

ANNUAL REPORT

2012



NISICHAWAYASIHK
TRUST OFFICE



TABLE OF CONTENTS

INTRODUCTION

2

PURPOSE OF REPORT	02
ANNUAL REPORT REQUIREMENTS	02
APPROVAL OF NARATIVE & AUDITED FINANCIAL REPORT	03
TRUSTEES FINANCIAL OPERATIONS REPORT	04
MANITOBA'S ONGOING OBLIGATIONS	09
OTHER IMPLEMENTATION ISSUES	11
FUTURE DEVELOPMENTS BY HYDRO	13

IMPLEMENTATION AGREEMENT PROGRAMS/PROJECTS

21

ADMINISTRATION/COMMUNITY APPROVAL PROCESS	21
IMPLEMENTATION AGREEMENT	24
ECONOMIC DEVELOPMENT	25
EDUCATION PROGRAMS	28
JUSTICE PROGRAMS	29
PUBLIC WORKS	30
RESOURCE & LAND USE PROGRAMS	30
SOCIAL DEVELOPMENT	31
OTHER PROGRAM/PROJECTS	34

TASKINIGAHP TRUST

35

TASKINIGAHP TRUST (Introduction)	35
DEFERRED REVENUE 2009	37
ECONOMIC DEVELOPMENT	38
RESOURCE & LAND USE	38

AUDITED FINANCIAL STATEMENTS

39

FINANCIAL STATEMENTS FOR NCN TRUST	39
FINANCIAL STATEMENTS FOR NCN TRUST Office	52
FINANCIAL STATEMENTS FOR TASKINIGAHP TRUST	68
FINANCIAL STATEMENTS FOR TASKINIGAHP TRUST OFFICE	81

Introduction

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 Nisichawayasihk 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 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, 2012, 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 Nisichawayasihk 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 Nisichawayasihk 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 21.1 and 21.2 of the Taskinigahp Trust Indenture, this year's approved Annual and Audited Financial Report has been forwarded to the Trustees 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 2012 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.

NCN Chief

Chief Jerry Primrose

NCN Councillors

D'Arcy Linklater

Patrick Linklater

Shirley Linklater

Marcel Moody

Joe Moose

Ron D. Spence

NISICHAWAYASIIHK TRUSTEES FINANCIAL OPERATIONS REPORT

NELSON HOUSE TRUSTEES

Chief Jerry Primrose

Councillor Shirley Linklater

Alvin Yetman

David Kobliski

CORPORATE TRUSTEE

Sangita Bhalla

Trust Office (Background)

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

Each year the Trustees are required to provide the Chief and Council of Nelson House First Nation and, upon request, any member of Nelson House First Nation, with an annual report on the financial operations of the Trust. The report must cover the period from January 1 to December 31 of the previous year and must include the Trust

Auditor's report and opinion and any other special audit report and opinions which may have been requested by the Trustees during the reporting period.

Funds Available for 2012

As determined by the Trust Indenture and the Community Approval Process (CAP), the amount available for expenditure from the Trust ("Funds Available") for 2012 was \$3,730,489.00. Of this amount, \$2,300,000.00 was distributed from the Main Trust, \$1,369,694.00 from the Investment and Heritage Account and \$60,795.00 from the Recreational Facilities and Programs Sub-account.

As December 31st, 2011 fell on a Saturday,

the December 31, 2011 interest payment of \$1,150,000.00 on the \$40,000,000.00 Manitoba Hydro bond held in the Main Trust could not be deposited to the account until Tuesday, January 2, 2012. As a result, the final payment of \$1,492,220.00 on the 2011 CAP Budget was not made until early 2012.

On page five (5) of the 2012 financial statements, the accountants have shown transfers of \$5,222,709.00 to the Nisichawayasihk Trust Office. This figure represents the 2012 CAP Budget of \$3,730,489.00 plus the balance owing on the 2011 CAP Budget of \$1,492,220.00 for total funds transferred of \$5,222,709.00.

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 the capital of this account. In 2012, the Community approved recreation programs and proposals totaling \$60,795.00. The programs and proposals to be determined by the Recreation Board during the year.

On page twelve (12) of the 2012 financial statements, the accountants have shown \$83,419.00 due to the Investment and Heritage Account and \$699.00 due to the Main Trust from the Recreational Facilities and Programs Sub-account (Community Development Fund). These amounts represent 2011 and 2012 recreational programs and proposals approved by CAP, which were funded by the Recreational Facilities and Programs Sub-account, but were paid

from the Investment and Heritage Account and the Main Trust.

Financial Operations Report

Capital Payments Received by the Trust

The Trust earned a realized capital gain of \$1,251.00 in the Recreational Facilities and Programs Sub-account.

In accordance with Schedule 2.2 and Article 2.5.1 of the Nelson House First Nation NFA Implementation Agreement, Manitoba Hydro must pay to Chief and Council, for settlement into the Investment and Heritage Account, predetermined compensation payments for excursions from the compensated range.

There were no predetermined compensation payments made for the period January 1st to December 31st, 2012.

Revenue Received and Generated by the Trust

Total revenues generated in 2012 from Trust Investments were \$2,458,576.00. The revenues (interest and dividends) were recorded in each account as follows:

Investments Held as at December 31, 2012

As at December 31, 2012, the total value of all Trust accounts was \$43,378,104.00. This amount was held in the following accounts and in the following proportions:

Main Trust Account:

Total Value - \$40,007,000.00

Main Trust Account	\$ 2,300,082.00
Investment & Heritage Account	\$ 96,771.00
Claims Account	\$ 7.00
Recreation & Program Facilities Account	\$ 61,716.00
Total Revenue	\$ 2,458,576.00

\$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 per year, which is used to help fund the CAP Budget each year. In 2013, the Manitoba Hydro Bond will mature and Chief and Council and the Nelson House Trustees will be negotiating with Manitoba Hydro to renew the Manitoba Hydro Bond for a further term

The cash held in the Main Trust is \$699.00 as at December 31, 2012. This amount represents the funds owing the Main Trust from the Recreational Facilities and Programs Sub-account as shown on page 12 of the financial statements.

The total value of the Main Trust as at December 31, 2012 is \$40,007,000.00 consisting of the value of the Manitoba Hydro Bond - \$40,000,000.00, accrued interest - \$6,301.00 and cash - \$699.00.

Investment and Heritage Account: Total Value - \$1,769,371.00

\$665,707.00 Manitoba Hydro Bond 5.75% 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 zero (\$0.00). In essence this bond can be viewed as a \$1,369,694.26 annual annuity that will end after June 30th, 2013 payment. As at December 31, 2012, there was accrued interest on these bonds of \$104.87.

The cash held in the account as at December 31, 2012 is \$1,103,559.00. This amount represents the cash balance of \$1,020,140.00 shown on page 12 of the financial statements plus \$83,419.00 owing from the Recreational Facilities and Programs Sub-

account.

