009	5,758.00	5,758.00
5-01	Gauer Lake	Jun 17/2009		2,270.22
17-01	Suwannee Lake	Nov 30/2010	1,663.00	1,663.00
19-01	Wapikunoo Bay	Nov 30/2010	4,438.00	4,438.00
2-06	Mile 20(2nd revision)	Nov 30/2010	1,821.00	1,821.00
13/13		Total:	33,816.01	33,816.01

ENVIRONMENTAL MONITORING

Article 7 of the 1996 NFA Implementation Agreement establishes and describes arrangements to coordinate environmental monitoring and share the information developed. Other than the environmental studies that were conducted as a result of the proposed Wuskwatim Project, there has been no other activity associated with Article 7.

Canada is responsible for scheduling and convening meetings in accordance with Article 7.2, there has been no activity or meetings within 2010 fiscal year.



FUTURE DEVELOPMENT BY HYDRO

WUSKWATIM IMPLEMENTATION OFFICE

Establishment of the Wuskwatim Implementation Office is a provision of the Wuskwatim Project Development Agreement (PDA). Operations began in August 2006 following the June ratification of the PDA by NCN members and will continue throughout the Wuskwatim construction period, which is scheduled to take about five to six years. Because the Wuskwatim project is a partnership between NCN and Manitoba Hydro, the role of the Implementation Office is:

- **1**. To ensure effective implementation of all agreed to components of the PDA
- **2**. Ensure that the PDA commitments in contracts are honored as specified
- 3. To ensure all parties fulfill responsibilities to NCN
- **4**. To gather information on project progress and communicate with NCN Members
- **5**. To maintain on-going discussion and liaison with Manitoba Hydro

IMPLEMENTATION OFFICE SUPPORT TO MEMBERS AND THE COMMUNITY

Because of the Implementation Office's in-depth knowledge of the PDA, other agreements and generally "how things work", the office is able to provide a valuable support and advocacy role for Members and the Community. WIO support includes:

- Advising Members of the job application process and directing them to ATEC or the job referral Service in Thompson
- Referring internal job postings to NCN Human Resources
 Department with an NCN-Member preference
- Seeking out training opportunities and assisting/referring NCN Members in the application process
- Raising awareness and concerns about the lack of background orientation and familiarization provided to NCN Members relating to working under the Burntwood-Nelson Agreement. Many Members are working under a collective agreement for the first time and their lack of familiarity with its requirements and provisions continues to be a source of frustration for many
- Assisting NCN and its Members to become aware of and access new Wuskwatim business opportunities

• Assisting NCN in prompting Manitoba Hydro action to protect shorelines from flood-related erosion. Several significant areas have been addressed including the Oto-who-win-nihk area with historic significance as one of the first trading posts and settlements.

WUSKWATIM SAFETY MEASURES

As specified in the Project Development Agreement, Nisichawayasihk Cree Nation (NCN) and Manitoba Hydro have agreed to implement safety measures in the Wuskwatim area. The measures are to assist resource users in reaching their trap lines safely.

Winter Safety Trails

Five safety trails were originally identified for development, but only two are in use (Trails 1 and 5). Trail 3 was built, but because it runs through a Caribou breeding ground with related conservation concerns by both Hydro and NCN, it was decommissioned in winter 2009/10. With the decommissioning of Trail 2, an ice trail across Wuskwatim Lake intended for use with Trail 3, was not required. Trail 4 was not built on the advice of Elders and resource users because of safety concerns related to its location downstream of the generating station project. See attached map Appendix 1.

NCN Members or trappers have been hired to undertake all trail development but Manitoba Hydro is responsible for ongoing maintenance.

SOCIO-CULTURAL AND SPIRITUAL ISSUES

The PDA Adverse Effects Agreement contains provisions that specifically address socio-cultural and spiritual issues that were identified of significant importance to NCN Members. Two specific issues identified were the Wesahkechak Footprints and the Wuskwatim Village Campsite.

The Footprints

As most NCN Members know, the Churchill River Diversion flooded the original site of the Legendary Wesahkechak Footprints for which Footprint Lake is named. The site, which is located in the lake near Moore's Bay, had important cultural and spiritual significance to NCN. Prior to the flooding, in 1977 the rock containing the Footprints was removed from its original location so it would not be lost forever.





Since then, the Footprints have been relocated more than once, but have now been returned to a site very close to their original location with the intention of developing a permanent display and commemoration, for which NCN and Manitoba Hydro have already allocated up to \$400,000.

A site plan defining all components of the interpretive centre is being prepared and NCN has identified a work-plan schedule for addressing the Footprints issue. The intent is to embed the footprints into a piece of flat bedrock selected by elders as close as possible to their original but now submerged location.

As part of the plan preparation process:

- In 2009, NCN engineering advisor Cam MacInnes inspected the footprints, noticed they were deteriorating and recommended restoration, although Community Members expressed concerns about disturbing the Footprints again.
- Manitoba Hydro has conducted a physical survey of the site.
- A representative of a masonry company in Winnipeg has also visited the site in order to prepare a cost estimate for the project, but is awaiting costs for a specialized piece of boring equipment before submitting his quote.

Chief and Council have a committee in place lead by Councillor D'Arcy Linklater, and including Elders Madeline Spence, Jimmy D Spence, Harry Spence, Susan Kobliski and Jimmy-Hunter-Spence, along with Alvin Yetman representing the Implementation Office to move the project forward.

Wuskwatim Village

Wuskwatim Village, located on the Northeast side of Wuskwatim Lake, was home to some of our Members in the past (NCN Member Jimmy D. Spence's birth certificate shows Wuskwatim Village as his birthplace). The Socio-cultural and Spiritual Issues section of the Adverse Effects Agreement has initially allocated \$125,000 to restore the campsite. With the abandonment of Safety Trail 3, NCN was able to negotiate a transfer of \$156,000 in funding from that project to Wuskwatim Village improvements, which has resulted in some changes to the original plan including replacement of the tepee with an Octagon structure for ceremonial purposes.

The Octagon was the main focus of construction last summer and electrical wiring of the cabins was also undertaken. About 20 percent of the total work remains to be done, which is expected to be completed in 2011.

A cook shack, storage area and two cabins were constructed in

earlier construction seasons for use during ceremonies, retreats, gatherings, etc.

The Socio-cultural and Spiritual Committee addressing the Footprints situation is also responsible for the Wuskwatim Village project. They are working with representatives from Manitoba Hydro, partnership coordination along with WPLP to finalize the project.

ADVERSE EFFECTS PAYMENTS

NCN has been paid a total of \$5.7 million in compensation to the Taskinigahp Trust for disturbance of land related to the Wuskwatim Project. Payments were keyed to important project milestones, i.e. signing of the PDA, start of the access road, site preparations and substantial completions of the access road, etc. The entire \$5.7 million has now been paid to the Taskinigahp Trust. The Transmission Line Project has a separate fund generating about \$158,000 annually for NCN. Combined with interest from the \$5.7 million adverse effects payment, this produced about \$600,000 this year for funding resource programs, the Fisherman's Association and the Trappers Association through a savings account within the Resource Account, and Trust Administration costs.

WOODLAND CARIBOU COMMITTEE

The Woodland Caribou, for which NCN has expressed serious concerns, have been registered as a species at risk in the NCN Resource Management Area. NCN has two Members representing the First Nation on the Woodland Caribou Committee: retired commercial fisherman and trapper, Elder Sam Dysart, and retired Conservation Officer, Councillor Ron D. Spence. Manitoba Hydro and Manitoba also have representatives on the committee. The year Mark Linklater became an ex officio member as part of a working group serving in an advisory capacity on work that needs to be done related to monitoring activities. The committee meets every two months, and this year produced a video to complement an educational brochure on protecting the herd that was produced earlier and distributed in the community.

ADVISORY COMMITTEES

The PDA established a monitoring process for various aspects of the Wuskwatim project to ensure ongoing consultation with NCN Members. Three committees were created: the Advisory Committee on Employment (ACE), the Construction Advisory Committee (CAC) and the Monitoring Advisory Committee (MAC).

Advisory Committee on Employment, (ACE)

ACE reports to the construction division and meets bi-monthly to hear and consider employment-related issues. The committee reviews complaints and tables job-referrals issues. (Grievances are handled through the BNA through unions.) It also provides advice to the Wuskwatim project manager about the appropriateness of job-order qualifications as well as advice on implementation of the on-the-job referral process, strategies, materials and requirements for cross-cultural awareness training for project workers as an employee retention measure. NCN Chief and Council's two appointments to the ACE committee are Terry Linklater and Jeff Hunter, who replaced Alvin Yetman this year in response to a change in Hydro's representation.

Monitoring Advisory Committee (MAC)

The MAC is responsible to WPLP, meets bi-monthly and reports to the partnership board. NCN's Members on the MAC receive regular updates regarding ongoing Wuskwatim Generation Project monitoring activities. Through their participation on the committee, NCN's Members gain an understanding of economic, social and environmental project monitoring. The members'



responsibilities include:

- Receiving regular project updates
- Providing input on monitoring activities and planning
- Reviewing public and regulatory reports

NCN Chief and Council's two appointments to the MAC committee remain the same, NCN Members Alvin Yetman and Allan Linklater along with Jimmy Hunter-Spence representing the General Partner. The committee reviews socio-economic data, environmental data, physical environmental data, and ongoing environmental data during and after the project. The Committee publishes an annual Monitoring Overview with the 2009-10 edition released in October 2010. Since 2007 the committee has been holding annual open house for Members.

Construction Advisory Committee (CAC)

Construction Advisory Committee (CAC)

The CAC is responsible to WPLP, meets bi-monthly and serves to provide accurate and pertinent project information to the limited partners as construction progresses. The committee is advisory to the partnership and reports to the board. NCN's Members on the CAC receive regular updates on:

- Engineering Activity
- Number of contracts awarded to date
- Current and foreseeable environmental and regulatory issues
- Current and upcoming cultural events
- Current and upcoming on-site training activities
- Relevant project issues identified by Elders, community Leadership, NCN Members, project manager and staff

Through the CAC, NCN's concerns related to construction activities and management can be forwarded to the General Partner Board. NCN Chief and Council's appointments to the CAC committee are NCN Members: Burnell Anderson, Ed Primrose, Dennis Linklater along with Jimmy Hunter-Spence representing the General Partner to the committee. The committee reports directly to the partnership.

BUSINESS CONTRACTS

Direct Negotiated Contracts

NCN in partnership with Sodexho has an agreement to supply catering and security contracts, facility maintenance, recreation programming, and the WPLP convenience store, the profits from which fund annual scholarships for students in environment-related studies. The first scholarships were awarded this year to Daphne Spence and Mark Linklater Jr.

NCN completed contracts this year for sand hauling and upstream boat launch groin construction. NCN Economic Development maintains the laundry services contract for the project.

In addition, NCN's company, Aski'otutoskeo Ltd. (AOL), incorporated in 2009 and managed by Mark Linklater with assistance from Lawrence Dysart, was awarded contract work related to required monitoring activities identified in the EIS. Under the monitoring program, a work plan and budget are submitted to Manitoba Hydro annually. NCN employed 15-20 NCN Members to complete work on bioremediation (fish habitat creation and restoration) and HADD (Harmful Alteration, Disruption or Destruction) works at Wapisu Lake, Site 2 & 3 at Three Point Lake and Site W3 at Wuskwatim Lake. Work will continue at Wuskwatim Lake this year under the monitoring plan.

AOL earned over \$50,000 this year in profits designated to scholarships for NCN Members interested in pursuing a career in environment-related studies. Criteria for the scholarships, one each for male and female students, are being developed with the first scholarships expected to be awarded in 2011.

Cross Cultural Program

As part of the PDA, NCN negotiated a cross-cultural component, a first of its kind in any major construction project. Susan Kobliski runs the program along with two other staff.

The program is designed to recognize and integrate traditional Aboriginal knowledge, teachings and practices to promote understanding and harmony between Aboriginal and non-Aboriginal workers and to acknowledge the importance of the land, water and living things in developing the Wuskwatim Hydroelectric project.

The program has three major responsibilities: Cross-cultural Awareness Training, Ceremonies, and On-site Counselling.

Since the program started in 2007, 1,327 Wuskwatim workers have participated in a total of 87 Cross Cultural Orientation sessions. In addition, 22 ceremonies have been delivered to mark significant project milestones. The On-site Counselling Services are available to all Wuskwatim employees on a voluntary basis.





NCN/MANITOBA HYDRO COORDINATION MEETINGS

NCN representatives Chief Jerry Primrose and Councillor Marcel Moody, legal advisor Val Mathews-Lemieux, Financial Advisor Bruce Hickey and Wuskwatim Implementation Office representative Norman Linklater (or alternate Alvin Yetman) periodically meet on an as-needed basis with Manitoba Hydro representatives to address ongoing issues between NCN and Manitoba Hydro.

PROJECT DEVELOPMENT AGREEMENT (PDA) REVIEW

Since the Wuskwatim PDA negotiations began more than a decade ago, the global financial and economic environment has experienced dramatic fluctuations. Chief and Council began raising concerns with Manitoba Hydro late in 2007 when the value of the Canadian dollar soared along with Wuskwatim construction costs. They wanted to ensure that NCN will receive the maximum benefits possible from the Wuskwatim project.

To address concerns, Manitoba Hydro and NCN agreed to undertake a review process to ensure the PDA remains fair. The review was designed to ensure the benefits NCN receives are as good as, or better than, those projected at the time the PDA was signed. The review included an analysis of the Joint Keeyask Development Agreement, which was negotiated in the recent economic climate, keeping in mind there are differences in the scale and other characteristics of the projects and the needs of the various communities.

The review began in spring 2009 and concluded in fall 2010. Once underway, two additional positions were created in the Implementation Office to work on the review.

The review process involved a series of negotiating meetings with Manitoba Hydro to share information and proposals. NCN conducted its own evaluation of information available from Manitoba Hydro. NCN representatives included Chief Jim Moore, Councillor Marcel Moody, business advisors Bruce Hickey and Bob Ledderman, engineering advisor Cam MacInnes and legal advisor Valerie Matthews Lemieux. NCN Council was briefed on proposals as negotiations proceeded.

Review Did Not Reopen the PDA

The review did not reopen the PDA, but instead produced a supplementary agreement with additional options available in

addition to those provided in the original PDA.

Keeping NCN Members Informed

To keep Members informed on the progress, three series of Meet and Greet Meetings were held: in October 2009, March 2010 and January 2011 in Nelson House, Leaf Rapids, South Indian Lake (except for January 2011), Thompson and Winnipeg. In addition, two special newsletters on the PDA review process were published, with additional information published in editions of the Wuskwatim Update Newsletters over the period of the review.

PDA Supplementary Agreement Concluded

The PDA Supplementary Agreement between NCN and MB Hydro was signed March 15, 2011 involving a pipe ceremony. The supplementary agreement covers two areas: commercial terms and operational employment.