The total value of the Investment and Heritage Account as at December 31, 2012 is \$1,769,371.00 consisting of the value of the Manitoba Hydro Bond - \$665,707.00, accrued interest - \$105.00 and cash - \$1,103,559.00.

Claims Account: Total Value - \$1,916.00

The cash held in the Claims Account is \$1,916.00 as at December 31, 2012.

Recreation and Program Facilities Account: Total Value - \$1,599,817.00

\$1,578,926.00 held in a diversified portfolio of high quality bonds. As at December 31, 2012, there was accrued interest on the bonds held of \$13,545.00.

The cash held in the account as at December 31, 2012 is \$7,346.00. This amount represents the cash balance shown on page 12 of the financial statements of \$91,464.00 less \$83,419.00 due to the Investment and Heritage Account and \$699.00 due to the Main Trust.

The total value of the Recreational Facilities and Programs Sub-account as at December 31, 2012 is \$1,599,817.00 consisting of the value of the bonds held in the account - \$1,578,926.00, accrued interest - \$13,545.00 and cash - \$7,346.00.

As at December 31, 2012, we estimate the portfolio will generate an annual income of approximately \$56,931.00. As bonds mature, we will invest the proceeds at prevailing rates for terms of 4 to 7 years.

Investment Commentary for 2012

General Comments

After a slow 2011 that was filled with uncertainty, the global economy made progress in 2012. The

probabilities of extreme scenarios that were a concern in 2011 – a deep recession in the U.S. and a break-up of the Eurozone – are greatly reduced.

The U.S. economy, in particular, is transforming at an accelerating rate. The housing market is reviving thanks to excellent affordability. More than ever, there is a credible, if still lengthy, path back to something resembling a normal economy. The road ahead is bumpier elsewhere around the world, but there too are hints of renewed growth.

The global economy bottomed in late summer and has since been staging a cautious comeback. Emerging-market economies are staging a tentative recovery in line with the global economy. This recovery is important for all regions, as emerging market nations now represent an astonishing half of the global economy and three-quarters of world growth. China alone represents 32% of global economic growth, making it the single most important contributor. Recent economic data in China confirms a cautious recovery.

Global inflation is contained and this has allowed policymakers at central banks to focus on delivering stimulus to the economy. A tool the central banks use to control inflation and to stimulate the economy is the interest rate the central bank sets for borrowing. If the central bank wants to control inflation it will raise interest rates. If the central bank wants to stimulate the economy it will lower interest rates or set policy to maintain low rates. By keeping interest rates low the central bank is making the cost of borrowing cheap. This is meant to entice companies to borrow and invest in capital projects.

The following table reflects the extent of short term interest rate changes in Canada and the US from December 31, 2011 to December 31, 2012:

Interest rates in Canada and the US

Bank of Canada Overnight Rate

US Federal Fund Rate

December 2011

1.00%

0.00% – 2.5%

December 2012

1.00%

.00% – 2.5%

The following are the current yields of government of Canada bonds;

Time to maturity	Yield to Maturity
2 Year	0.93%
5 Year	1.32%
10 Year	1.85%
30 Year	2.56%

After many years of experiencing declining bond yields (interest rates), we saw bond yields in 2012 remain relatively flat. The bond market had a return of 3.6% in 2012 in comparison to an average return of 6.4% for the 5 previous years. The strong returns in the previous 5 years were very much the result of the declining bond yields. Bonds do well in declining yield environments.

With bond yields expected to remain flat or move up slightly, we expect bond returns for the foreseeable future to be near what they were in 2012.

Investment Commentary for 2012

General Comments

With central bankers largely focused on delivering more stimulus, policy for interest rates should be to keep rates low for several more years. Inflation remains fairly tame around the world, even sliding a little lower in recent months. We expect normal to slightly below-normal inflation across the developed world. Persistently low policy rates should continue to depress long-term bond yields.

Our forecast is for the yield of a 10 year government of Canada bond to be about 2.50% at the end of 2013.

Interest Earned on Cash Balances

Cash holdings earn interest daily at a rate equal to the average 30 day Canadian Treasury Bill rate, which as at December 31, 2012t was 0.89%.

Prepared by:

ROYAL TRUST CORPORATION OF CANADA

We declare that the information contained on the preceding and following pages is true to the best of our information, knowledge and belief.

THE NELSON HOUSE TRUSTEES

Chief Jerry Primrose

Councillor Shirley Linklater

Alvin Yetman

David Kobliski

ROYAL TRUST CORPORATION OF CANADA

Per:

Sangita Bhalla

MANITOBA HYDRO'S ONGOING OBLIGATIONS



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 2012 in the following areas:

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 Hydro's expense, continues to implement the following safety measures:

- Prepares, marks and maintains ice crossings and main trails on the ice in the following locations; Burntwood River, Three Point Lake, God's Rapids Portage, Early Morning Rapids, Wapisi Lake, shown Notigi Lake and Rat Lake.
- 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 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.

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, Warren Tait and Bob Monkman and two members appointed by Chief & Council, Norman Linklater and Curtis Lobster with their alternate David Spence. 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 2011/2012 fiscal year was \$541,871.38 with NCN fulfilling their obligation and contributed

\$55,000.00 from the 2012 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 Kenny J Brightnose and Karen Lewis as Assistant Manager. Extra casual staff is hired during major events hosted at the arena.

The Arena is now in its 20th season and most of the components are old and continue to break down they must be replaced constantly. With an aging building like ours it is very hard getting parts that is obsolete and is discontinued in the market. We are in the first stage of transforming all the lights into more energy cost efficient lighting system, which includes the ice area.

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

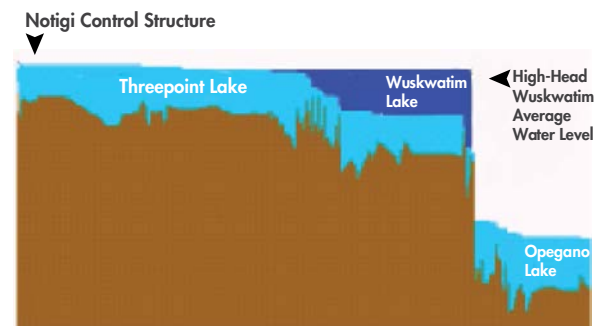
- Tables and Chairs
- Electrical Repair and maintenance – replace all lighting to power smart
- Plumbing Repair and maintenance – ongoing maintenance to pipes, i.e.: frozen pipes
- Regular repair and maintenance – renovated locker rooms and mezzanine due to water damage, painted doors, replace eaves trough and replaced kick boards around the rink
- Refrigeration System – installed chillers, however still have problems

WATER REGIME PREDETERMINE COMPENSATION

Under Article 2.4.1 & 2.5.1 of the 1996 NFA Implementation Agreement, it states if daily average water levels or rates of change outside of

the parameters of the Compensated Range occur, Hydro shall pay compensation to Nelson House.

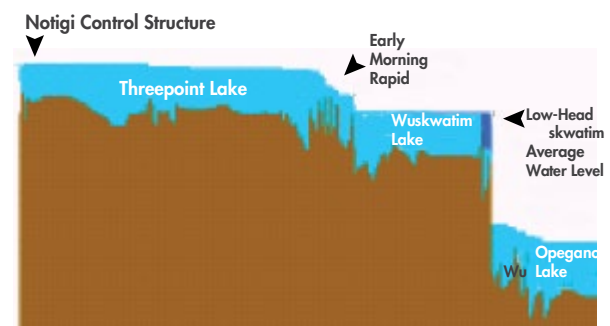
The reports provided by Manitoba Hydro for the period November 1, 2011 – March 31, 2012 and April 1, 2012 – October 31, 2012 showed no excursions from the compensated range, neither the daily average water level nor the seven (7) or thirty-one (31) day rates of change.



High-Head Design (Not Selected)

Shows average water levels on the burntwood River between the notigl control structure and Opegano Lake ad they would have teen with a high-head wuskwatim generation project.

Compare to the existing water levels, a high-head project would have caused an increase in water levels from tasking up falls to Three point lake resulting in flooding of 140 square kilometers of land.



Low-Head Design (selected)

Shows average water levels on the BumtwoodRiver Between the notgl Control Structure and Opegano Lake as with a Low-head wuskwatim generation project. The only change from existing water levels is an increase in water levels between tasking up falls and wuskwatim falls, Resulting I flooding of about ½ of a square kilometers of Land.

OTHER IMPLEMENTATION ISSUES

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 the parcels. NCN, Manitoba and Canada are still discussing the mechanics of finalizing the process. Some documents must be completed. The subsequent information provides an update on Compensation, Easement and Fee Simple Lands.

Article 3 – Compensation Lands & Easement Lands

Site 3.2 - Suwanee Lake, Site 3.3 - Wapisu Lake, Site 3.7 - Odei River transferred by OIC (Order in Council by Canada) 87/2006 dated February 22, 2006, accepted by Canada by MO 2007-016 dated August 10, 2007.

Site 3.4 - Junction, Site 3.5 - Leftrook Lake/Mile 35, Site 3.6 - Baldock Lake have not been transferred, the Approval in Principal for these three parcels is still under review by Canada. Canada has prepared new Schedules to the Pre-Transfer Use Agreement to accommodate the cabins that are present on Sites 3.4, 3.5 and 3.6. Canada is reviewing whether the camp on Baldock Lake and the Youth Camp can be dealt with through a new schedule to the Pre-transfer Uses Agreement. Canada further advises that it will need to update the environmental assessment for these parcels because the last environmental assessment was conducted in 2002. This work will be done next summer.

Article 4 - Fee Simple Land

Nelson House chose the Fee Simple Lands because the Notigi Service Centre, Site 4.1 (formerly referred to as Site SC3 Notigi, Portage & Service Centre approx. 1 hectare.) was under a provincial Land Use Permit issued to Nelson House and were being used as a service station site and restaurant following the date of the 1996 NFA Agreement Letter from INAC dated July 2, 1991 has attached Band Council Resolution dated May 30, 1991 from the Nelson House Indian Band requesting this parcel of land be transferred by Manitoba to Canada and set apart as reserve for the use and benefit of the Nelson House Indian band in partial fulfillment of the Northern Flood Agreement.

There have been no additional band council resolutions with respect to this parcel of the land on Manitoba Conservation land files. This parcel of land has not been transferred but a Crown Land Use Permit No. 0004176 has been issued to Nelson House First Nation. A review of NCN TLE land Selections indicates there are no TLE Selections affecting this parcel of land.

It is presumed the Fee Simple Land under Article 4 of the CIA that Site 4.1 would continue to be held under Permit until a decision is made that the land is not to be set apart as reserve, and then would be transferred to a Corporate Trustee under Article 4.3.2.

COMPENSATION & FEE SIMPLE LANDS (Article 3,4)

Type of Lands	# of acres Selected	Current Status	
		Complete	Outstanding
Compensation (8 parcels)	54,682	3 parcels (10,281 acres) converted to reserve 5 parcels surveyed	5 surveyed parcels require Canada approval
Fee Simple (1 parcel)	1.6		MB to survey (Notigi Service Centre parcel)
Total Acres	54,682	10,281	44,401

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 nor have there been meetings requested within the 2012 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 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 citizens and the Community. WIO support included:

- Advising citizens of the job application process

and directing them to ATEC or the job referral Service in Thompson

- Advertise/promote internal job postings with NCN citizens preference
- Seeking out training opportunities and assisting/referring NCN citizens in the application process
- Raising awareness and concerns about the lack of background orientation and familiarization provided to NCN citizens 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 NCN workers
- Assisting NCN and its citizens become aware of and access new Wuskwatim business opportunities
- Assist NCN in prompting MB Hydro action to protect shorelines from flood related erosion. A key focus is the Footprint Lake and Blacky's Island area with historic significance to NCN.

WUSKWATIM IMPLEMENTATION OFFICE

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 has been decommissioned and was not opened this past winter. Trail 2 was built as part of Trail 3, so is no longer in use and 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. 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 Footprints and the Wuskwatim Village Campsite.

THE FOOTPRINTS

As most NCN Members know, the Churchill River Diversion flooded the original site of the Legendary 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, the rock containing the Footprints was removed from its original location so it would not be lost forever. Since removal in 1977, the Footprints have been relocated more than once, but have now been returned to a site very close to their original location. WIO prepared a proposal to Taskinigahp Trust to use NCN's portion of the adverse effects agreement. The work plan is to work on a story board and work on developing plans to design and construct an interpretative center where NCN Elders and spiritual people can do ceremonies

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

This year the footprints were removed from the foreign rock they sat on, and moved to its origination rock above its original location. NCN elder Wellington Spence and helpers Stanley Spence, Everett Linklater had coordinated a sweat prior to the removal of the legendary footprints. A feast was coordinated by Jacqueline Spence to celebrate the restoration of the Footprints.

A site plan defining all components of the Interpretive Centre needs to be prepared and NCN has identified a work plan schedule for addressing the Footprints issue.

ADVERSE EFFECTS PAYMENTS

NCN has been paid a total of \$5.7 million in compensation through 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. NCN chief and council have accessed 50% of settlement proceeds which amounted to 2.5 million of the adverse effects monies to invest in the Wuskwatim Project Limited Partnership. A proposal was submitted again for an additional 2.5 million for the same reason. To date NCN has invested over 19 million towards Wuskwatim partnership for a percentage ownership of approximately 28% total

ownership in shares to date.