Commercial Terms

The commercial terms agreement provided five additional investment options for NCN to consider beyond what was made available in the original PDA:

- 1. Increase Equity Loan Leverage This allows NCN to increase the amount it can borrow from Manitoba Hydro to pay for its share of the project to six times its cash investment from four times as specified in the PDA. The six-times option reduces the amount of cash NCN must invest to \$29 million from \$34 million for 33 percent ownership, which is closer to what was projected when the PDA was signed. Higher revenues are expected to pay off the loans in about the same time as for the original-four times option.
- 2. Annuity Option At Final Closing, Hydro will calculate NCN's expected internal rate of return (IRR) based on present conditions. If it is lower than the 16.8 per cent IRR calculated in 2006 at the time the PDA was signed, MB Hydro will pay NCN an annuity for 10 years as compensation in addition to what NCN is entitled to under the PDA and WPR Agreement. If the IRR is higher then no annuity will be paid.
- **3**. Equity Payments If by Final closing, NCN has paid for 27.5 percent of its units, it will be able to make additional payments to pay for its cash equity for 33 percent ownership up to July 3, 2013
- **4**. Taskinigahp Trust Capital Hydro has confirmed that adverse effects compensation of approximately \$5.7 million paid to NCN could be available at Final Closing for use as part of TPC's cash equity investment, subject to Community approval.
- **5.** Preferred Units This alternative to the common units set out in the PDA, limits NCN cash investment to \$12.154 million for only 3.93 percent of units. This option would require no loans and would reduce NCN's investment risk but will likely produce significantly less long-term revenue in exchange for the lower risk.

All options except the preferred units can be used in combination with the others.

These options were presented at Meet and Greet meetings held in late January for NCN Members in Nelson House, Leaf Rapids, Thompson and Winnipeg. A PDA Supplementary Agreement Handbook is being prepared for distribution to Members.

Operational Employment

Although Manitoba Hydro has a workforce of over 6,000, including 14 percent Aboriginal, only 0.2 percent are NCN Members. The 2006 Wuskwatim PDA contains provisions for improving operational employment opportunities for NCN Members within Manitoba Hydro's broader operations. However since signing, no actions have been taken to move that initiative forward. The PDA Review made

development of initiatives to move the operational employment provisions forward a priority. NCN's goals for operational employment are:

- To establish financial stability and sustainability for the Atoskiwin Training and Employment Centre of Excellence.
- To establish a top-notch Human Resources department to have skilled people working for NCN
- To Improve NCN's academic standards and achievements
- To develop a skilled NCN Labour force

A two-phase program has been defined in the PDA Supplementary Agreement:

Phase 1: To gather necessary information on NCN Members, an agreement has been made with Manitoba Hydro to include up to six people to undertake over the next 12 to 18 months, a Community Skills inventory including various academic assessments and short- and long-term training goals. A budget was approved for Phase 1, which will initially focus on assessment of NCN Members. Positions were posted in March through NCN Human Resources, but were not filled before the end of the fiscal year.

Phase 2: Following completion of Phase 1 and compilation and assessment of the information, Phase 2 will be negotiated to meet specific needs. Once approved, this will be in place for the next 20 years.

The Wuskwatim Generating Station will require several operational positions, including a mix of technical and less technical jobs. NCN will initially focus on placing NCN Members in Wuskwatim operational jobs.

Chief and Council adopted an evaluation and recommendations for ATEC prepared by Curtis Nordman prior to this year, and an NCN Member was hired to replace the former ATEC director, but resigned following his probationary period.

MONITORING

Socio-economic and Environmental Monitoring

As discussed under the Direct Negotiated Contract section of this report, to monitor predicted and actual environmental impacts as specified in the Environmental Impact Statement, Mark Linklater, Socio-economic and Environmental coordinator continues to operate NCN's company Aski'otutoskeo Ltd. (AOL) to provide trained monitoring personnel, supplies and rental equipment to Manitoba Hydro and other consultants assisting in environmental studies within the NCN Resource Management Area. Mark also assists the Monitoring Advisory Committee members.

AOL also conducted HADD and bioremediation work around Wuskwatim and Wapisu, Three Point Lake. About 15-20 jobs were created for NCN resource users to conduct this work.

AOL coordinated a fall and spring Ethinesewin Tour with NCN Elders and youth.

Business Surveys

As a follow-up to the Worker and Family survey conducted in 2009, this year AOL completed a business spin-off survey in Nelson House and Thompson with assistance from InterGroup consultants with results of the survey to be reported to the partnership board.

Taskinigahp Power Corporation

To protect NCN assets from negative financial circumstances beyond our control related to the project, NCN has created Taskinigahp Power Corporation as a stand-alone corporation 100 percent owned by NCN that holds all NCN's shares in the partnership.

Wuskwatim Partnership (Wuskwatim Power Limited Partnership)

NCN is a general partner along with Manitoba Hydro on the project with two NCN Members sitting on the General Partnership Board, Jimmy Hunter Spence and Councillor Marcel Moody who were re-appointed.

In 2010, the fourth annual Year in Review (annual) report for the Wuskwatim Power Limited Partnership, which highlights work underway or completed during the year, was prepared and distributed to community Members. A Cree and English audio version of the report was prepared and is available on CD.

A Monitoring Overview report was prepared and also published and distributed to community Members. The report covers monitoring activities related to the socioeconomic effect (businesses, hiring, etc.) and environmental studies (i.e. physical environment, aquatic and terrestrial studies) in compliance with federal Department and Fisheries and Oceans and Environment Canada. It's an obligation specified in the Project Development Agreement and Environmental Impact Statement and identified at the Clean Environment Commission hearings. As with the Year in Review, an English and Cree audio version of the report was prepared and is available on CD.

ACCESS PROTOCOL FOR WUSKWATIM AREA

During Construction

Because the access road has made the Wuskwatim area accessible, NCN and Manitoba Hydro have in place a Wuskwatim access protocol to control and define access to the area. A brochure outlining the protocol and a Wuskwatim Access Form were developed and are available from the Wuskwatim Implementation Office. NCN Members wishing to access the area for traditional activities (medicine gathering or trapping) contact the Implementation Office to obtain an authorization, and the office contacts the access road gatehouse to advise that the Members will be coming to the area.

Post Construction

NCN and MB Hydro have been consulting on the operational phase of the private road with an agreement expected to be completed by the end of 2011. The post-construction management protocol is expected to be almost the same as access management protocol in place during construction. The Partnership will review access management in five years to determine if it still meets needs.

NCN is directly negotiating for AOL to provide security services, which will be staffed 24/7 with security camera support.

NCN's representatives in discussions include Councillors Marcel Moody, D'Arcy Linklater and Ron D. Spence and three WIO staff, Alvin Yetman and Norman Linklater and AOL representative Lawrence Dysart.



ADMINISTRATION/COMMUNITY
APPROVAL PROCESS

CAPITAL PROJECTS

ECONOMIC DEVELOPMENT PROGRAMS/PROJECTS

EDUCATION PROGRAMS

JUSTICE PROGRAMS

PUBLIC WORKS
PROGRAMS/PROJECTS

RESOURCE & LAND USE PROGRAMS

SOCIAL DEVELOPMENT PROJECTS/PROGRAMS

OTHER PROGRAM/PROJECTS



APPROVAL PROCESS

RESULTS OF THE 2010 COMMUNITY APPROVAL & INVOLVEMENT PROCESS

In accordance with Article 3.5 and 8.0 of the Nisichawayasihk Trust Indenture and Article 3.3 and 8.0 of the Taskinigahp Trust, meetings and consultations were held with community members to determine their views on how moneys from both Trusts should be spent during the 2010 fiscal year.

The CAP/CIP Review Committee initiates the first part of the Community Approval and Involvement Process. The CAP/CIP Review Committee reviews all applications for funding in terms of the established CAP/CIP criteria.

The CAP-CIP Committee had a series of six (6) meetings to review funding applications and prepare a recommended 2010 CAP/CIP Budget for Chief & Councils approval.

Orientation Workshop

The Trust Director held an orientation workshop for the newly appointed CAP/CIP members on the overview of the integration of CAP/CIP, review the CAP/CIP Guidelines, and to train the members on the score card assessments.

Initial Review of Applications

The CAP/CIP Committee met to review the revisions to CAP/CIP Guidelines which included:

- **a**. Elections of Officers (Chair, Vice Chair)
- **b**. Quorum of Committee
- c. Conflict of Interest Guidelines

After review and approval of the revisions, the committee proceeded to electing the officers, with Rick Linklater elected as Chair and Earl Swanson as Vice Chair.



Three Subcommittees were established to review the applications. The subcommittees were assigned applications equally, with two committees with 16 applications and 1 one committee with 15 applications. The subcommittees reviewed each application assigned and ranked each application as a group using the scorecard, within in the group the members shared questions or concerns with individual and then prepare a minimum of three questions for each proposal to raise at the Community Presentation Meeting. After, the three subcommittees reviewed, rated and prepared the questions they reported back to the entire Committee to share the questions and results of the scorecard.

To ensure a fair process the conflict of interest guidelines were factored into application assigned.

Review of Applications

The Committee reconvened for two days to continue reviewing the applications and to review the additions to the CAP/CIP Guidelines on Capital Projects. The same process was followed as the Initial Review.

The Committee then reviewed the questions from the two meetings and finalized the three questions that were asked from the applicants at the Community Presentation Meeting.

Application Presentation Meeting

A three day community meeting was conducted to allow applicants to present their proposals. The Committee members assessed proposals based on the following criteria;

- Benefits to the Community
- Innovation
- Management Capability
- Budget
- Evaluation

A total of 49 proposals were submitted to the Trust Office requesting for funding in the amount \$14, 191,499.25. A total of with 35 applicants presented their proposals throughout the three day meeting.



A three day meeting was held to select proposals for funding and prepare a recommended budget for Chief and Councils review. The Committee reviewed the funds available for the Nisichawayasihk & Taskinigahp Trusts and then reviewed the assessment results of the previous two meetings and the community presentation meeting assessment results.

The Committee examined the findings of the summary of assessments in accordance to high, medium and low. Then examined the baseline for the cut offs for levels of priorities. A recommendation was made to the Committee by the Trust Director to put the baseline level lower than 55, which would have resulted in eliminating 8 proposals for funding, however the recommendation was defeated.

The Committee allocated funds to all the proposals that rated high and medium, and then low, this process prepared the 1st draft budget. The same process was followed for the next two days and three rounds, resulting





in the draft final recommended budget. During this process, the Committee had made a recommendation to the Council members that participated in the CAP/CIP Committee meetings that they wanted take part in presenting the recommended budget to Chief & Council.

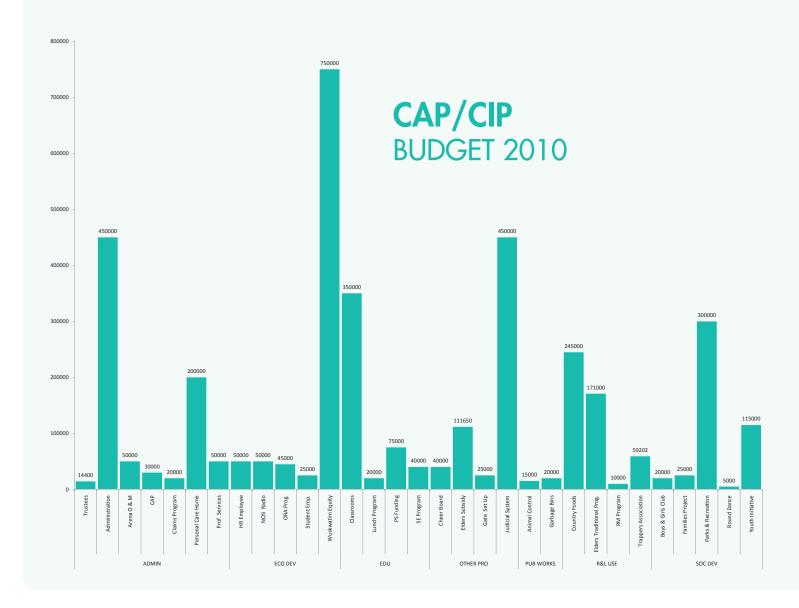
Recommended Budget Finalization

After reflecting on the draft recommended budget the Committee reconvened with Chief and Council to finalize the recommended budget. The Committee acknowledged that there has to be cuts or adjustments to the recommended budget; however, they decided to make the necessary adjustments in Council's presence.

Chief & Council Meeting

Chief & Council reviewed the recommended budget on December 23, 2009 at a Special Council Meeting. They made minor revisions; and approved the 2010 CAP/CIP Budget. A total of \$3,700,000.0 was budgeted from the Nisichawayasihk Trust, \$131,252.00 was budgeted from the Investment & Heritage Account to fund a wide variety of programs. A total of \$34,000.00 was budgeted from the Recreation Facilities & Programs Sub-Account and allocated to fund Recreation Programs. . All programs and projects are listed with their respective budget on page 31.

Additionally, total of \$225,000 was budgeted from the Taskinigahp Trust and allocated to fund variety of programs and a total of \$131,250.00 was budgeted from the Wuskwatim Transmission Development Funds and allocated to fund Resource Programs. All programs and projects are listed with their respective budget on page 52.



CAP/CIP BUDGET 2010

ADMINISTRATION	Administration	\$450,000.00
ADMINISTRATION		
	Nelson House Trustees	\$14,400.00
	Professional Services	\$50,000.00
	Arena O & M	\$50,000.00
	Claims Program	\$20,000.00
	Community Approval Process	\$30,000.00
	Personal Care Home	\$200,000.00
	Total:	\$814,400.00
CAP/CIPITAL PROJECTS	Gate House Set Up	\$25,000.00
	Total:	\$25,000.00
ECONOMIC	Human Resource Employees	\$50,000.00
DEVELOPMENT	NCN Achimowin Radio	\$50,000.00
	Off Reserve Assistance Program	\$45,000.00
	Summer Student Employment	\$25,000.00
	Wuskwatim Equity	\$750,000.00
	Total:	\$920,000.00
EDUCATION	Modular Classrooms	\$350,000.00
	Breakfast/Lunch Program	\$20,000.00
	Post-Secondary Funding	\$75,000.00
	Special Education Program	\$40,000.00
	Total:	\$485,000.00
JUSTICE	NCN Judicial System	\$450,000.00
	Total:	\$450,000.00
PUBLIC WORKS	Animal Control	\$15,000.00
	Garbage Bins	\$20,000.00
	Total:	\$35,000.000
RESOURCE AND LAND USE	Country Foods Program	\$245,000.00
	Elders Traditional Program	\$171,000.00
	Trappers Association	\$59,202.00
	Resource Management Program	\$10,000.00
	Total:	\$485,202.00
SOCIAL DEVELOPMENT	NCN's 5th Annual Round Dance	\$5,000.00
	NCN Boys & Girls Club	\$20,000.00
	NCN Youth Initiative Program	\$115,000.00
	Parks & Recreation	\$300,000.00
	Rediscoveries of Families Project	\$25,000.00
	Total:	\$465000.00
OTHER PROGRAMS	Elders Subsidy	\$111,650.00
OTTENTROGRAMS	NCN Christmas Cheer Board	\$40,000.00
	Total:	
	Total:	\$151,650.00
	SUBTOTAL BUDGET:	\$3,831,252.00

RECREATION FACILITIES & PROGRAMS SUB-ACCOUNT

SOCIAL DEVELOPMENT Parks & Recreation		\$34,000.00
	TOTAL 2009 CAP/CIP BUDGET	\$3,865,252.00

DEFERRED REVENUE 2009

In addition to the programs and projects funded during 2010 fiscal year, there was also program and or projects with deferred revenue (carry over) from the 2009 CAP/CIP Budget, which may be paid to or expended by Chief & Council in a subsequent fiscal year for the same purpose and subject to the same restrictions in accordance to Article 10.5 of the both Trust Indentures.

For a complete list of all programs carried over from previous years are listed in the table below;

SUB PROGRAM AMOUNT	
Administration	\$76,155.00
Corporate Trustee	\$139,906.00
Nelson House Trustees	\$32,464.00
COMMUNITY AESTHETICS & IMPROVEMENTS	\$6,053.00
BUSINESS MARKETING & DEVELOPMENT	\$4,315.00
COMMUNITY DEVELOPMENT PLAN	\$35,000.00
NCN ACHIMOWIN RADIO	\$13,658.00
NCN INVESTMENT SAVINGS	\$2,071.00
NCN RECYCLING	\$2,895.00
SUMMER STUDENT EMPLOYMENT	\$3,750.00
WUSKWATIM EQUITY	\$448,208.00
GOVERNANCE	\$924.00
1 UNIT HOME OWNERSHIP	\$150,000.00
HOME OPPORTUNITY PROGRAM	\$54,668.00
R.C. CHURCH RENOVATIONS	\$163.00
COUNTRY FOODS PROGRAM	\$15,101.00
ELDERS TRADITIONAL PROGRAM	\$5,904.00
RESOURCE MANAGEMENT	\$26,917.00
TRAPPERS ASSOCIATION	\$199,671.00
DEBRIS MANAGEMENT	\$33,234.00
FITNESS TRAIL	\$1,580.00
MINOR HOCKEY ASSOCIATION	\$3,786.00
YOUTH INITIATIVE PROGRAM	\$29,810.00
PARKS AND RECREATION	\$5,639.00
POW WOW	\$12,391.00
SENIOR MEN'S Hockey	\$138.00
ELDERS SUBSIDY	\$9,050.00
NCN CHRISTMAS CHEERBOARD	\$5,032.00
TREATY #5 100TH ANNIVERSARY	\$358.00
CLAIMS	\$24,699.00
TOTAL DEFERRED REVENUE:	\$1,343,540.00

IMPLEMENTATION AGREEMENT

ADMINISTRATION

The NCN Trust Office administers both the Nisichawayasihk & Taskinigahp Trusts. Administration funds are allocated annually for the purpose of administering and implementing programs funded under the Nisichawayasihk and Taskinigahp Trust, as well as to ensure that the provisions of the 1996 NFA Implementation Agreement and the 2006 Wuskwatim Project Development Agreement was appropriately fulfilled.

To ensure effective administration and implementation of all provisions of the NFA and PDA additional funding is allocated to the Trust office annually for the following programs:

- Administration continuous employment for 8 full time employees, operation and maintenance of Trust Office buildings and storage, contracting a webmaster to develop, update and host the Trust Office Website, including management training in Microsoft World 2010, and upgrading the Business Server which included purchasing of new computers and notebooks for employees.
- Professional Services for legal, financial, consulting and professionals services.
- Auditing for semi-annual and annual financial audited statements.
- Corporate & Nelson House Trustees to administer the terms of the trust indentures, keep accurate financial statements, conduct the business and invest assets of the trust.
- CAP/CIP Process to conduct a comprehensive community consultation process to allocate trust funds to community programs.
- Arena O & M in accordance to Article 11 of the NFA, NCN is obligated to contribute 10% of the Arena's Annual Budget.
- Personal Care Home to meet the requirements of Article 8.3 (b) (I & ii) (c) (i & ii) of the Nisichawayasihk Trust Indenture on Capital Works, Chief & Council must provide funding for the Operation & maintenance of the capital work (Personal Care Home). The preceding fiscal year audited financial statements will determine how long NCN is obligated to provide O & M funds.
- Claims Program funds are allocated on an annual basis to the Claims Account from the funds available



Future Generation

CAPITAL PROJECTS

GATE HOUSE SETUP

From Nisichawayasihk Cree Nation Trust funds available for distribution in year 2010, \$25,000 was allocated to setup a security gate on the access road to Nelson House for making the community safer. The gate, if installed, would have been in operation for 24/7 with trained peace officers searching every vehicle coming in Nelson House. The project was meant to reduce gang and drug activity. It would have enhanced the law enforcement capability to enforce local laws, bylaws, and combat violent crimes in the community. Added advantage of this project would be to control visitors' access and be better informed about people coming in and out of the community. As the funds allocated from the Trust are not designed to fund projects 100%, co-funding is required from the sponsoring organization for projects like this. Due to shortage of funds from the host organization it was not possible to implement the project as originally designed so the Trust funds allocated were deferred for use in next year.





ECONOMIC DEVELOPMENT

HUMAN RESOURCE DEVELOPMENT EMPLOYEES

From Nisichawayasihk Trust funds available for distribution in year 2010, \$20,000 was allocated to the Human Resource Department to partially fund the position of a Human Resource officer. The HR officer provides support for various Human Resource functions including recruitment, retention, training and development, performance monitoring, compensation and benefits, conflict resolution, job descriptions development and assistance with policy development. The officer also provides advice and support to supervisors, managers and staff selection committees to ensure they have accurate and timely information for making effective decisions. One of the Department's main objectives is to centralize all NCN personnel files and establish secure and appropriate access to the files, as well as HR functions for other NCN organizations.

SUMMER STUDENT EMPLOYMENT PROGRAM

From Nisichawayasihk Trust funds available for distribution for the year 2010, \$25,000 was allocated to the annual budget of Human Resource Department to partially fund the Summer Student Program.

The Summer Student Program

- Supports skills acquisition through the provision of wage subsidies for short term work experience;
- Assist secondary and post-secondary students to prepare for future entry into the labour market by facilitating access to summer employment;
- Support NCN students to earn wages for post-secondary financing.

This program runs in partnership with INAC, Trust Office and other NCN organizations during summer months of each year. Through this program Human Resource Development Authority hired a Summer Student Coordinator and placed 35 students in the work force for temporary summer jobs for 8 weeks. This is an exciting time of the year for NCN youth as they earn wages and save money to pay for university education and at the same time make connections with their future employers. This also provides them a unique opportunity to explore career options.





NCN ACHIMOWIN RADIO PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2010, \$50,000 was allocated to NCN Achimowin Communications. NCN CREE FM 98.1 local radio continues to be a vital communication service to the NCN membership. With great effort, the Radio Station continues to serve the community with a variety of programming such as community announcements, news, weather, current events, and broadcasts of Chief and Council's general assemblies. The station connects to the world with on-line streaming through its own website www.ncncree.com/ncn/ncnradio. The main objective of NCN Achimowin Communications is to become financially sustainable. To achieve this objective, management has generated revenue through advertising, airtime sales and hosting local bingos. Achimowin Communications management have achieved most of its objectives set out in its operation plan for 2010, however, faced a few barriers requiring some sacrifices to ensure the operation stays within its budgetary limits and in line with its operational plan. Feedbacks from community members, organizations, staff and on-line comments, have suggested significant improvements in local radio program delivery.



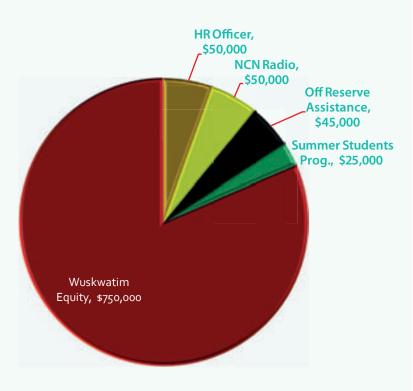
OFF RESERVE ASSISTANCE PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2010, \$45,000 was allocated to the Off Reserve Assistance Program administered by the NCN Government Office. The Off Reserve Assistance Program provides emergency funds and supports NCN members living outside our traditional territory who have demonstrated special circumstances that require such assistance. The financial support is available on a one time basis and grants are awarded from a minimum of \$100.00 to the maximum of \$500, 00. NCN receives individual letters of request for financial assistance, the Finance Committee reviews all requests and decides on the merit of each request as to whether a person is eligible and

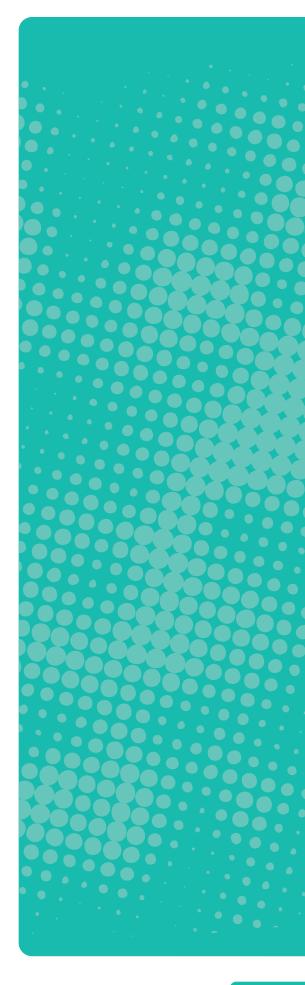
the amount that person should be awarded. From January 1, 2010 – December 31, 2010, 103 individuals were provided with financial assistance. With 93 people receiving a grant of \$500 and 10 people receiving less that \$500; totalling \$49,967.48 distributed for this fiscal year.

WUSKWATIM EQUITY

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2010, \$750,000 was allocated to the NCN Wuskwatim Equity account. Federal Government almost matched the three million dollar that was paid to Taskinigahp Power Corp. In total \$6,188,000 was paid to Manitoba Hydro towards NCN's target of 33% equity. With the funds being allocated from NCN Trusts and other revenue sources, NCN has now reached 11.74% ownership of the Wuskwatim Project. NCN's Consultant team is continuing to seek funding and grants from the Federal Government.



Economic Development





EDUCATION

MODULAR CLASSROOMS

From annual earnings of the Nisichawayasihk Cree Nation Trust, \$350,000 was allocated toward building 8 modular class rooms for NNOC high school. Local high school has been operating from elementary school in evening which caused unnecessary hardship on education system, families and youth. This funding would enable high school administration to operate during normal work hours from 8:30 to 4:30, reduce over crowdedness in elementary school and improve retention rate of our youth at high school. According to the plans in place when NCN gets funding for new high school from INAC, these portable class rooms will be used for housing. The high school started its new academic year in September, 2010 in new class rooms and schedule returned to its normal work hours.

NUTRITION (BREAKFAST / LUNCH) PROGRAM

In 2010, from annual earnings of the Nisichawayasihk Cree Nation Trust, \$20,000 was allocated to the Nutrition Program. The main objective for those funds was to provide healthy, nutritious meals for about 800 students in our local school system. A hungry child cannot learn and therefore is common responsibility of the community to arrange and provide for basic needs of every child. Administrative staff monitors this program daily and evaluates foods quality for its nutritious value, recommends changes in food contents upon receiving feedback from parents and students. Based on observation from students, staff and parents, the number of students that participated in the breakfast, lunch and supper program averaged about 29 per day.

SPECIAL EDUCATION PROGRAM

From annual earnings of Nisichawayasihk Cree Nation Trust funds, \$40,000 was allocated to the Special Education Program. These funds were made available to improve the quality of education and support services for special needs students. Objectives of the program achieved were:

- Assessments and identification of students with special needs – to date 350 students have been placed on Individualized Educational Plans.
- Psychological educational assessments 40 students were formally assessed.
- Increased resource support materials The inventory conducted reflects an increase in materials many manipulative were purchased and shared with teachers.

 Partnerships with other organizations such as CNIB, FNIB, MB Association for Deaf and Hard of Hearing and MFNERC – Several

Representatives from partner organizations have visited the school and continue to be involved each month with the special-needs children.

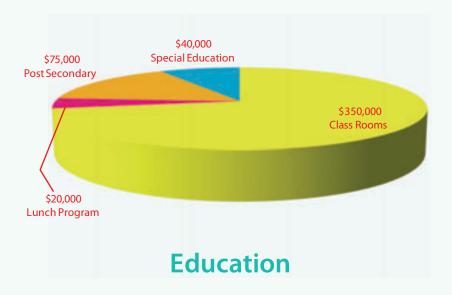
POST SECONDARY PROGRAM

From earnings of Nisichawayasihk Cree Nation Trust, \$75,000 was allocated to the annual budget of Nelson House Education Authority to support post-secondary educational endeavors to motivate, encourage and support NCN members who wish to pursue a post-secondary experience. These experiences, in turn, will reflect positively on individuals and directly benefit the NCN community. In 2010, 69 students benefitted from this funding.

The main objective of this initiative is to subsidize and assist students who receive inadequate post-secondary funding for living allowances and travel to and from post-secondary institutions.

Eligible students receive

- \$75/student if student has dependants
- \$50/student if student is single





From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, Community justice Group, police, fire and emergency services, received \$450,000 in material support to achieve objectives set forth in their respective operational plans. Starting from year 2010 Band administration integrated essential services to better serve the members of community. Coordination between check stops, police, fire and ambulance achieved better results in combating with crime in the community.



JUSTICE

Community Justice Group (CJG)

Community Justice Group (CJG) consists of five NCN members appointed by Chief and Council, two RCMP members, the NCN Police Chief and three administration staff. The CJG Committee's mandate is to provide alternative justice to offenders and high-risk offenders in the community by developing crime-prevention and restoration initiatives for the offender, victims, families, support groups, police, local resources and/or individuals affected by the offence. The CJG Committee holds regular meetings at least twice monthly as well as special meetings when emergency situations or issues arise that cannot reasonably be dealt with at regular meetings. THE CJG receives referrals from the provincial and magistrate courts, Chief and Council, RCMP and community Members through pre-charge and post-charge diversions. The CJG Committee's intention is to provide offenders with alternative-justice options rather than appearing in court and resulting in a criminal record. The committee also assists community Members in dealing with justice or criminal issues in the community and bringing healing to all parties involved in or affected by criminal activities. The CJG Committee also reviews and monitors Band Council Resolutions on banishment cases (that order individuals to leave the NCN reserve or require NCN Law Enforcement to escort individuals off the reserve) to find alternatives that permit them to remain in the community subject to certain conditions.



Police Services

Police Services carry out objectives identified in its 2009-2010 operational plans. The funds pay for salaries, operations, maintenance of police vehicles and equipment. The NCN Police carry out spot checks and operate 24-hour, seven-day-a-week to check vehicles for banned substances. NCN passed and enforces a Band Council Resolution (BCR), effective August 21, 1997 and updated three times (June 25, 2003, January 15, 2008 and February 12, 2008), to limit the type and amount of alcohol entering the reserve as a way to control the illegal sale of alcohol and drugs within NCN's jurisdiction. The adjacent Nelson House Métis Council has confirmed support for enforcing the BCR with their October 23, 2003 Chief and Council Resolution. NCN Police enforce the BCR's banishment orders to remove any non-band members who pose a risk or danger to the community. The Indian Act states individuals who do not comply with a BCR can be charged with trespassing. NCN Police also assist the RCMP with crime prevention and criminal-code offences related to intoxicate persons, the Highway Traffic Act and the Off-road Vehicle Act, for which 25 percent of NCN Police officers have authority to enforce and issue tickets.

Fire and Emergency Services Department

Fire and Emergency Services Department provides immediate responses to fire and other urgent emergencies. The funds covered salaries and benefits for 12 personnel, operations and maintenance of response vehicles, and purchase of equipment including 12 sets of turn-out gear and six breathing apparatus as with six air cylinders.