The Transmission Line Project has a separate fund that is directly geared to funding resource programs and has a savings account within the Resource Sub- Account. NCN received \$389,000.00 in the transmission Development Fund to date of which 25% was put into the Resource sub Account. NCN should be expecting the same payment annually specifically for resource program.

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.

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 hears and considers employment-related issues and complaints. The committee reviews complaints, grievances and table referral issues; these tabled issues are referred to the appropriate departments. 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 processes for cross-cultural awareness training for project workers. NCN Chief and Council have appointed two committee Members to ACE: Curtis Lobster and Terry Linklater. The Advisory Committee on employment has fulfilled its obligation under the Project Development agreement and no longer exists.

MONITORING ADVISORY COMMITTEE (MAC)

The MAC is consultative and advisory to the partnership. 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 have appointed three NCN Members to the committee: Alvin Yetman, Allan Linklater and 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 MAC continues to monitor to socio Economic and Environmental monitoring after the project. AOL a 100% solely owned by the Nisichawayasihk Cree Nation has been working closely with the MAC committee. An annual report is providing to NCN which can be viewed on NCNCREE.COM website.

CONSTRUCTION ADVISORY COMMITTEE (CAC)

The CAC is responsible to WPLP and serves to provide accurate and pertinent project information to the limited partners as construction progresses. The committee is consultative and advisory to the partnership. 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 citizens, 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 appointed four NCN Members: Burnell Anderson, Ed Primrose, Dennis Linklater and Jimmy Hunter-Spence representing the General Partner to the committee. The committee reports directly to the partnership. The committee fulfilled its obligation under the PDA and no longer exists.

DIRECT NEGOTIATED CONTRACTS

NCN in partnership with Sodexo has an agreement to supply catering and security contracts, facility maintenance, and recreation programming. All profits have been given to the band for an investment into Wuskwatim Partnership of over 2 million, over the last six years 40% percentage of the salaries has been used to fund an assistant finance clerk.

WPLP convenience store has rain during the

construction phase, the profits from which fund annual scholarships for students in environmental studies:

In addition, a proposal has been submitted for NCN to conduct required monitoring activities identified in the PDA through a new business venture NCN has created. AOL is managed by Mark Linklater with assistance from Lawrence Dysart. Last year they profited over 50K to go towards scholarship for NCN citizens interested in pursuing a career in Environmental Studies. Under the monitoring plan a Work Plan and budget are submitted to MB hydro annually basis. NCN hired over 25 NCN Citizens to complete work on a No Net Loss Plan bio-Mediation works Site W3 at Wuskwatim Lake. Work will continue at Wuskwatim Lake this year under the monitoring plan geared for 2013.

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 the 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. The Cross Cultural programming and on site counselling services was completed October 30, 2012. Over \$100,000.00 has been profited from 2006 to 2012; profits will be used over the next 5 years for ceremonies at Wuskwatim.

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 co representative Norman Linklater (or alternate Alvin Yetman) regularly meet with Manitoba Hydro representatives to address ongoing issues between NCN and Manitoba Hydro. Our primary issue has been focused on Wuskwatim Investment on market conditions, explained below.

PROJECT DEVELOPMENT AGREEMENT (PDA) REVIEW and PDA Review 2

Since the Wuskwatim PDA negotiations began over five years 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 have agreed to undertake a review process to ensure the PDA remains fair. The review will try to ensure the benefits NCN receives are as good as, or better than, those projected at the time the PDA was signed. The review will include 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 PDA Supplementary Agreement has been signed between NCN and Mb Hydro where a pipe ceremony was included. The supplementary agreement covers 2 areas in commercial terms which cover 5 - investment options for NCN to consider in a nut shell there are followed:

1. Increase Equity Loan Leverage – from 4x to 6x to reduce cash NCN must invest but as a revenue is project to increase loans under expected case

- will be paid off at approximately the same time
2. Preferred Units – reduces NCN's Cash investment to 12.154 million (3.93% of units) with NCN likely to receive significantly less revenue in exchange for less risk
3. Annuity Option – calculation at Final Closing to compare 2006 international rate of return (IRR) projection of 16.48 % with those at Final Closing (around Feb 2012) based on most current projections at that time. If the IRR is higher, then no annuity will be paid, but if the projected IRR is lower, then MB Hydro will pay NCN an annuity in addition to what NCN is entitled to under the PDA and WPR Agreement
4. Equity Payments – If by final closing, NCN has paid for 27.5% of its units, it will be able to make additional payments for its cash equity up to July 3, 2013
5. Taskinigahp Trust Capital – confirmation that the compensation paid to NCN can be used at Final Closing so it will be available to use for TPC's cash equity contribution (approximately \$5.7 million)

All these option have been consulted with NCN members on and off reserve through small group meeting in NCN and large group meeting on and off reserve in Thompson Leaf and Winnipeg where large groups of NCN citizens reside.

OPERATIONAL EMPLOYMENT

NCN and Manitoba Hydro are undertaking a review of employment opportunities within Hydro's ongoing operations to increase NCN Citizens' employment within Hydro. A budget was submitted to Mb Hydro for the phase 1 which will focus on the skills inventory of NCN citizen on and off reserve. NCN has identified the following; sustainability and financial stability; establish a top notch HR department for our Cree Nation and develop a skilled NCN laborer force. NCN focused on operational job on Wuskwatim first of which 3 NCN members have been hired on with MB Hydro operations and focus on other operational job within MB Hydro operations. Operational jobs have been postponed until after the PDA Supplementary Agreement 2 has been completed.

MONITORING

Socio-economic and Environmental Monitoring
To monitor predicted and actual environmental impacts, as specified in the Environmental Impact Statement, the Implementation Office hired Mark Linklater as Socio-economic and Environmental Coordinator. His responsibilities include operating a new NCN service company 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. NCN is also negotiating to directly contract the new company to conduct the environmental monitoring by providing trained staff and developing internal capabilities. The Socio-economic & Environmental Coordinator plays a key role in the Monitoring Advisory Committee members.

Habitat Alteration Alternative Destruction (HAAD) and bio mediation site around Wuskwatim and with a business spin off for AOL. Over \$50 thousand was

profited for the scholarship fund. Approximately 20 jobs were created for resource user to access employment opportunities.

AOL Coordinated a fall and spring Ethinisewin Tour with NCN Elders and youth had the opportunity to interact. There are two Ethinisewin Tours completed on the Project, one in the spring and one in the summer. Again the reports are done annually under the monitoring contract that AOL with in conjunction MAC monitoring overview.

Worker Family Surveys

A follow survey was complete by AOL with assistance from Inter Group consultants on business survey spin off in Thompson and NCN, Result of the survey will be report later to Partnership board.