PUBLIC WORKS

ANIMAL CONTROL

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$15,000 was allocated to the Public Works Department to operate its Animal Control Program. The funds are used to hire a part-time animal control officer and to purchase new equipment and supplies when required. The Public Works Department has achieved its main objective of controlling NCN's animal population including stray dogs which a real threat to the safety of children especially who go outdoors with food. Trust suggests that Public Works department may consider implementing policy to licence pets along with clear identification of the pet and charge fee to cover the costs of the program.

GARBAGE BINS

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$20,000 was allocated to the Public Works Department to operate its Solid Waste Management Program. Public Works Department bought 20 steel bins for proper disposal of garbage.

- Steel Garbage Bins Program will help reduce littering.
- Open fires responsible for burning homes and causing millions of dollars in damage to the members of Nisichawayasihk Cree Nation.
- Steel Bins Program will help reduce forest fires as most of the fires are caused by burning paper boxes left indisposed.
- Steel Bin Program will help reduce uninvited wild animals usually come around in search of food and pose a real threat to safety of a members passing by.



RESOURCE & LAND USE

COUNTRY FOODS PROGRAM

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$245,000 was allocated to the Country Foods Program to carry out objectives outlined in its 2010 operating plan. The Country Foods Program operates year round and employs a program manager, field technician and five hard-working and dedicated full-time employees. The employees provide the expertise to ensure traditional foods are available to the distribution centre. They also maintain the Leftrook Lake camping facility that has five cabins, a communal tepee and a cook shack. As outlined in the table, the program distributed 13,365 pounds of wild food to 2580 community Members. The program also harvested 12,007 pounds of wild food consisting of whitefish, jackfish, sucker heads, smoked red mullets, moose meat, caribou meat, rabbit, geese, ducks and assorted berries. They purchased new 550 Polaris snow mobile and fishing equipment.

COMMERCIAL FISHERMAN ASSOCIATION:

The Wuskwatim Transmission Development Fund provided \$108,750 and additional \$56,250 was contributed by Taskinigahp Trust to the Nelson House Fisherman Association (NHFA) to carry out objectives as outlined in its 2010 operation plan. The NHFA is governed by a six-member board and employs a part-time manager, a seasonal grader, packer and runner. The program's management and administration is held at the Trust Office remain the same as previous years. Management payroll, subsidy costs, equipment inventory and distributions, and fisher transportation (trucks, gas and operation) also remain the same. The NHFA board, management, Council Portfolio Holders and fishers meet regularly to discuss ways to improve the program and to reach its objective to increase production. Representatives from Manitoba's Department of Conservation continue to meet with the board to discuss their findings during regular patrols after the fishing seasons. The NHFA provides fishers with logistical assistance each season using program trucks to transport boats, equipment, fishers and their helpers to their field locations. At the start of each fishing season, fishers are given operating start-up expenses, and the program also covers costs for the runner, who delivers supplies and picks up fish for the packing plant. These costs are charged to the NHFA and deducted from the fishers' subsidy payments. Generally, these deductions are settled at the end of fishing season. The fishers start-up costs totaled \$31,325.05 and they received \$39,897.90 in subsidy payments.





TRAPPERS ASSOCIATION

Funding allocations of \$22500 from the Wuskwatim Transmission Development Fund and \$59,202 from the Nisichawayasihk Trust provided the Nelson House Trappers Association NHTA with \$81702 to carry out objectives outlined in its 2010 operating plan. The NHTA employs a part-time manager and a four members of the Local Fur Council who undertake the program's operations. The Local Fur Council meets regularly and also participates in annual events such as:

- Provincial General Meeting and Convention in Ashern, Manitoba usually held in February each year
- Fur Table display and information booth in Thompson, MB, held during Nickel Day weekend in June
- Fur Table auction in Thompson, Manitoba held in December 2010

The Program runs throughout the year with the active trapping season in from early October until late May. The start-up program continues to be a success for trappers and youth during initial, primary and spring seasons. The program supports trappers by providing start-up funds and vouchers for equipment such as traps, snares, knives and all other necessary equipment the program maintains. The Program offers a snowmobile purchase program, which requires the trapper to provide 50 percent of the total cost with the program loaning the remaining 50 percent, which is repayable through cash or subsidy deductions. The Program also operates the Cabin Material Program, available to registered trap line holders only. Qualified trappers may receive a forgivable purchase order up to \$3,000 for building materials that can be used to renovate a cabin's floor or roof. In 2010 Nelson House Trappers Association recieved \$11421.92 as start up cost and subsidy of \$5765.54

ELDERS TRADITIONAL PROGRAM

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$171,000 was allocated to the Elders Traditional Program (ETP) to fulfill objectives as outlined in its 2010 operational plan. The ETP employs a manager, an Elders' supervisor, five Elders and two Elders' assistants. The ETP operates during the school months, and continues to network with the Outdoor Education Programs along with the Family and Community Wellness Centre's Daycare and Headstart programs. The ETP Elders and employees work closely with teachers, directors and students to teach various cultural activities such as: dressing fish; skinning pelts; setting traps and snares; making snow shoes; sewing and making mukluks,

slippers, gauntlets, etc.

Handicrafts made by Elders in the program are displayed in a case at the Family and Community Wellness Centre where they are for sale at reasonable prices and have generated considerable sales as well as custom orders from visitors. Sale proceeds are used to purchase more materials and equipment for the program.

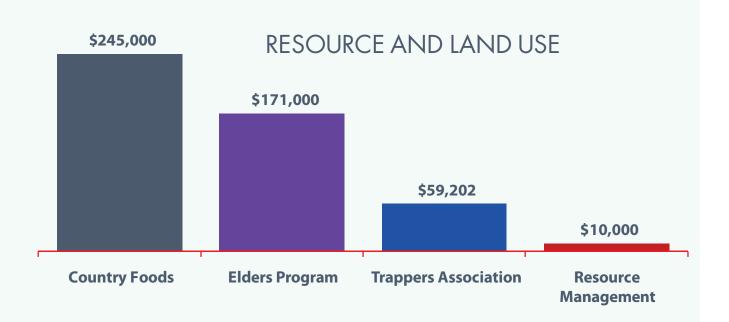
RESOURCE MANAGEMENT

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$10,000 was allocated to the Resource Management Board and additional \$30,000 was provided by Taskinigahp Trust to achieve the board's objectives set out in its 2010 operating plan. Under the supervision of the Natural Resource Secretariat and Council Portfolio Holder, the RMB's managed the program. As part of the 1996 NFA Implementation Agreement, the RMB maintains arrangements for joint resource management between Nelson House and the Province of Manitoba. The RMB continues to review all resource allocations, land-use applications, and license/permit applications

made within the Resource Management Area. Some of their achievements include:

- Signage of Nawunitan Creek
- Preliminary NCN Cabin Policy Initiative.







SOCIAL DEVELOPMENT

NHML 5TH ANNUAL ROUND DANCE

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$5,000 was allocated to the Nelson House Medicine Lodge (NHML) to host its annual round dance. These funds are used to pay honorariums for elders, helpers, drum groups, singers and the master of ceremony; rent the sound system, purchase materials and supplies for the event (tobacco, cloth, etc); food for feast and gifts for the giveaway. This annual event played an integral role in the community's character by restoring, reclaiming and promoting Cree traditions and culture. It also provided a venue for positive substance/abuse-free socializing through singing and dancing that has cultural relevance to our community. A sweat lodge ceremony kicked off the event and community members presented flags and offerings for personal and community healing. As the event grows, community members may also take advantage of healing opportunities provided during the round dance itself. During this one-day event, the Nelson House Medicine Lodge and its hosting partners moved ever closer to the ultimate objective of reclaiming our culture and identity as Cree people. This round dance was the most successful of all round dances hosted in Nelson House. Young local men led by Terrance Thomas were among those drumming and singing with hand drums. Nelson House has become recognized for creating a model for Round Dances in Northern Manitoba and has inspired other communities like South Indian Lake, Pukatawagan, and OCN (The Pas), to follow NCN's lead in hosting such events.

NCN BOYS & GIRLS CLUB

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$20,000 was allocated to the Boys and Girls Club to provide a safe, supportive place where children and youth can experience new opportunities, overcome barriers, build positive relationships and develop confidence and skills for life. In order to deal with inactivity among youth, obesity and coordinate healthy physical activities in safe environment this funding will provide resources needed to bring much needed change in the community. These funds were used to hire program director co-funded by Development Corporation to develop programming for the club. The Program was under the supervision of Development Corporation management.

NCN YOUTH INITIATIVE PROGRAM

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$115,000 was allocated to the Youth Initiative Program to operate and maintain the Youth Program Building and carry out objectives outlined in its 2010 operating plan. The Program's mission is to work with the community to increase youth involvement in programming and enhance their personal skill sets. Focus areas were to promote healthy

development, role modeling, mentorship, internal and would implement in the upcoming three-month external training, communications skills and building period. self-esteem. The Youth Program has a seven-member youth council with a mandate to assist the Youth Coordinator in planning, budgeting and implementing programs. The Youth Council meets regularly to ensure objectives in the operating plan are achieved. The Program also developed a quarterly Youth Initiative Newsletter which profiled all programs, activities, schedules and upcoming events the Youth Initiative

Sliding parties Skating parties

Guitar lessons

Huggins workshop

Fundraising events such BBQ, rummage sales

Assist Manitoba lance runners

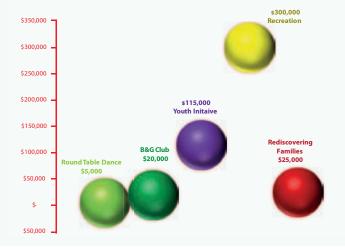
They first annual youth conference



PARKS & RECREATION PROGRAMMING

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$300,000 was allocated to Recreation Facilities and Programs to carry out objectives outlined in its 2010 operating plan. Recreation Facilities and programs operate under supervision of five member board. The Board has taken necessary training applicable to its position, and holds regular monthly meetings to plan and budget for recreation programs and to address recreation issues. The Board has also started working on developing a Recreation Policy with a goal of having the policy completed by 2011. The NPR Board held a considerable number of planning sessions to determine programs to be offered during the 2009 budget year and to try to meet programming and facility needs for all age groups. The program organized and coordinated almost 30 sporting events and activities throughout the year including:

- Norman Winter Games
- Broomball League and Tournament
- Top Student Award Trip
- Canada and NCN Day Events
- Bowling Program
- World Series of Sports



- Minor Hockey Program
- Movie Nights for Youth
- Swim to Survive Program
- B.O.A.T. Safety and First Aid Course for Youth
- Soccer Program
- Slow-Pitch Tournament
- Arts and Crafts Club
- New Years Eve Skating Party and Fireworks
- Hockey Day In Canada/Nelson House
- Mothers and Fathers Day Events
- Swimming Program
- Old Timers Hockey Tournament
- Basketball Program
- Volleyball Tournament
- Tae Kwon Do Program
- Music Program
- Staff Fishing Derby
- Ball Hockey Program
- Family Street Hockey
- Softball Program
- Torch Relay.

REDISCOVERIES OF FAMILIES PROGRAM

From Nisichawayasihk Cree Nation Trust funds available for distribution in 2010, \$25,000 was allocated to the Family and Community Wellness Centre (FCWC) to operate and maintain the Rediscoveries of Families Program (RDF) which Counselling Services operated and managed. The RDF Program achieved its objectives as set out in its operational work plan with the main focus being on three areas:

The Land as a Link to Traditional Values and Beliefs

The objective is to provide families with opportunities to reconnect with the land and internalize traditional values and beliefs. The program coordinated activities that involved using natural resources within the surroundings of the community to provide Cree cultural teachings, and using the land as a resource for survival and teachings. The program involved three-generation families (i.e. mother, daughter, and granddaughter) who fostered a dialogue for examining how their traditional values are carried out in their families.

Identifying Family Strengths, Weaknesses and Relationship Solutions for Everyday Life

The objectives were to provide support required to identify family strengths and other issues that have had a negative impact on family functioning and to find practical solutions useful in everyday life. participants were asked to identify their family relationships using the family tree and kinship system, and then to refer to other members, in the traditional Cree way, by those kinship relationships (e.g. brother, mother, cousin) rather than by name, which is the Western tradition. The youth helped the women with traditional activities and in return the women provided teachings.

The Land as a Source for Food, Medicine and Spirituality

The objective was to help participants and families reconnect with the land as a source of food, medicine and spirituality. Participants were given opportunities to learn about filleting and cleaning fish as well as picking medicinal plants and berries. They also learned about ceremonial activities as a framework for healing and recovery. Participants saw sacred artefacts within the NCN resource area. All family, youth and group retreats were held during the summer months at the Leftrook Lake Facilities and Camp 34. The RDF program had also taken a few Elders and youth to a Sun



OTHER

PROGRAM/PROJECTS

ELDERS SUBSIDY PROGRAM

In addition to the surplus, \$111,650.00 was allocated to provide community elders with a monthly subsidy of \$100.00 to supplement their pensions and other benefits, a total of 105 elders were subsidized in 2010.

The Elder Subsidy Program is a unique program design specifically for elders residing on the Nisichawayasihk Cree Nation (reserve). The eligibility requirements for the subsidy program are as follows;

- **1**. Must be an NCN member 65 years old (one month passed your 65 birthday) and living on reserve.
- 2. Must have permanent place of residence in NCN.
- 3. Must have been residing on reserve prior to 1977 NFA.
- **4**. Must provide identification and status card for proof of age and membership.
- **5**. Special consideration is given to NCN members living off reserve because of medical reasons. Documentation from medical doctor must be provided.
- **6**. Special consideration is given to NCN member living in a personal care home.

The Nelson House Christmas Cheer board continues it commitment to ensuring that each child receives a gift on Christmas morning and each family has a hot meal on Christmas day.

2010 was a very busy and successful year for the Cheer board, with the \$40,000.00 received from the CAP/CIP Budget and donations received from various organizations; we were able to meet our objectives.

The Nelson House Christmas Cheer board provided 818 gifts for children, newborn to 14 years of age living in the community and 444 food hampers to each household.







TASKINIGAHP TRUST (Introduction)

CAP/CIP BUDGET 2010 (TASKINIGAHP TRUST)

DEFERRED REVENUE 2009 (TASKINIGAHP TRUST OFFICE)



TASKINGAHP TRUST

The Taskinigahp Trust was established as part of the PDA to hold various monies derived from the Wuskwatim Generation Project including Adverse Effects Proceeds, Transmission Development Fund payments, TPC profits and dividends and dividend loans. The trust contains different accounts and funds including: Transmission Development Fund, Seven Generations Account, Seven Generation Growth Account, Resource Account, Resource Growth Account and the Community Development Account. Chief and Council have delegated the Trust Office to administer the trust and conduct the Community Involvement Process that is held jointly with the Nisichawayasihk Trust Community Approval Process.

Trust investments generated almost \$231,000 in interest for 2010. The Trust also received more than \$158,000 in Transmission Benefits, with 75 percent or about \$119,000 allocated for Resource projects and more than \$39,000 retained to generate future income.

Investment and Trust Benefits income totaled more than \$389,000 for the year.

Capital payments paid to NCN totaled almost \$345,000 comprised of \$220,000 in payments from the Community Development Account for various projects approved by the CIP. Close to \$120,000 was paid from the Resource Account to the Fishers and Trappers Associations and \$5,000 from the Claims Account.

As of December 31, 2010, the trust held a total value of \$5.95 million.

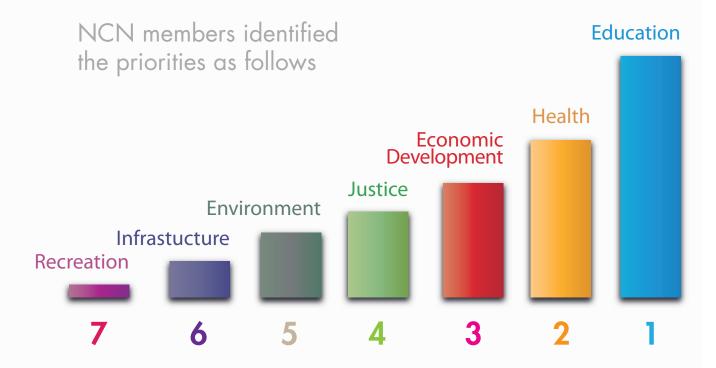
MULTI YEAR PLAN

One requirement set out in the Taskinigahp Trust was to hold three meetings between establishing the trust in 2006 and the third anniversary of the signing of the PDA on June 26, 2009. The purpose was to develop the first five-year plan for the trust's revenue. To ensure compliance with the PDA, the meetings helped determine community priorities for social, economic and community development initiatives for inclusion in the multi-year plan for longer-term initiatives for use of trust funds. As part of the process, two summer students were hired to interview community members for the multiyear plan to prioritize objectives. Survey results are available at the Wuskwatim Implementation Office.

The WIO also held meetings with managers in various NCN departments to review the community objectives provide their input to the multi-year plan and work with managers on implementing the objectives of their departments. The completed plan identified education as the top priority.

Because the trust office administers the funds, it must have the multi-year plan available as a guide for decisions on allocating funds. The plan is subject to revisions and must be reviewed every three years to ensure it remains current and continues to effectively deliver programs to the community, with the first revision set for 2012.

MULTI YEAR SURVEY PLANNING 2009



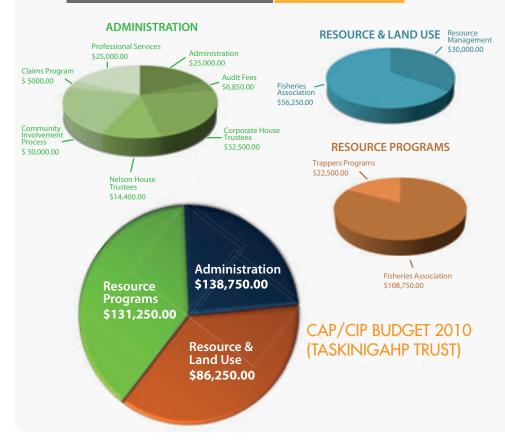


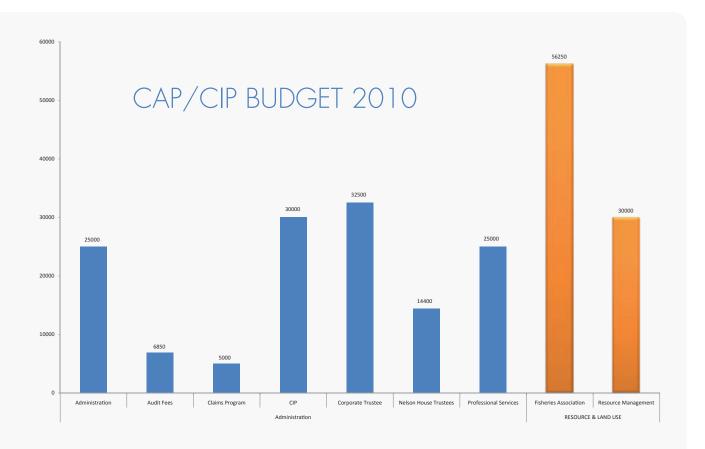
CAP/CIP BUDGET 2010 (TASKINIGAHP TRUST)

ADMINISTRATION	
Administration	\$25,000.00
Audit Fees	\$6,850.00
Corporate Trustee	\$32,500.00
Nelson House Trustees	\$14,400.00
Community Involvement Process	\$30,000.00
Claims Program	\$5,000.00
Professional Services	\$25,000.00
RESOURCE & LAND USE	
Resource Management	\$30,000.00
Fisheries Association	\$56250.00
SUBTOTAL BUDGET	\$225,000.00

WUSKWATIM TRANSMISSION DEVELOPMENT FUND

RESOURCE PROGRAMS	
Fisheries Association	\$108,750.00
Trappers Programs	\$22,500.00
TOTAL 2009 CIP BUDGET	\$131,250.00





DEFERRED REVENUE 2009 (TASKINIGAHP TRUST OFFICE)

In addition to the programs and projects funded during 2010 fiscal year, there was also program and or projects with deferred revenue (carry over) from the 2009 CAP/CIP Budget, which may be paid to or expended by Chief & Council in a subsequent fiscal year for the same purpose and subject to the same restrictions in accordance to Article 10.5 of the both Trust Indentures.

For a complete list of all programs carried over from previous years are listed in the table below;

SUB PROGRAM	DEFERRED REVENUE
Administration	\$39,871.00
Corporate Trustee	\$18,526.00
Nelson House Trustees	\$36,910.00
Claims Program	\$41,158.00
TOTAL DEFERRED REVENUE	\$136,465.00



FINANCIAL STATEMENTS FOR NCN TRUST

FINANCIAL STATEMENTS FOR NCN TRUST OFFICE

FINANCIAL STATEMENTS FOR TASKINIGAHP TRUST

FINANCIAL STATEMENTS FOR TASKINIGAHP TRUST OFFICE

NISICHAWAYASIHK TRUST FINANCIAL STATEMENTS (NOTE1)



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

INDEPENDENT AUDITORS' REPORT

To the Trustees Nisichawasihk Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Nisichawasihk Trust, which comprise of the statement of financial position as at December 31, 2010 and the statements of restricted and unrestricted capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba January 31, 2011

CHARTERED ACCOUNTANTS





NISICHAWASIHK TRUST

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2010

ASSETS CURRENT ASSETS		CLAIMS	AND HERITAGE FUND	Total 2010	Total 2009
CURRENT ASSETS					
so	93 \$ 19,504	\$ 109	\$1,081,148	\$ 1,100,854	\$ 1,227,362 138,945 1,366,307
INVESTMENTS (NOTES 3 AND 8) 40,000,000	000 1,559,939		3,147,625	44,707,564	45,684,404
\$40,000,093	093 \$ 1,579,443	\$ 109	\$ 4,228,773	\$45,808,418	\$47,050,711
LIABILITIES					
CURRENT LIABILITIES Due between funds \$ (4	(472) \$ 472	\$(1,800)	\$ 1,800	. 9	· ·
RESTRICTED CAPITAL (PAGES 5, 7 AND 8) 40,000,565	1,578,971	1,909	4,226,973	45,808,418	47,050,711
\$40,000,093	093 \$ 1,579,443	\$ 109	\$ 4,228,773	\$45,808,418	\$47,050,711

STATEMENT OF RESTRICTED CAPITAL GENERAL FUND

	2010	2009
Balance, beginning of year	\$40,531,121	\$40,546,841
Income on Trust assets	2,300,092 42,831,213	2,300,430 42,847,271
Transferred to Unrestricted Capital - Community Development Fund	2,830,648	2,316,150
BALANCE, END OF YEAR	\$40,000,565	\$40,531,121

STATEMENT OF UNRESTRICTED CAPITAL COMMUNITY DEVELOPMENT FUND

	2010		2009)
BALANCE, BEGINNING OF YEAR	s	-	S	-
Transfer from Restricted Capital - General Fund	2,8	30,648	2,3	16,150
FUNDS AVAILABLE FOR THE YEAR	2,8	30,648	2,3	16,150
Transfer from Restricted Capital - Investment and Heritage Fund	1,0	00,604	1,3	83,850
Program Funding (SCHEDULE)	(3,8	11,252)	(3,6	75,000
Transfer to Restricted Capital - Claims Fund (PAGE 7)	(20,000)	((25,000)
BALANCE, END OF YEAR	S	-	S	-

STATEMENT OF RESTRICTED CAPITAL COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2010

	2010	2009
BALANCE, BEGINNING OF YEAR	\$ 1,540,560	\$ 1,568,355
Interest income	51,071	27,265
Gain (loss) on investments - unrealized	21,340	16,706
Gain (loss) on investments - realized		1,639
Transfer to Nisichawayasihk Trust Office	(34,000)	(73,405)
BALANCE, END OF YEAR	\$ 1,578,971	\$ 1,540,560

NISICHAWASIHK TRUST

STATEMENT OF RESTRICTED CAPITAL CLAIMS FUND

1	20	10	200)9
BALANCE, BEGINNING OF YEAR	s	1,909	s	1,909
Transfer from Unrestricted Capital - Community Development Fund (PAGE 6)		20,000		25,000
community between the transfer of		21,909		26,909
Transfer to Nisichawayasihk Trust Office		20,000		25,000
BALANCE, END OF YEAR	S	1,909	S	1,909

STATEMENT OF RESTRICTED CAPITAL INVESTMENT AND HERITAGE FUND

	2010	2009
BALANCE, BEGINNING OF YEAR	\$ 4,977,121	\$ 6,066,787
Transfer to Unrestricted Capital		
- Community Development Fund (NOTE 9)	(1,000,604)	(1,383,850)
Income on restricted funds	232,802	293,911
Excursion revenue -current year	4,383	273
Excursion revenue -prior year	13,271	-
BALANCE, END OF YEAR	\$ 4,226,973	\$ 4,977,121

NISICHAWASIHK TRUST

STATEMENT OF CASH FLOWS

	GENERAL	COMMUNITY DEVELOPMENT FUND	CLAIMS FUND	INVESTMENT AND HERITAGE FUND	TOTAL 2010	TOTAL 2009
CASH FLOWS FROM OPERATING ACTIVITIES Cash from interest income Cash from other revenue Cash transferred to Trust Office Cash transferred from Trust Office Cash transferred from General Account Net cash received from (paid for) operating activities	\$ 2,300,092	\$ 51,071	\$. (20,000)	\$ 371,747 17,654 (998,804) (609,403)	\$ 2,722,910 17,654 (3,865,252)	\$ 2,493,262 273 (3,773,405) 8,476
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from sale of investments Purchase of investment Net cash received from (paid for) investing activities		1,380,000 (1,382,214) (2,214)		1,685,242 (684,848) 1,000,394	3,065,242 (2,067,062) 998,180	2,740,641 (1,511,386) 1,229,255
INCREASE (DECREASE) IN CASH FOR THE YEAR Cash, beginning of year	(532,356)	14,857	109	390,991	(126,508)	(42,139) 1,269,501
CASH, END OF YEAR	\$ 93	\$ 19,504	\$ 109	\$ 1,081,148	\$ 1,100,854	\$ 1,227,362

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. NISICHAWASIHK 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 Councill to fund the various programs.

Funds Available is defined as the greater of:

- i) the income earned in the Trust Assets and
- ii) 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 (\$40,000,000) dollars.

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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

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, 2010 earned interest at 0.92%

3. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered significant for the Trust.

a) Basis of Accounting

The Nisichawasihk Trust follows the restricted fund method of accounting.

b) Revenue Recognition

Investment income is recognized on an accrual basis as earned.

c) Accrued Interest

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

d) Investments

Under the provisions of Canadian Institute of Chartered Accountants (CICA) 3855 Financial Instruments-Recognition and Measurement, the financial assets of the Trust Investment portfolio are designated as held for trading, and carried at fair value. Gains and losses arising from the change in fair value that occurred during the year are recorded in net income. Income from interest is recognized in the period earned and presented net of investment expenses.

c) Fair Value of Investments

Investments are stated at fair value, which is the amount of consideration that would be agreed upon in arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year-end market prices, as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year-end.

f) Fair Value of Other Financial Assets and Liabilities

Other financial assets consist of cash, cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short-term nature of these items.

g) 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 revenue 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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

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. During the year ended December 31, 2008, an additional \$495,632 of capital and \$145,503 of interest earned on this amount was settled in this Fund.

The interest on the \$1,495,632 of capital 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 \$1,495,632 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 on 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 Nisichawasihk 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, 2010) will be transferred to the Investment and Heritage Fund.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

8. INVESTMENTS

The investments are accounted for using the market value at year-end and consist of the following:

	20	10	20	09
	COST	MARKET	COST	MARKET
General Fund				
Manitoba Hydro 5.750%	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000
Community Development Fund				
Bank of Nova Scotia 3,43%	202.000	207.566	202.000	204 530
Canada Housing 3.75%	203,000	207,566	203,000 109,021	204,539
	100 275	101.076		111,963
Canadian Imperial Bank of Commerce	100,375	101,076	349,219	349,596
Farm Credit Canada Corp. 3.80%	113,749	118,762	113,749	120,200
GE Capital 4.24%	102,300	103,054	-	-
Ontario 3.25%	102,800	103,776	-	-
Ontario 4.20%	196,560	212,868	196,560	205,566
Ontario 4.50%	113,942	125,147	113,942	123,793
Ontario 4.75%	99,979	106,751	99,979	107,561
New Brunswick 4.50%	157,125	158,330	-	
Quebec 4.50%	197,980	213,850	197,980	205,126
Toronto Municipal 4.90%	100,000	108,759	100,000	108,041
Subtotal - Community				
Development Fund	1,487,810	1,559,939	1,483,450	1,536,385
Investment and Heritage Fund				
Manitoba Hydro-Electric Board 5.750%	3,147,625	3,147,625	4,148,019	4,148,019
Total Investments - All Funds	\$ 44,635,435	\$44,707,564	\$45,631,469	\$45,684,404
			,	

9. 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 \$544,206 at December 31, 2010) 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, \$998,804 was transferred to the General Fund to supplement the 2010 Funds Available amount.