Aski Otutoskeo Ltd (AOL)

AOL (Aski "Otutoskeo Ltd) is an NCN entity which, operates out of the Wuskwatim Implementation Office. Some of our main objectives are to work closely with the different Consultant groups and the studies that they are doing. The AOL Company also utilizes the NCN Resource Users and young reliable NCN citizens to help in any of the field studies that are being done. This will help our NCN citizens gain knowledge and experience on jobs and training opportunities that come our way thru, the Wuskwatim project and its surroundings for example; Land, Water, Animals, big/small game animals, Air, Insects and Birds etc.;

These are the names of the Consultant groups and a brief description of the studies that they are involved in at the Wuskwatim Project;

1. North/South Consultants – Are the main Contractors who work with AOL as sub-

contractors, to get NCN citizens to work on the many different monitoring studies. The NCN citizens also have the opportunity to rent their own personal equipment such as boats, motors, trailers, chainsaws, generators and camping gear to the Consultant groups if they are needed.

2. Environment Illimite' Inc. – Specializing in, Greenhouse gas monitoring (air), Aquatic monitoring and Sediment Management (water).
3. Wildlife Resource Consulting Services (WRCS) – Specializing in Big/small game animals, mammals such as; beaver, mink, muskrat, otter and Caribou studies.
4. Eco-stem – Shoreline/wetland monitoring using transplanting of plants to improve on fish habitat areas.
5. Native Plant Solutions – Shoreline Re-establishment/stabilization methods using different types of plants/willows to help stabilize shorelines (Erosion measures).
6. Red Hen – Training on GPS (Global Positioning System), camera and video surveillance on shorelines (Surveying and Monitoring of the Land).
7. C.A.M.P – Studies on fish population, mercury sampling of fish.

An accurate number of 35 NCN citizens have also been employed with fish habitat compensation and soil bio-engineering work, which involved planting areas subject to erosion with native plant species that will grow to assist with shoreline stabilization. This year, these jobs lasted about 3 months.

This work has been done since 2011-2012 seasons and will continue to be done in 2012. AOL will also be utilized after work is done to monitor and determine the success of this work for future years. The number of participants varied from each phase (17-21) NCN citizens who included, elders' youth,

technical and helpers such as, laborers, cooks and people with the experience and expertise in knowing the Wuskwatim Lake area and its surroundings areas.

AOL had secured other contracts with the General Civil Contractor namely (ONE – O'Connell – Nelson – EBC) to do the immediate fore bay clearing of debris, clear cutting certain areas. All together 20 more AOL workers were hired to perform this job, which lasted more than 6 weeks of employment. AOL coordinates an annual monitoring open house. The annual informational open house took place at the OK school gym and was relatively successful.

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 Citizens sitting on the General Partnership Board Jimmy Hunter Spence and Councillor Marcel Moody, whom were re-appointed.

In 2012, the fifth annual Year in Review 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 OPERATIONS

Because the access road has made the Wuskwatim area accessible, NCN and Manitoba Hydro have agreed to have a Wuskwatim access protocol to control and define access to the area. A brochure outlining the protocol and a Wuskwatim Access form has been 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 a permit, and the office contacts the access road gatehouse to advise that the Members will be coming to the area.

NCN and Mb Hydro have been discussing the operational phase of the private road. An agreement is determined to be completed by the end of 2012. NCN is directly negotiating on behalf of NCN/SODEXHO for security services. The Management is almost as identical of the Access Management protocol during the construction phase. The

partnership will review the access management in 5 years to determine if it is feasible and required to have security service. Security will have staff 24/7 with security camera install.

TRANSMISSION LINE PROJECT

The control buildings at Birch tree and Wuskwatim switching stations have been installed. Installation of electrical apparatus is to Thompson Birch tree Station, Wuskwatim Switching Station and Herblet Lake Station. The electrical equipment foundation work at Ralls Island has been completed. The installation of overhead bus work will commence in spring 2010. The transmission project is on schedule and has been completed.

IMPLEMENTATION AGREEMENT PROGRAMS/PROJECTS

RESULTS OF THE 2012 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 2012 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 comprises of Roslyn Moore, Yvonne Hart, Jemima Yetman, Alan Linklater, Dorothy Linklater, Jeremiah Spence, Councillors Joe Moose, Pat Linklater and Ron D. Spence

The CAP/CIP Committee had a series of four (4) meetings to review funding applications and prepared a recommended 2012 CAP/CIP Budget for Chief & Council's consideration and approval.

Review of Applications

1. A two day Initial Review of Funding Applications meeting was held to facilitate and recapitulate the CAP/CIP Process, and to review the CAP/CIP guidelines as done in previous years, specifically in the following provisions:
 - a. Elections of Officers (Chair, Vice Chair)
 - b. Quorum of Committee
 - c. Conflict of Interest Guidelines

After reviewing the CAP/CIP Guidelines, the committee proceeded to electing the officers, with Alan Linklater elected as Chair and Yvonne

Hart elected as Vice Chair.

Two subgroups were established to review the applications. The subgroups were assigned equally, with one group with 14 applications and the other group with 15 applications. The committees review each application assigned and ranked as a group using the scorecard, within the group the members shared questions or concerns with individual applications and then prepared a minimum of three questions for each application to raise at the Community Presentation Meeting.

To ensure a fair process the conflict of interest guidelines were factored into application assigned. If a committee member was in a conflict of interest situation, that individual declared it and did not participate in the rating of the specific application, but did participate in the discussions.

2. The Committee reconvened for two days to Review the Applications. The same process was followed as the Initial Review, with breaking into subgroups and reviewing each application assigned, ranking by using the scorecard, and then preparing a minimum of three questions for each application.

The Committee then reviewed and finalized all the questions from the two meetings and finalized the three questions that would be conveyed to the applicants at the Community Presentation Meeting.

3. A two day Application Presentation Community Meeting was conducted to allow applicants to present their applications. The Committee members assessed applications using a scorecard based on the following criteria;

- Benefits to the Community

- Innovation
- Management Capability
- Budget
- Evaluation

4. A three day meeting was held to Select Programs/ Projects and to prepare a recommended budget. The Committee reviewed the funds available for the Nisichawayasihk & Taskinighap Trusts which were as follows;

Nisichawayasihk Trust	\$2,300,000.00
Investment & Heritage Account	\$1,369,694.00
Recreation Sub-Account Interest	\$ 60,975.00
Taskinighap Trust Assets	\$ 150,000.00
Wuskwatim TDF	\$ 160,000.00
Settlement Proceeds (Income Earned)	\$ 2,850,000.00
Total Funds Available for 2012	\$6,893,489.00

The Committee then proceeded to reviewing the assessment results of the two (2) sessions and the individual results from the community meeting. They then examined the findings of the summary assessments in accordance to high, medium and low. They examined the baseline for the cut offs for levels of priorities.