SCHEDULE

NISICHAWASIHK TRUST

SCHEDULE OF 2010 PROGRAM FUNDING

	2010	2009
Administration	450,000	475,000
Breakfast/Lunch Program		60,000
Building Character & Capacity	-	25,000
Community Approval Process	30,000	35,000
Corporate Trustee	-	60,000
Country Foods	245,000	80,000
Dog Control	15,000	35,000
Elders' Subsidy	111,650	110,400
Elders Traditional Program	171,000	175,000
Garbage Truck & Bins	20,000	123,000
Gate House Set Up	25,000	-
Gilbert McDonald Arena - O & M	50,000	48,230
HML Annual Round Dance	5,000	15,000
Housing Renovations	-	104,000
Human Resource Officer	50,000	47,000
Justice Program	450,000	63,920
Kanithim Waskikan (Caring House)	-	75,000
Modular Classrooms	350,000	
NCN Achimowin Radio and Television	50,000	70,50
NCN Christmas Cheer Board	40,000	40,000
NCN Emergency Services		141,000
NCN Boys & Girls Club	20,000	-
NCN Youth Initiative	115,000	125,000
Nelson House Trustees	14,400	25,000
Nisichawayasihk Personal Care Home Inc.	200,000	200,000
Nutrition Program	20,000	
Off Reserve Assistance	45,000	
Parks and Recreation	300,000	276,750
Paved Roads Feasibility Study	-	40,000
Post Secondary Funding	75,000	150,000
Pow Wow Arbor		40,000
Professional Services	50,000	45,000
Rediscoveries of Families Project	25,000	75,000
Resource Management	10,000	
Special Education Program	40,000	75,200
Summer Student Employment & Work	25,000	15,000
Trappers Association	59,202	12,00
Wuskwatim Project Equity	750,000	800,000
Zummer Adventure Camp	-	25,00

NISICHAWAYASIHK TRUST OFFICE

FINANCIAL STATEMENTS (NOTE1)



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

INDEPENDENT AUDITORS' REPORT

To Chief and Council Nisichawayasihk Cree Nation

Report on the Financial Statements

We have audited the accompanying financial statements of Nisichawayasihk Trust Office, which comprise of the statement of financial position as at December 31, 2010 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, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Office as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba February 18, 2011



The Institute of Chartered Accountants of Manitoba CHARTERED ACCOUNTANTS

SERVICE SINCE-191

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NISICHAWAYASIHK TRUST OFFICE

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2010

	COMMUNITY DEVELOPMENT FUND	CLAIMS FUND	INVESTMENT AND HERITAGE FUND	TOTAL 2010	TOTAL 2009
ASSETS					
CURRENT ASSETS					
Unrestricted cash	\$2,800,124	s -	S -	\$2,800,124	\$2,012,284
Restricted cash (NOTE 7)		22,637		22,637	45,743
Interest receivable	265			265	22
Accounts receivable (NOTE 3)	-			-	920
Advances receivable (NOTE 3)	15,346			15,346	9,07
Short-term investments (NOTE 3)	44,581			44,581	44,572
Due from Taskinigahp Trust Office	121,175	-	-	121,175	314,946
Due from Claims Fund	19,961	-	-	19,961	19,589
	3,001,452	22,637	-	3,024,089	2,447,147
RESTRICTED CASH (NOTE 6)	53,994		-	53,994	53,886
PROPERTY AND					
EQUIPMENT (NOTES 3 AND 4)	79,554	-	-	79,554	69,992
	\$3,135,000	\$ 22,637	S -	\$3,157,637	\$2,571,025
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$2,090,319	\$ 119	S -	\$2,090,438	\$1,137,90
Due to Community Development Fund		19,961		19,961	19,589
, , , , , , , , , , , , , , , , , , , ,	2,090,319	20,080		2,110,399	1,157,493
DEFERRED FUNDING (PAGES 6, 21 AND 30)	965,127	2,557	_	967,684	1,343,540
	3,055,446	22,637		3,078,083	2,501,033
NET ASSETS					
NET ASSETS					
Invested in property and equipment (PAGE 20	79,554			79,554	69,992
Unrestricted (PAGE 5)	, ,,,,,,,,,			1,7,0,04	40,000
Restricted (PAGES 21 AND 22)					
	79,554	-	-	79,554	69,992
	\$3,135,000	\$ 22,637	S -	\$3,157,637	\$2,571,025
	APPROVE	D .			
CHIEF	my from	M			
COUNCILLOR JO WOLLS		COUNC	ILLOR C	wow	
COUNCILLOR	_	COUNC	ILLOR	,	
COUNCILLOR Shirly Linky	akr	COUNC	ILLOR		

STATEMENT OF UNRESTRICTED NET ASSETS

	2010	2	009
BALANCE, BEGINNING OF YEAR	s -	S	-
Surplus (deficit) for the year	-		-
BALANCE, END OF YEAR	S -	S	-

SUMMARY STATEMENT OF FUNDING, EXPENDITURES AND SURPLUS COMMUNITY DEVELOPMENT FUND

YEAR ENDED DECEMBER 31, 2010

PROGRAM	NISICHAWASHIK TRUST FUNDING	OTHER	DEFERRED FUNDING 2009	DEFERRED FUNDING 2010	TOTAL	TOTAL	2010 SURPLUS	2009 SURPLUS
Nisichawasihk Trust (PAGE 7)	\$ 794,400	\$ 76,941	\$ 248,525	\$(268,620)	\$ 851,246	\$ 851,246		8
Capital Projects (PAGE 8)	25,000				25,000	25,000	٠	
Community Infrastructure (PAGE 9)		,	6,053	(253)	5,800	5,800		
Economic Development (PAGE 10)	920,000	92,753	509,897	(48,031)	1,474,619	1,474,619		
Education (PAGE 11)	485,000				485,000	485,000		
Governance (PAGE 12)			924	(924)	٠			
Housing (PAGE 13)		1,539	204,668	(204,457)	1,750	1,750		
Justice (PAGE 14)	450,000		٠		450,000	450,000		
Public Works (PAGE 15)	35,000		163		35,163	35,163		
Resource and Land Use (PAGE 16)	485,202	251,997	247,593	(328,106)	989'959	989'959		
Shoreline Debris Clean-up (PAGE 17)		1,485	33,234	(34,699)	20	20		
Social Development (PAGE 18)	465,000	61,087	53,344	(62,440)	516,991	516,991		
Other (PAGE 19)	151,650		14,440	(17,597)	148,493	148,493		
	\$3,811,252	\$485,802	\$1,318,841	\$(965,127)	\$4,650,768	\$4,650,768		

STATEMENT OF FUNDING AND EXPENDITURES NISICHAWASIHK TRUST PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$ 794,400	\$ 794,400	\$ 888,230
INTEREST REVENUE	-	6,982	10,998
TRANSFER FROM TASKINIGAHP TRUST OFFICE	-	30,000	38,318
TRANSFER FROM FISHERMEN ASSOCIATION		30,000	-
TRANSFER TO SUB-PROGRAMS (NOTE 10)	-	(8,517)	(76,710)
OTHER REVENUE	-	18,476	9,135
DEFERRED FUNDING - 2008	-	-	309,330
DEFERRED FUNDING - 2009	248,525	248,525	(248,525)
DEFERRED FUNDING - 2010	1,042,925	(268,620) 851,246	930,776
EXPENDITURES			
Administration (SCHEDULE 1)	526,155	408,144	471,966
Arena O&M	50,000	50,000	48,230
Community approval process	30,000	54,533	71,059
Corporate trustee	139,906	65,794	63,889
Nelson House trustees	46,864	23,030	21,302
Personal Care Home	200,000	200,000	200,000
Professional services	50,000	49,745	54,330
	1,042,925	851,246	930,776
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES CAPITAL PROJECTS PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$25,000	\$25,000	\$243,000
EXPENDITURES			
Garbage truck and bins	-	-	123,000
Gate house set-up	25,000	25,000	-
Pow wow arbour upgrade	-	-	40,000
Retail distribution centre	-	-	80,000
	25,000	25,000	243,000
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES COMMUNITY INFRASTRUCTURE PROGRAM

	BUDGET	2010	2009
,	(unaudited)		
DEFERRED FUNDING - 2008	s -	S -	\$ 6,053
DEFERRED FUNDING - 2009	6,053	6,053	(6,053)
DEFERRED FUNDING - 2010	6,053	(253) 5,800	
EXPENDITURES	6.052		
Community aesthetics and improvements	6,053	5,800	-
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES ECONOMIC DEVELOPMENT PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$ 920,000	\$ 920,000	\$ 932,500
INTEREST REVENUE	1 - 1	-	(3,312
TRANSFER TO SUB-PROGRAMS (NOTE 10)	-	8,517	
OTHER REVENUE	-	84,236	29,789
DEFERRED FUNDING - 2008	-	-	997,940
DEFERRED FUNDING - 2009	509,897	509,897	(509,897
DEFERRED FUNDING - 2010		(48,031)	-
	1,429,897	1,474,619	1,447,020
EXPENDITURES			
Business Marketing Development Corp.	4,315	-	-
Community development plan	35,000	-	-
HRD employees	50,000	50,000	15,000
Human resource officer	-	-	47,000
NCN Achimowin radio station	63,658	156,411	157,734
NCN investment savings	2,071	-	427,286
NCN recycling	2,895	-	-
Off reserve assistance program	45,000	45,000	-
Summer student employment	28,750	25,000	-
Wuskwatim equity	1,198,208	1,198,208	800:000
	1,429,897	1,474,619	1,447,020
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES EDUCATION PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$485,000	\$485,000	\$285,200
EXPENDITURES			
Breakfast and lunch program	-	-	60,000
Modular classrooms	350,000	350,000	-
Nutrition program	20,000	20,000	-
Post secondary funding	75,000	75,000	150,000
Special education program	40,000	40,000	75,200
	485,000	485,000	285,200
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES GOVERNANCE PROGRAM

	BUDGET	2010	2009
	(unaudited)		
DEFERRED FUNDING - 2008	\$ -	\$ -	\$ 924
DEFERRED FUNDING - 2009	924	924	(924)
DEFERRED FUNDING - 2010	924	(924)	
EXPENDITURES			
Governance	924	-	-
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ -	S -

STATEMENT OF FUNDING AND EXPENDITURES HOUSING PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$ -	S -	\$ 104,000
INTEREST REVENUE	-	789	486
OTHER REVENUE	-	750	1,000
DEFERRED FUNDING - 2008	-	-	203,182
DEFERRED FUNDING - 2009	204,668	204,668	(204,668
DEFERRED FUNDING - 2010		(204,457)	_
	204,668	1,750	104,000
EXPENDITURES			
1 unit home ownership program	150,000	-	
Home opportunity program	54,668	1,750	-
Housing renovations	-	-	104,000
	204,668	1,750	104,000
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES JUSTICE PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$450,000	\$450,000	\$63,920
EXPENDITURES			
Community justice program	-	-	63,920
NCN judicial system	450,000	450,000	-
	450,000	450,000	63,920
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	s -

STATEMENT OF FUNDING AND EXPENDITURES PUBLIC WORKS PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$35,000	\$35,000	\$216,000
DEFERRED REVENUE - 2008	-		163
DEFERRED REVENUE - 2009	163	163	(163)
	35,163	35,163	216,000
EXPENDITURES			
Animal control	15,000	15,000	35,000
Garbage bins	20,000	20,000	-
NCN fire and emergency services	-	-	141,000
Paved roads feasibility study	-	-	40,000
R.C. church renovations	163	163	-
	35,163	35,163	216,000
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES RESOURCE AND LAND USE PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$485,202	\$ 485,202	\$ 175,000
TRANSFER FROM			
TASKINIGAHP TRUST OFFICE	-	206,060	518,337
TRANSFER TO			
ADMINISTRATION SUB-PROGRAM	-	(30,000)	-
TRANSFER TO SUB-PROGRAMS (NOTE 10)	-	-	76,710
LOAN RECOVERIES	-	37,908	53,711
EQUIPMENT SALES	-	20,173	38,778
OTHER REVENUE	-	17,856	14,909
DEFERRED FUNDING - 2008	-	-	197,889
DEFERRED FUNDING - 2009	247,593	247,593	(247,593
DEFERRED FUNDING - 2010		(328,106)	
	732,795	656,686	827,741
EXPENDITURES			
Country Foods Program	260,101	208,419	223,560
Elders Traditional Program	176,904	159,128	171,664
Fisheries Association	-	154,726	291,220
Resource Management Program	36,917	43,583	64,755
Trappers Association	258,873	90,830	76,542
	732,795	656,686	827,741
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES SHORELINE DEBRIS CLEAN-UP PROGRAM

	BUDGET	2010	2009
	(unaudited)		
INTEREST REVENUE	\$ -	\$ 1,485	\$ 1,574
DEFERRED FUNDING - 2008	-	-	31,660
DEFERRED FUNDING - 2009	33,234	33,234	(33,234)
DEFERRED FUNDING - 2010	33,234	<u>(34,699)</u> 20	-
EXPENDITURES			
Debris management	33,234	20	
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES SOCIAL DEVELOPMENT PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$465,000	\$465,000	\$ 616,750
TRANSFER FROM			
NISICHAWASIHK TRUST (NOTE 9)	-	34,000	73,405
INTEREST REVENUE	-	317	1,002
TRANSFER FROM			
TASKINIGAHP TRUST OFFICE		-	9,845
OTHER REVENUE	-	26,770	15,035
DEFERRED FUNDING - 2008		-	69,542
DEFERRED FUNDING - 2009	53,344	53,344	(53,344)
DEFERRED FUNDING - 2010		(62,440)	
	518,344	516,991	732,235
EXPENDITURES			
Annual round dance	5,000	5,000	15,000
Building character and capacity	-,	-,	
through positive opportunities	-	-	25,000
Fitness trail	1,580	480	-
Kanithim Waskikan (Caring House)	-	-	75,000
NCN Boys & Girls Club	20,000	20,000	-
NCN Minor Hockey Association	3,786	1,606	36,643
NCN Youth Initiative Program	144,810	109,407	121,865
Parks and recreation	305,639	355,498	358,727
Pow wow	12,391	-	-
Rediscoveries of Families Project	25,000	25,000	75,000
Senior men's hockey	138	-	-
Zummer adventure camp	-	-	25,000
•	518,344	516,991	732,235
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	S -

STATEMENT OF FUNDING AND EXPENDITURES OTHER PROGRAMS

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
NISICHAWASIHK TRUST	\$151,650	\$151,650	\$150,400
DEFERRED REVENUE - 2008	-	-	7,308
DEFERRED REVENUE - 2009	14,440	14,440	(14,440)
DEFERRED REVENUE - 2010		(17,597)	-
	166,090	148,493	143,268
EXPENDITURES			
Elders' subsidy	120,700	114,300	108,300
NCN Christmas cheer board	45,032	34,193	34,968
Treaty #5 100th anniversary	358	-	-
	166,090	148,493	143,268
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	S -	S -

STATEMENT OF NET ASSETS INVESTED IN PROPERTY AND EQUIPMENT

	2010	2009
BALANCE, BEGINNING OF YEAR	\$ 69,992	\$ 86,764
Property and equipment purchased during the year	24,600	-
Amortization for the year (NOTE 3)	(15,038)	(16,772)
BALANCE, END OF YEAR	\$ 79,554	\$ 69,992

STATEMENT OF FUNDING AND EXPENDITURES CLAIMS FUND

	BUDGET	2010	2009
	(unaudited)		
TRANSFER FROM			
NISICHAWASIHK TRUST	\$20,000	\$20,000	\$ 25,000
INTEREST	-	200	341
DEFERRED FUNDING - 2008		-	48,091
DEFERRED FUNDING - 2009	24,699	24,699	(24,699
DEFERRED FUNDING - 2010		(2,557)	-
	44,699	42,342	48,733
EXPENDITURES			
Claims account	44,699	42,342	48,733
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	s -

STATEMENT OF RESTRICTED NET ASSETS INVESTMENT AND HERITAGE FUND

	2010	2009
BALANCE, BEGINNING OF YEAR	\$ -	s -
BALANCE, END OF YEAR	S -	S -

STATEMENT OF CASH FLOWS

	COMMUNITY		INVESTMENT		
	DEVELOPMENT FUND	CLAIMS FUND	AND HERITAGE FUND	TOTAL 2010	TOTAL 2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash from Nisichawasihk Trust	\$ 3,845,252	\$ 20,000		\$ 3,865,252	\$ 3,773,405
Cash from Taskinigahp Trust Office	429,831			429,831	251,554
Interest income received	9,521	200		9,721	18,123
Cash from other sources	200,614		٠	200,614	161,851
Cash paid for program expenses	(3,672,298)			(3,672,298)	(4,581,480)
Cash paid for claims	(372)	(43,306)		(43,678)	(50,154)
Net cash received from (paid for) operating activities	812,548	(23,106)		789,442	(426,701)
CASH FLOWS FROM INVESTING ACTIVITIES Redemption of short-term investments					402,218
Purchase of property and equipment	(24,600)			(24,600)	
Net cash received from (paid for) investing activities	(24,600)			(24,600)	402,218
INCREASE (DECREASE) IN CASH FOR THE YEAR	787,948	(23,106)		764,842	(24,483)
Cash, beginning of year	2,066,170	45,743		2,111,913	2,136,396
CASH, END OF YEAR	\$ 2,854,118	\$ 22,637		\$ 2,876,755	\$ 2,111,913
Cash consists of:					
Unrestricted cash	\$ 2,800,124			\$ 2,800,124	\$ 2,012,284
Restricted cash	53,994	22,637		76,631	99,629
	\$ 2,854,118	\$ 22,637		\$ 2,876,755	\$ 2,111,913

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. NISICHAWAYASIHK 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 Nisichawasihk Trust.

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

Funds Available

The Program funding 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 approved budget for that year (\$3,700,000 for the year ended December 31, 2010).

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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES

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.

DATE METHOD

	KATE	METHOD
Office equipment	20%	Declining balance
Trailer improvements	4%	Declining balance
Vehicles	30%	Declining balance

c) Accounts and Advances Receivable

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

d) Short-Term Investments

The short-term investment consists of a redeemable guaranteed investment certificate issued by Royal Bank of Canada recorded at its cost of \$44,581. This investment bears interest at an annual rate of 1.25% and matures October 8, 2011. It is expected that this investment will be renewed upon its maturity.

c) Revenue Recognition

The Trust Office follows the restricted fund method of accounting for program funding. All program funding is recognized annually according to the bugdes approved by the Community Approval Process. All surpluses are deferred until the following fiscal year.

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 revenue 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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

4. PROPERTY AND EQUIPMENT

ACCUMULATED AMORTIZATION	December 31, December 31, Amortization December 31, December 31, December 31, December 31, 2009 Expense 2010 2010 2009	\$187,633 \$139,636 \$ 7,139 \$146,775 \$ 40,858 \$23,397 30,509 7,127 935 8,062 22,447 23,382 209,872 186,659 6,964 193,623 16,249 23,213	\$428.014 \$333.422 \$15.038 \$348.460 \$70.554 \$60.002
	Decem bisposals 20	s \$18 3	s - 842
COST	Additions	\$24,600	\$ 24,600
	December 31, 2009		\$403,414 \$24.
		Office equipment Trailer improvements Vehicles	

5. 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. During the year ended December 31, 2008, an additional \$495,632 of capital and \$145,503 of interest earned on this amount was settled in the Community Development Fund of the Nisichawasihk Trust. All of these amounts have been deposited in the Recreational Facilities and Programs subaccount of the Nisichawasihk Trust. The interest earned on the \$1,495,632 of capital 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. This capital amount of \$1,495,632 in the Recreational Facilities and Programs sub-account of Nisichawasihk Trust cannot be encroached upon.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

6. 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 applicants.

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.

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 Nisichawasihk 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:

	2010	2009
Nisichawasihk Trust	\$1,909	\$ 1,909
Nisichawayasihk Trust Office	2,557	24,699
	\$4,466	\$26,608

8. RESTRICTED CASH - INVESTMENT AND HERITAGE FUND

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

9. TRANSFER FROM NISICHAWASIHK TRUST

During the year, additional funding was transferred from the Recreation Facilities and Programs sub-account of Nisichawasihk Trust to the following subprograms in the Social Development program of Nisichawayasihk Trust Office:

	2010	2009
Parks and Recreation	\$34,000	\$73,405
	\$34,000	\$73,405

10. TRANSFER TO SUB-PROGRAMS

During the year, funds (from interest income) were transferred from the Nisichawasihk Trust Program to the following programs:

	2010	2009
Economic Development Program		
- NCN Achimowin radio station sub-program	\$ 8,517	S -
Subtotal - Economic Development Program	8,517	
Resource and Land Use Program		
- Fisheries Association sub-program	-	76,710
Subtotal - Resource and Land Use Program	-	76,710
	\$ 8,517	\$76,710

SCHEDULE 1

NISICHAWAYASIHK TRUST OFFICE

SCHEDULE OF DEFERRED REVENUE

NISICHAWASIHK TRUST	Administration Community Approval Process Corporate Trustee Nelson House Trustees Professional Services	\$164,952 5,467 74,112 23,834	\$ 76,155 - 139,906
NISICHAWASIHK TRUST	Community Approval Process Corporate Trustee Nelson House Trustees Professional Services	5,467 74,112	
	Corporate Trustee Nelson House Trustees Professional Services	74,112	120 006
	Nelson House Trustees Professional Services		
	Professional Services	43,034	32,464
		255	32,404
COMMUNITY INTERACTORICTURE	Community Antholine	233	-
COMMUNITY INFRASTRUCTURE	Community Aesthetics	253	6.053
ECONOMIC DESERVORMENT	and Improvements	255	6,053
ECONOMIC DEVELOPMENT	Business Marketing Development	4.216	4.215
	Corporation	4,315	4,315
	Community Development Plan	35,000	35,000
	NCN Achimowin Radio Station	-	13,658
	NCN Investment Savings	2,071	2,071
	NCN Recycling	2,895	2,895
	Summer Student Employment	3,750	3,750
	Wuskwatim Equity	-	448,208
GOVERNANCE	Governance	924	924
HOUSING	1 Unit Home Ownership Program	150,000	150,000
	Home Opportunity Program	54,457	54,668
PUBLIC WORKS	R.C. Church Renovations	-	163
RESOURCE AND LAND USE	Country Foods Program	54,895	15,101
	Elders Traditional Program	21,958	5,904
	Fishermen Association	15,934	-
	Resource Management Program	27,989	26,917
	Trappers Association	207,330	199,671
SHORELINE DEBRIS CLEAN-UP	Debris Management	34,699	33,234
SOCIAL DEVELOPMENT	Fitness Trail	1,100	1,580
	NCN Minor Hockey Association	2,180	3,786
	NCN Youth Initiative Program	46,130	29,810
	Parks and Recreation	501	5,639
	Pow Wow	12,391	12,391
	Senior Men's Hockey	138	138
OTHER PROGRAMS	Elders Subsidy	6,400	9,050
	NCN Christmas Cheerboard	10,839	5,032
	Treaty #5 100th Anniversary	358	358
	,	965,127	1,318,841
CLAIMS FUND		2,557	24,699
		\$967,684	\$1,343,540

SCHEDULE 2

NISICHAWAYASIHK TRUST OFFICE

SCHEDULE OF ADMINISTRATION EXPENDITURES

	BUDGET	2010	2009
	(unaudited)		
Salaries, wages and benefits:			
Administrative Clerk		\$ 20,916	\$ 22,170
Assistant Director/Claims Officer		-	1,168
Casual help/summer student employment		8,911	15,720
Claims Officer		-	20,053
Director Trust Operations		61,096	68,281
Finance Clerk		5,797	29,501
Finance Clerk Assistant		29,259	-
Finance Controller		52,509	50,106
Janitor		18,720	19,538
Natural Resources and Land Use Secretariat		52,661	50,635
Employer's share of statutory deductions		5,107	15,762
Employee benefits package		11,545	16,581
Advertising and promotion		12,357	9,317
Bank charges and interest		1,906	833
Donations		4,637	6,325
Hydro		4,379	5,322
Janitorial supplies		2,919	2,218
Office equipment and furniture (non-capital)		18,346	14,947
Office supplies and miscellaneous		13,818	15,336
Payroll charges and fees		-	2,914
Postage and freight		469	1,127
Software upgrade		7,520	3,745
Technical support		1,683	3,450
Telephone, satellite and internet charges		21,210	17,642
Trailer improvements (non-capital)		4,695	7,984
Trailer insurance		1,471	1,415
Training and development		6,644	32,469
Transfers to net assets			
invested in property and equipment		24,600	-
Travel and meetings		12,366	31,118
Vehicle maintenance and insurance		2,603	3,689
Workshop - youth gang awareness		-	2,600
	\$526,155	\$408,144	\$471,966

TASKINIGAHP TRUST FINANCIAL STATEMENTS (NOTE1)



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

INDEPENDENT AUDITORS' REPORT

To the Trustees Taskinigahp Trust

Report on the Financial Statements

We have audited the accompanying financial statements of Taskinigahp Trust, which comprise of the statement of financial position as at December 31, 2010 and the statements of capital, funds available and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba January 31, 2011

CHARTERED ACCOUNTANTS





201 - 930 Jefferson Avenue Winnipeg, MB, R2P 1W1 Telephone 204-694-8999 Fax 204-694-6885 E-mail: info@hemenwaysilver.ca

TASKINIGAHP TRUST

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2010

	Taskinigahp					4		
	Community Development Account	Resource Account General	Resource Account Savings	Taskinigahp Claims Account	Seven Generations Account	Seven Generations Growth Account	2010	2009
ASSETS								
CURRENT ASSETS Cash	\$ 20,851	9 8	\$ 3,448	\$ 5,099	· ·	. «	\$ 29,404	\$ 28,016
Due from Taskinigahp Trust Office (NOTE 5) Due (to) from other funds	35,849	1,250	3,448	(1,250)	.	.	35,849	7,916
INVESTMENTS (NOTES 3 AND 6) 5,838,529	5,838,529		85,877				5,924,406	5,918,375
	\$5,895,229	\$ 1,256	\$ 89,325	\$ 3,849		. s	\$5,989,659	\$5,954,307
LIABILITIES								
CURRENT LIABILITIES Accounts payable CAPITAL	s 7,664	· ·	S	· ·	· ·		\$ 7,664	\$ 7,916
CAPITAL (PAGE 5)	5,887,565	1,256	89,325	3,849			5,981,995	5,946,391
	\$5,895,229	\$ 1,256	\$ 89,325	\$ 3,849	. s	S	\$5,989,659	\$5,954,307
		1	APPROVE	OVED				

TASKINIGAHP TRUST

STATEMENT OF CAPITAL

	Taskinigahp Community Development Account	Resource Account General	Resource Account Savines	Claims	2010	2009
BALANCE, BEGINNING OF YEAR	\$ 5,895,577	\$ 243	\$ 50,406	\$ 165	\$5,946,391	\$ 6,654,890
Transmission benefits received		118,757	39,585		158,342	119,014
Gain (loss) on investments - net	(11,151)		442		(10,709)	113,013
Interest income on Trust assets	228,139	2,066	692	7	230,904	236,407
Transfer to Funds Available	(225,000)				(225,000)	(1,030,703)
Transfer from Funds Available				8,677	8,677	50,000
Transfer to Taskinigahp Trust Office		(119,810)	(1,800)	(5,000)	(126,610)	(191,014)
Care and management fees (incl. GST)						(5,216)
BALANCE, END OF YEAR	\$ 5,887,565	\$ 1,256	\$ 89,325	\$ 3,849	\$5,981,995	\$ 5,946,391

STATEMENT OF FUNDS AVAILABLE

		2010		2009
BALANCE, BEGINNING OF YEAR	s	-	s	
Transfer from the Community Development Account		225,000	1,0	30,703
FUNDS AVAILABLE FOR THE YEAR	- 2	225,000	1,0	30,703
Program Funding -Taskinigahp Trust Office	(2	216,323)	(5	80,703)
Transfer to Claims Fund		(8,677)		(50,000)
BALANCE, END OF YEAR	S	-	s	-

TASKINIGAHP TRUST

STATEMENT OF CASH FLOWS

	Taskinigahp Community Development Account	Resource Account General	Resource Account Savings	Taskinigahp Claims Account	Seven Generations Account	Seven Generations Growth Account	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES Transmission benefits received Interest income received Distributions to Taskinigahp Trust Office Care and management fees Net cash received from (paid for) operating activities	\$ 228,139 (253,185)	\$ 118,757 2,066 (121,060)	\$ 39,585 692 (1,800) 38,477	4,927			\$ 158,342 230,904 (371,118) 18,128	\$ 119,014 236,407 (1,171,717) (7,984) (824,280)
CASH FLOWS FROM INVESTING ACTIVITIES (Purchase) disposal of investments - net Net cash received from (paid for) investing activities	24,748		(41,488)			. .	(16,740)	785,337
INCREASE (DECREASE) IN CASH FOR THE YEAR	(298)	(237)	(3,011)	4,934			1,388	(38,943)
Cash, beginning of year CASH, END OF YEAR	\$ 20,851	243	6,459	\$ 5,099			28,016 \$ 29,404	\$ 28,016

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. TASKINIGAHP TRUST

The Taskinigahp Trust was created on June 26, 2006.

Nisichawayasihk Cree Nation (via a wholly owned subsidiary corporation, the Taskinigahp Power Corporation) has entered into a partnership with Manitoba Hydro to develop, construct and operate a hydroelectric generating station at Taskinigahp Falls in Manitoba, called the Wuskwatim Generation Project. The purpose of the Taskinigahp Trust is to receive (as assigned from Taskinigahp Power Corporation) all settlement proceeds (for adverse effects), the proceeds of all dividend loans, the distributions from the Wuskwatim Transmission Development Fund (called transmission benefits) and all dividends declared by Taskinigahp Power Corporation. These funds are to be used for the benefit of Nisichawayasihk Cree Nation and its Members.

Settlement Proceeds

Under the NCN Adverse Effects Agreement, Settlement Proceeds in the amount of \$5,700,000 were paid to the Taskinigahp Trust.

Funds Available

The Funds Available for any year is the aggregate of income for the fiscal year. After the Final Closing Date or termination of the PDA (as stipulated in 3.2.5 of the Adverse Effects Agreement), the Funds Available will also include the amount by which the Net Value of the Assets at the end of the prior fiscal year exceeds 50% of the Settlement Proceeds received, as defined in the preceding paragraph.

Income is defined as all income for the fiscal year of the Trust, except any Growth Income or Resource Income calculated in accordance with Section 3 of the Income Tax Act without references to subsections 75(2) or 104(6) thereof, except in making such calculations, there shall be excluded any gross-up of any dividend and there shall be included the entirety of any capital gain.

Net Value of the Assets is defined as the amount at any specific date by which the value of the Assets on that date, excluding any funds in the Seven Generations Growth Account and the Resource Account, exceeds all liabilities of the Trust and where all property comprising Assets are valued at the lower of cost or fair market value.

2. BASIS OF PRESENTATION

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

2. BASIS OF PRESENTATION - CONTINUED

Taskinigahp Community Development Account

The Taskinigahp Community Development Account shall be used:

- to implement the NCN Adverse Effects Agreement, administer the Taskinigahp Trust, and conduct the Community Involvement Process;
- for the economic, social, and cultural development of Nisichawaysihk Cree Nation and its Members;
- for the physical development of the Nisichawayasihk Cree Nation Reserve;
- for environmental monitoring and resource management programs;
- for operations and Maintenance of Capital Works;
- to distribute approved Funds Available to Chief and Council for allocation to the Resource Account, the Seven Generations Account and the Seven Generations Growth Account; and
- for such other purposes approved by Chief and Council following the Community Involvement Process.

Resource Account

The Resource Account will receive all payments from the Wuskwatim Transmission Development Fund (called transmission benefits) as well as any amounts allocated through the Community Involvement Process. This account shall be used for resource development and management programs within Resource Management Area and to fund Nisichawayasihk Cree Nation's activities in relation to Nelson House Resource Management Board. A further restriction on all transmission benefits received annually is as follows:

- 75% of transmission benefits and all related income will be used to fund resource programs and activities.
- 25% of transmission benefits will be invested in a resource sub-account as restricted capital and only the income on these funds may be used to fund resource programs and activities (\$46,583 of restricted capital existed at December 31, 2009).