The final step of the process was to allocate funds, funds were allocated to the mandatory funded programs in accordance with the two agreements and then allocations were made to applications that rated high, medium and then low. This process prepared the 2012 recommended budget. Chief & Council reviewed and approved the recommended budget on January 18, 2012.

COMMUNITY APPROVAL PROCESS BUDGET 2012

Nisichawayasihk Trust Program	Sub-Program	Budget in \$
ADMINISTRATION	Administration	325,439.00
	Corporate Trustee	20,000.00
	Nelson House Trustees	14,400.00
	Professional Services	50,000.00
	Arena O & M	55,000.00
	Claims Program	35,000.00
	Community Approval Process	25,000.00
	Personal Care Home	200,000.00
CAPITAL PROJECTS	Baseball Diamond on Bayroad	24,000.00
ECONOMIC DEVELOPMENT	Human Resource Officer	22,500.00
	NCN Achimowin Radio	75,000.00
	Off Reserve Assistance Program	40,000.00
	Summer Student Employment	24,000.00
	Wuskwatim Equity Business Dev.	1,000,000.00
EDUCATION	Nutrition Program	20,000.00
	Peetapun Trust	250,000.00
	Post-Secondary Funding	50,000.00
	Special Education Program	50,000.00
JUSTICE	NCN Judicial System	450,000.00
PUBLIC WORKS	New Roof & Siding of St. Patrick Church	5,000.00
	Garbage Bins	19,000.00
	Repair & Restore St. Patrick's Church	14,000.00
RESOURCE AND LAND USE	Country Foods Program	220,000.00
	J.M. Elders Traditional Program	169,000.00
	NCN Resource Management Program	45,150.00
SOCIAL DEVELOPMENT	NCN Parks & Recreation	300,000.00
	Rediscoveries of Families Project	40,000.00
	Youth Resource Center	81,000.00
OTHER PROGRAMS	Elders Subsidy	115,000.00
	NCN Christmas Cheer Board	25,000.00
TOTAL 2012 CAP/CIP BUDGET		3,730,489.00

DEFERRED REVENUE 2011 (NISICHAWAYASIIHK TRUST OFFICE)

In addition to the programs and projects funded during 2012 fiscal year, there was also program and or projects with deferred revenue (carry over) from the 2011 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 in \$
Administration	301,555.00
Nelson House Trustees	8,796.00
Claims	9,621.00
COMMUNITY APPROVAL PROCESS	28,941.00
CORPORATE TRUSTEE	11,273.00
PERSONAL CARE HOME	150,000.00.00
COMMUNITY DEVELOPMENT PLAN	43,819.00
BUSINESS MARKETING & DEVELOPMENT	4,315.00
NCN INVESTMENT SAVINGS	2,070.00
NCN RECYCLING	2,895.00
GOVERNANCE	924.00
1 UNIT HOME OWNERSHIP	150,000.00
HOME OPPORTUNITY PROGRAM	55,633.00
COUNTRY FOODS PROGRAM	92,062.00
ELDERS TRADITIONAL PROGRAM	43,168.00
FISHERMAN ASSOCIATION	28,061.00
RESOURCE MANAGEMENT	74,501.00
TRAPPERS ASSOCIATION	158,898.00
DEBRIS MANAGEMENT	911.00
FITNESS TRAIL	1,100.00
YOUTH INITIATIVE PROGRAM	36,892.00
PARKS AND RECREATION	23,822.00
POW WOW	12,391.00
SENIOR MEN'S HOCKEY	138.00
ELDERS SUBSIDY	17,300.00
TREATY #5 100TH ANNIVERSARY	358.00
SUMMER STUDENT EMPLOYMENT	3,750.00
TOTAL DEFERRED REVENUE	1,263,204

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** – Funding is allocated to the NCN Trust Office to provide continuous employment for 8 full time employees and operation and maintenance of Trust Office buildings and storage. Kadas Solutions is retained as the webmaster to develop, update and host the Trust Office Website. Other Trust Office expenditures included purchasing new office furniture for the Finance Department, renovation of the storage area, crawl space, and roof repairs.
- **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** – \$200,000 was

allocated to the NCN 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 for the Nisichawayasihk & Taskinigahp Trusts, to ensure that a minimum yearly balance of \$50,000 is maintained. Funds are used to compensate an NCN member (claimant) for loss or damages caused by or attributable to the adverse effects of the Churchill River Diversion or the Wuskwatim Project and the Wuskwatim Project Related Transmission Facilities. Claims officers as well as an alternate are retained to deal with all claims matters for both trusts.

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.

HRDA's main function is administering the Aboriginal Skills and Employment Strategy Agreement (ASETS) with Service Canada on behalf of NCN Government. The objective of ASETS is to increase Aboriginal participation in the Canadian labour market, ensuring that First Nations people are engaged in sustainable, meaningful employment. ASETS aims to improve labour market outcomes through supporting demand-driven skills development, fostering partnerships with the private sector and provinces and emphasizing increased accountability and results.

The HRDA department is located at the ATEC, is able to achieve the goal of the agreement with partnership in training and employment and to be able to have a one shop stop for community members. As a result the HR officer was also relocated to with the department, one of the key HR functions is the responsibility of safe guarding the personal files, relocating to ATEC illuminated this concern; all files are stored in a secured filing room, the main administration office area has limited access and is locked daily and the building as a whole has a 24 hour security system. Secondly, the ATEC has a more conducive environment for manager and HR officer to meet regarding sensitive and confidential issues and a board room that has high technical capability to host meetings, mini workshops and training for NCN staff when required.

ECONOMIC DEVELOPMENT HUMAN RESOURCE OFFICER

From Nisichawayasihk Trust funds available for distribution in year 2012, \$22,500 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

The HR Department's three (3) main objectives for this year are as follows:

1. To develop policies and structure for the Human Resource Development Authority – to date six (6) sections of the Personnel Policy has been reviewed and revised.
2. To develop salary scale for equal pay, equal work – to date a draft Salary Scale has been developed.
3. To advertise jobs through the HR Department to ensure a fair process – this objective is an ongoing process, the HR Officer continues to find new ways to develop and improve the way the data is collected, stored and handled. They continue to improve the interview and selection processes.

NCN ACHIMOWIN RADIO PROGRAM

From Nisichawayasihk Trust Funds available for distribution for the year 2012, \$75 0000 was allocated to the NCN Achimowin Radio Program. The 98.1 NCN CREE FM 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 live broadcasts of Chief and Council's General Assemblies.

The Station had purchased new broadcasting equipment which includes a remote transmitter and a receiver. This equipment will be used for live broadcasts of general assemblies, festivals, gospel jams, etc. It will provide a much clearer sound for those listening on the radio. NCN members living outside of the community can tune in to the radio, through on-line streaming, at its own website www.ncnradio.ca.