Taskinigahp Claims Account

The Taskinigahp Claims Account shall be used for:

- the payment of claims and costs in accordance with the NCN Adverse Effects Agreement;
- the reasonable costs of the arbitrator arising out of claims under the NCN Adverse Effects Agreement;
- the reasonable costs to investigate claims; and
- payment of costs awarded to an eligible Claimant.

The Taskinigahp Claims Account shall be replenished at the beginning of each fiscal year as a first priority from the Funds Available to ensure that, after payment of all claims approved for payment in the previous fiscal year, a minimum balance of \$50,000 is maintained. Funds in the Taskinigahp Trust Account in excess of \$50,000 on the last business day of a fiscal year shall be transferred on that date to the Seven Generations Growth Account.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

2. BASIS OF PRESENTATION - CONTINUED

Seven Generations Account

The Seven Generations Account shall hold funds for future uses and contingencies. A majority vote at a Meeting of Members is required to impose restrictions on these funds and to authorize expenditures from these funds.

Seven Generations Growth Account

The Seven Generations Growth Account shall hold funds saved for future generations.

Ten percent (10%) of dividends paid to the Trust in any year, when the payment is less than ten million dollars, and twenty-five percent (25%), where the payment is more than ten million dollars shall be deposited to the Seven Generations Growth Account, and for greater certainty, shall not form part of Funds Available. No funds in the Seven Generations Growth Account shall be spent until a minimum of one hundred million dollars has been allocated to this Account.

Once the balance reaches one hundred million dollars, additional annual distributions of up to ten percent of the Growth Income may be paid to Members in any year. Also, Growth Income, subject to approval, shall be available for expenditure in addition to Funds Available.

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 Taskinigahp Trust follows the restricted fund method of accounting.

b) Revenue Recognition

Transmission benefits are recognized when received. Investment income is recognized on an accrual basis as earned.

c) Accrued Interest

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

d) 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 revenue 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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) Investments

Under the provisions of the Canadian Institute of Chartered Accountants (CICA) 3855 Financial Instruments-Recognition and Measurement, the financial assets of the Trust's Investment portfolio are designated as held for trading, and carried at fair value. Gains and losses arising from the change in fair value that occurred during the year are recorded in net income. Income from interest is recognized in the period carned and presented net of investment expenses.

f) Fair Value of Investments

Investments are stated at fair value, which is the amount of consideration that would be agreed upon in arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Publicly traded investments are stated at year-end market prices, as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year-end.

g) Fair Value of Other Financial Assets and Liabilities

Other financial assets consist of cash, cash equivalents, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short-term nature of these items.

4. UNDISTRIBUTED INCOME

The balance of any Income, Growth Income or Resource Income which remains undistributed on the last business day of a fiscal year shall be payable on demand to Chief and Council who shall settle such funds on the Trust with Chief and Council's direction that the funds be deposited to the Taskinigahp Community Development Account, the Seven Generations Account or the Seven Generations Growth Account. If the funds are deposited in the Taskinigahp Community Development Account, they shall, subject to the Community Involvement Process, be spent in a subsequent fiscal year in addition to the Funds Available otherwise to be disbursed for that year.

5. DUE TO/FROM TASKINIGAHP TRUST OFFICE

Amounts due to/from Takskinigahp Trust Office are non-interest bearing with no fixed terms of repayment.

TASKINIGAHP TRUST

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

6. INVESTMENTS

		COMMUNITY DEVELOPMENT	RE	SOURCE	CI	AIMS		MARKE at Decei		
	_	ACCOUNT	A	CCOUNT	ACC	OUNT		2010	_	2009
Treasury Bills	s	93,917	s		s		S	93,917	S	139,983
Canada Bonds		1,370,047		14,530				1,384,577		2,090,732
Provincial Bonds		1,107,810				-		1,107,810		1,081,766
Corporate Bonds		3,266,755		71,347		-		3,338,102		2,605,894
	S	5,838,529	S	85,877	S	-	S	5,924,406	S	5,918,375

	2010	2009
Purchase of investments Proceeds on disposal of investments Gain (loss) - net	\$ 2,336,163 \$ (1,019,540) \$ (10,709)	

7. PROJECT DEVELOPMENT AGREEMENT

The above notes attempt to summarize several complex arrangements set out in the Wuskwatim Project Development Agreement (PDA). For complete information about these arrangements, see the text of the PDA itself.

FINANCIAL STATEMENTS (NOTE1)



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

INDEPENDENT AUDITORS' REPORT

To Chief and Council Nisichawayasihk Cree Nation

Report on the Financial Statements

We have audited the accompanying financial statements of Taskinigahp Trust Office, which comprise of the statement of financial position as at December 31, 2010 and the statements of unrestricted net assets, funding, expenditures and surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Office as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba February 18, 2011

CHARTERED-ACCOUNTANTS





STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2010

		MMUNITY ELOPMENT	RE	SOURCE	CLAIMS		
		FUND		FUND	FUND	2010	2009
ASSETS							
CURRENT ASSETS							
Unrestricted cash	\$	191,586	S	87,191	S -	\$278,777	\$688,267
Restricted cash (NOTE 6)		-		-	32,010	32,010	41,158
Due from Resource Fund		1,993		(1,993)	-	-	-
	S	193,579	S	85,198	\$32,010	\$310,787	\$729,425
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable							
and accrued liabilities	S	7,365	S	-	S -	\$7,365	\$271,897
Due to Nisichawayasihk							
Trust Office (NOTE 5)		36,563		85,198	(586)	121,175	314,947
Due to Taskinigahp							
Trust (NOTE 4)		35,849	_	-		35,849	7,916
		79,777		85,198	(586)	164,389	594,760
DEFERRED							
FUNDING (SCHEDULE 1)		113,802			32,596	146,398	136,465
		193,579	_	85,198	32,010	310,787	731,225
NET ASSETS							
NET ASSETS							
Unrestricted (PAGE 5)		-		-		-	-
Restricted (PAGES 11 AND 12)		-		-			(1,800
		-		-	-	-	(1,800
	S	193,579	S	85,198	\$32,010	\$310,787	\$729,425

	CHIEF Juy In	www.	
COUNCILLOR	Ja Morae 18	COUNCILLOR Menon	
COUNCILLOR		COUNCILLOR	
COUNCILLOR	Shirley Tinklater	COUNCILLOR	

STATEMENT OF UNRESTRICTED NET ASSETS COMMUNITY DEVELOPMENT FUND

		2010		2009
BALANCE, BEGINNING OF YEAR	S	-	S	-
Surplus (deficit) for the year		-		-
BALANCE, END OF YEAR	S	-	S	-

SUMMARY STATEMENT OF FUNDING, EXPENDITURES AND SURPLUS COMMUNITY DEVELOPMENT FUND

	TASKINIGAHP							
	TRUST	OTHER		TOTAL	TOTAL 2010	2010	7	2009
PROGRAM	FUNDING	REVENUE	FUNDING	KEVENUE	EXPENDITURES	SUKPLUS	200	CLTOS
Taskinigahp Trust (PAGE 7)	\$ 130,073	\$ 916	\$(18,495)	\$112,494	\$ 112,494	S	S	
Justice (PAGE 8)	٠							
Resource and Land Use (PAGE 9)	86,250	,	,	86,250	86,250			,
Social Development (PAGE 10)		,	,					,
	\$ 216,323	\$ 916	\$(18,495)	\$198,744	\$ 198,744		S	$ \cdot $

STATEMENT OF FUNDING AND EXPENDITURES TASKINIGAHP TRUST PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
TASKINIGAHP TRUST	\$133,750	\$ 130,073	\$253,600
INTEREST REVENUE	-	916	505
DEFERRED FUNDING - 2009	95,307	95,307	(95,307)
DEFERRED FUNDING - 2010		(113,802)	_
	229,057	112,494	158,798
EXPENDITURES			
Administration (SCHEDULE 2)	64,871	14,465	60,634
Audit fees	6,850	6,850	19,000
Corporate trustee	51,026	33,551	29,474
Nelson House trustees	51,310	19,414	14,690
Community involvement process	30,000	30,000	35,000
Professional services	25,000	8,214	
	229,057	112,494	158,798
SURPLUS (DEFICIT) FOR THE YEAR	S -	s -	S -

STATEMENT OF FUNDING AND EXPENDITURES RESOURCE AND LAND USE PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
TASKINIGAHP TRUST	\$86,250	\$86,250	\$375,523
EXPENDITURES			
Country Foods Program	-	-	236,100
Fisheries Association	56,250	56,250	-
Resource Management Program	30,000	30,000	-
Trappers Association	-	-	139,423
	86,250	86,250	375,523
SURPLUS (DEFICIT) FOR THE YEAR	S -	s -	S -

STATEMENT OF FUNDING AND EXPENDITURES JUSTICE PROGRAM

	BUI	DGET		2010	2009
	(una	rudited)			
PROGRAM FUNDING					
TASKINIGAHP TRUST	S	-	S	-	\$341,73
EXPENDITURES					
NCN policing services		-		-	341,73
SURPLUS (DEFICIT) FOR THE YEAR	S	-	S	-	S -

STATEMENT OF FUNDING AND EXPENDITURES SOCIAL DEVELOPMENT PROGRAM

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
TASKINIGAHP TRUST	\$ -	\$ -	\$9,845
EXPENDITURES			
Parks and Recreation Programming	-	-	9,845
SURPLUS (DEFICIT) FOR THE YEAR	S -	\$ -	\$ -

STATEMENT OF FUNDING AND EXPENDITURES RESOURCE FUND

	BUDGET	2010	2009
	(unaudited)		
PROGRAM FUNDING			
TASKINIGAHP TRUST	\$131,250	\$121,610	\$141,015
EXPENDITURES			
Fisheries Association	108,750	99,349	133,082
Trappers Association	22,500	20,461	9,733
	131,250	119,810	142,815
SURPLUS (DEFICIT) FOR THE YEAR	\$ -	\$ 1,800	\$ (1,800)
SURPLUS (DEFICIT) BEGINNING OF YEAR		\$ (1,800)	-
SURPLUS (DEFICIT), END OF YEAR			\$ (1,800)

STATEMENT OF FUNDING AND EXPENDITURES CLAIMS FUND

	BUDGET	2010	2009
	(unaudited)		
TRANSFER FROM			
TASKINIGAHP TRUST	\$ 5,000	\$ 5,000	\$ 50,000
INTEREST REVENUE		196	31
REIMBURSEMENT REVENUE	-	-	4,250
DEFERRED FUNDING - 2009	41,158	41,158	(41,158
DEFERRED FUNDING - 2010		(32,596)	
	46,158	13,758	13,123
EXPENDITURES			
Claims program	46,158	13,758	13,123
SURPLUS (DEFICIT) FOR THE YEAR	S -	S -	s -

TASKINIGAHP TRUST OFFICE

STATEMENT OF CASH FLOWS

	000	44.47.41.41.41.41	l				l	
	DEVE	DEVELOPMENT FUND	RE	RESOURCE FUND	CLAIMS FUND	2010		2009
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash from Taskinicahn Trust	S	241.563	S	121.610	\$ 5,000	\$ 368 173	5	\$1,171,718
Interest revenue received	,	723	,	193	196	1,112		536
Reimbursement revenue received		,						4,250
Cash paid for program expenses		(691,679)		(81,900)	(14,344)	(787,923)	3	(447,079)
Cash transfer between funds		46,932		(46,932)				
Net cash received from (paid for) operating activities		(402,461)		(7,029)	(9,148)	(418,638)		729,425
INCREASE (DECREASE) IN CASH FOR THE YEAR		(402,461)		(7,029)	(9,148)	(418,638)	-	729,425
Cash, beginning of year		594,047		94,220	41,158	729,425		
CASH, END OF YEAR	S	191,586	S	87,191	\$ 32,010	\$ 310,787	S	\$ 729,425
Cash consists of:								
Unrestricted cash	S	191,586	S	87,191		\$ 278,777	s	688,267
Restricted cash					32,010	32,010		41,158
	69	191.586	S	87.191	\$ 32.010	\$ 310,787	8	720.425
			ı					

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

1. TASKINIGAHP TRUST OFFICE

The Taskinigahp Trust Office was established in January, 2009 to administer, on behalf of Chief and Council, the Program Funding received from the Taskinigahp Trust.

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

Funds Available

The Program funding for any year are the amounts approved through the Community Involvement Process for administering the Trust Office and funding the various programs, not to exceed the approved budget for that year (\$225,000 for the year ended December 31, 2010).

Funding of the Claims Fund has a first priority over other programs (funded \$8,677 in the 2010 fiscal year).

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 Involvement Process.

Resource Fund

The Resource Fund includes transactions relating to resource development and management programs within the Resource Management Area and to fund related activities. This includes Transmission Benefits which are to fund resource programs and activities.

All funds paid to the Resource Fund must be approved during the Community Involvement Process (\$121,610 for the year ended December 31, 2010).

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

2. BASIS OF PRESENTATION - CONTINUED

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 Wuskwatim Project and the Wuskwatim Project Related Transmission Facilities.

3. SIGNIFICANT ACCOUNTING POLICIES

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) Revenue Recognition

The Trust Office follows the restricted fund method of accounting for program funding. Interest revenue is recorded using the accrual basis of accounting.

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 revenue 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. DUE TO TASKINIGAHP TRUST

Amounts due to Taskinigahp Trust are non-interest bearing with no fixed terms of repayment.

5. DUE TO NISICHAWAYASIHK TRUST OFFICE

Amounts due to Nisichawayasihk Trust Office represents program funding transfers in arrears. These amounts are non-interest bearing with no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2010

6. 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 Wuskwatim Project and the Wuskwatim Project Related Transmission Facilities. Mories 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 Taskinigahp Trust Office and at the Taskinigahp Trust) is maintained in the Claims Fund. Funds in excess of \$50,000 on the last business day of a fiscal year shall be transferred on that date to the Seven Generations Growth Account at the Taskinigahp Trust.

Funds at December 31, consisted of the following:

	2010	2019
Taskinigahp Trust Taskinigahp Trust Office	\$ 3,849 32,596	\$ 155 41,158
	\$36,445	\$41,323

SCHEDULE 1

TASKINIGAHP TRUST OFFICE

SCHEDULE OF DEFERRED REVENUE

PROGRAM	SUB-PROGRAM	2010	2009
TASKINIGAHP TRUST	Administration	\$ 47,645	\$ 39,871
	Corporate trustee	17,475	18,526
	Nelson House trustees	31,896	36,910
	Professional services	16,786	
		113,802	95,307
CLAIMS FUND	Claims program	32,596	41,158
		\$146,398	\$136,465

SCHEDULE 2

TASKINIGAHP TRUST OFFICE

SCHEDULE OF ADMINISTRATION EXPENDITURES

	BUDGET	2010	2009
	(unaudited)		
Bank charges and interest		\$ 428	s 548
Community development plan		10,602	47,064
Office and miscellaneous		1,230	314
Professional fees - legal		-,	8,987
Summer student reimbursement - wages		-	3,318
Travel		2,205	-
Vehicle - gas and oil		-	403
	\$64,871	\$14,465	\$60,634

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