The main objective of the NCN Achimowin Radio Program is to become financially sustainable. To achieve this objective, management has generated revenue through advertising on the radio and website, airtime sales and hosting local bingos. The station will be adding a loonie pot to its bingos in order to boost sales.

The Radio Station management has achieved most of its operational plan for the year, however faced a few barriers requiring some sacrifices to ensure the operation stays within its budgetary limits. It is hoped that the station can get an evening announcer and to utilize the trailer, for recordings and interviews, in the next year. This would be beneficial to the program and the community.

Feedback from community members, organizations, staff and on-line comments has advocated significant improvements in the local radio program delivery.

OFF RESERVE ASSISTANCE PROGRAM

From Nisichawayasihk Trust funds available for distribution for the year 2012, \$40,000 was allocated to the Off Reserve Assistance Program administered by the NCN Government Office.

The Off Reserve Assistance Program provides financial assistance to NCN citizens living outside our traditional territory by providing emergency financial assistance and support those who require support to meet their special circumstances that demonstrates the need for assistance. The financial support is available on a one time basis and grants are awarded from a minimum of \$100.00 and the maximum of \$500.00.

NCN receives individual letters of request for financial assistance, the Finance Committee review

all requests and decides on the merit of each request as to whether a person is eligible and the amount a person should be awarded.

From January 1 – December 31, 2012, 47 individuals were provided with financial assistance.

SUMMER STUDENT EMPLOYMENT PROGRAM

From Nisichawayasihk Trust funds available for distribution for the year 2012, \$24,000 was allocated to the annual budget of the Human Resource Department to partially fund the Summer Student Program. The Summer Student Program assists in the following areas;

- 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 the summer months of each year. Thru this program Human Resource Department hired a Summer Student Coordinator and placed students in the work force for temporary summer jobs for 8 weeks. The youth were placed in a working environment of their choice such as; clerical, file clerk, finance, public works, carpentry, plumbing, etc. Additionally, younger students were hired as part of a new initiative called “The Earth Team”, a selection of students were hired for period of four (4) weeks, and then a rotation of another selection

of students were hired; the “The Earth Team” focused on beautifying the community.

Another new initiative that was implemented the summer was in partnership with MKO was the “Resource Ranger Program”. This nine (9) week program targeted students that had an interest in the trades field, some of the students had the opportunity to work at Vale, Paint Lake with conservation officers and other industry businesses. The students took training in the following areas;

- Safety Training
- Drivers Ed, beginners Class 5
- WIMS
- First Aide

This was 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.

WUSKWATIM EQUITY PROJECT

From Nisichawayasihk Trust funds available for distribution for the year 2012, \$1,000,000.00 was allocated to the Wuskwatim Equity Project. To date, NCN contributed \$13.62 in funds to Manitoba Hydro on behalf of the Taskinigahp Power Corporation (TPC) as part of their investment in Wuskwatim Power Limited Partnership.

EDUCATION

PEETAPUN STUDENT SERVICES PROJECT

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2012, \$250,000 was allocated to the Atoskiwin Training and Employment Centre (ATEC) for the Peetapun Student Services Project.

This project is to offer a three tiered Adult Education Program which will encompass Grades K to 12, its primary focus was on Math, English, Science and Computers. Additional courses were offered which are necessary for entry into Trades and technology. The projects main objectives were as follows;

- To increase the participation of NCN members in the education system.
- To raise the academic standard of our programming
- To implement programs that is relevant to the current job market.

NUTRITION PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2012, \$20,000 was allocated to the Nutrition Program administered by the Nelson House Education Authority.

The main objective for the funds is 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.

A cook was hired and is responsible for preparing and monitoring the program daily. The cook also

evaluates food 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 and lunch program averaged about 265 per day.

POST SECONDARY PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2012, \$50,000 was allocated to the annual budget of the Nelson House Education Authority to support the Post-Secondary Program.

The current post-secondary guidelines for living allowance are far below the cost of living, therefore it is the objective of NHEA to subsidize and assist students who receive inadequate post-secondary living allowances and travel to and from post-secondary institutions.

Eligible students receive

- \$75.00 per student if student has dependants
- \$50.00 per student if student is single

In 2012, 70 post-secondary students were supported through this initiative.

SPECIAL EDUCATION PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2011, \$40,000 was allocated to the annual budget of the Nelson House Education Authority to support the Special Education Program.

These funds were made available to improve the quality of education and support services for special

needs students in the local school. Objectives of the Special Education Program that were achieved in the 2011 year are as follows:

- Assessment and Identification of students with special needs – to date 250 individualized educational programs have been place on students.
- Psychological Educational Assessments – 48 assessments were completed by Dr. Craig in 2012.
- Resource Support and support materials – 34 Educational Assistants have been hired along with 4 Resource Teachers.
- Speech and Language Assessments – 36 assessments were completed in September 2012.

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

JUSTICE

NCN JUDICIAL SYSTEM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2012, \$450,000 was allocated to the annual budget of the Nisichawayasihk Cree Nation to financially support the NCN Judicial System.

The integrated essential services includes the Community Justice Group, police, fire and emergency services, the coordination of these services achieved better results in combating with crime in the community.

Community Justice Group

The Community Justice Group (CJG) consists of 5

appointed members by Chief and Council, two RCMP members, Justice Coordinator, Health/Justice Director and Probations Worker. The CJG Committee's mandate is to provide alternative justice in the community by developing crime-prevention and restorative initiatives for the offender, victims, families, support groups, police, local resources and/or individuals affected by the offence. The CJG Committee meet regularly to review justice-related matters referred to them by Chief and Council, the NCN Community Police, RCMP/FNCPS, Court System or community members.

NCN Policing Services

The NCN Police carry out spot checks and operate 24 hour, seven day a week to check vehicles for banned substances, illegal weapons and also enforce the Band Council Resolutions on banishment orders to remove any non-band or band member who pose a risk or danger to the Community. NCN Police assist the RCMP with crime prevention and criminal code offences related to intoxicate persons, the Highway Traffic Act and the Off Road Vehicle Act, which they have authority to enforce and issue tickets. They also conduct Knock n Talks with the assistance of RCMP. The NCN Policing Services employ 4 full time constables and 3 relief workers.

Probation Services

Probation Services networks with local organizations, Crown Attorney, Correction Institutes and resources to enable individuals to serve their probation order or their conditional sentence in the community.

Community Justice Worker

The Community Justice Worker is accountable and reports to MKO Justice Worker and Chief &

Council, is responsible for the overall management of pre and post charge referrals from the courts and ensures matters are resolved through the community processes.

Fire and Emergency Services Department

The Fire and Emergency Services Department provides immediate responses to fire and other urgent emergencies. They are available 24 hours a day seven days a week, the department complements five full time fire fighters, three relief workers, four full time dispatchers and four ambulance technicians.

PUBLIC WORKS

NEW ROOF & SIDING OF ST. PATRICK'S ROMAN CATHOLIC CHURCH

From the Nisichawayasihk Trust funds available for distribution in year 2012, \$5,000.00 was allocated to the St. Patrick Roman Catholic Mission Church. These funds were used to fix the roof of the church only, there was not enough funds to complete the siding of the church.

These repairs were vital to the safety of the 40 – 70 people who attend church to worship and pray together on Sundays. The community spirit of the people is wonderful and our time of prayer together is peaceful and nourishing. We are now working to raise money to repair the outside of the church.

RESOURCE & LAND USE

COUNTRY FOODS PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2012, \$220,000 was allocated to the Country Foods Program to carry out its objectives as outline in their 2012 operational plan.

The Country Foods Program operates year round and employs a program manager and five hard-working and dedicated full time employees. The employees provide all the expertise to ensure that traditional foods are available to the Distribution Centre. They also maintain the Leftrook Lake Camping facility that has five cabins, communal teepee and a cook shack.

As specified in the table below, the program distributed 7142 pounds of wild food and served 1548 community members. The program also harvested 10,059 pounds of wild food. The wild food consisted of whitefish, jackfish, sucker heads, smoked red mullets, moose meat, caribou meat, rabbit, geese, ducks and assorted berries.

Wild Food Distribution	Pounds of Wild Food Distributed to NCN Members	Number of NCN Members Receiving Wild Food
1st Quarter	3,727	596 (2 community feasts)
2nd Quarter	1,222	201
3rd Quarter	803	183
4th Quarter	2135	398 (5 community feasts)
Total	7,887	1,378 (7 community feasts)

The program also purchased a 40 HP motor, fish nets, equipment, garden tiller, yellow boggan and a used 550 Snowmobile..

JACK MOORE ELDERS TRADITIONAL PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2012, \$169,000 was allocated to the Jack Moore Elders Traditional Program (ETP) to carry out its objectives as outline in their 2012 operational plan.

The ETP employs a manager, elders' supervisor and 5 elders and 3 elder's assistants. The ETP operates during the school months, and continues to network with the Outdoor Education Program, O.K. School Elementary classes, Family & Community Wellness Centre's Daycare and Head start Programs.

The ETP elders and employees work closely with the teachers, Directors and students teaching various cultural activities such as dressing fish, skinning pelts, setting traps, snares, making snow shoes, sewing and making mukluks, slippers, gauntlets, etc.

Approximately sixty (60) students participated in the program, there were three (3) scheduled classes on a weekly basis .

The handicrafts made by the elders of the program are put in the display case at the Family & Community Wellness Centre; they are available for sale to the public at a reasonable price. Proceeds from the sales go towards purchasing more material and equipment for the program. The handicrafts have generated considerable sales from visitors as well as custom orders.

NCN RESOURCE MANAGEMENT BOARD

From the Nisichawayasihk Trust funds available for distribution in 2012, \$45,150 was allocated with an additional \$29,850 from the Wuskwatim Transmission Development fund to the NCN Resource Management Board to achieve the RM Board's objectives as set out in its 2012 operational plan. Under the supervision of the Natural Resource Secretariat and Council Portfolio holder the board managed the program.

As part of the 1996 NFA Implementation Agreement, the RMB maintains its arrangements for joint resource management between Nelson House and the Province of Manitoba. The Resource Management Board welcomes 2 new members, Lou Moodie and Ed Vystercil. The RMB continues to review all resource allocations, land-use applications, and license/permit applications made within the Resource Management Area.

A Nelson House Resource Management Board Newsletter was prepared by Manitoba Hydro to share with the community on the RMB's achievements and accomplishments; it also includes RMB's plans, guiding principles, board functions and future plans. The RMB Newsletter is available for distrubtion and will be uploaded on to the NCN Trust Office website at www.trustoffice.ca .

SOCIAL DEVELOPMENT YOUTH CENTRE

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2012, \$81,000 was allocated to the NCN Youth Initiative Program to carry out its objectives as outline in their 2011 operational plan.

The programs 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 external training, communication skills and building self-esteem.

During the first few months of the year, there was no Youth Coordinator to carry out the program initiatives

One of the primary focuses for the later part of 2012 was to renovate and clean out the old restaurant that was given to the Youth Program by Nelson House Development Corporation. The Youth Coordinator also worked on proposals for funding, prepared a budget & work plan for the upcoming year and developed program initiatives.

NCN PARKS & RECREATION PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2012, \$300,000 was allocated to the NCN Parks & Recreation Program to carry out its objectives as outline in their 2012 operational plan.

The Parks & Recreation Program operates under supervision of a 5 member board. The boards' responsibility is to develop a mission statement,

short and long term goals & objectives, and an operational program plan that will meets the needs of all NCN members residing on reserve.

The board has attained the necessary training applicable to their position, and has regular monthly meetings to plan and budget for recreation programs and to address recreation matters. The Board has developed a Recreation Policy and has had two reviews of the policy.

The NPR Board in conjunction with the PR Superintendent has had considerable amount of planning sessions to determine which programs would be offered for the 2012 budget year; some of their priorities are as follows;

- Ensure there are opportunities for the entire community to be engaged with a focus on youth and family involvement.
- Incorporate events that promote healthy, active living.
- Include activities that incorporate culture and traditions beginning at an early age.
- Competitions, sporting events to focus on fun and recreation.

Parks & Recreation Program organized and coordinated the various sporting events and activities throughout the year to narrate a few they are as follows;

ACTIVITY	WHO	DATE	# PARTICIPANTS
Bowling Program	Open to everyone	Saturdays	60
Swimming Program	Open to everyone	Alternating Saturdays	60
Boat Safety Program	Open to everyone	June – July	70 Adults
Ball Hockey Program	Open to Youth	Monday- Thursday & Sunday	150 Youth
Broomball Program	Open to Youth & Adults	Monday & Wednesdays September – April	30
Kamatheechick Hockey Program	Open to non-competitive players	Monday & Wednesday	30
Soccer Program	Open to Children	Community Approval Process	30
Father's Day	Open to all fathers	Tuesdays & Thursdays	30
Mother's Day	Open to all mothers	Father's Day	60

ACTIVITY	WHO	DATE	# PARTICIPANTS
Canada Day	Open to everyone	Mother's Day	100
NCN Day	Open to everyone	July 1	300
Children's Day	Open to everyone	July 2	400
Open Gym Nights	7 – 11 yrs 12 & over	October	70
Community Volleyball	16 yrs and over		100
Terry Fox Run	Open to everyone		300
Walk, Run Day in NCN	Open to everyone		40
Halloween Mash	Open to everyone		20
High School Basket Ball	Junior & Seniors		20
Intramural	Elementary		15 participants 4 Students advanced to Provincials
Cross Country	OK School		25
High School Volleyball			100
World Series of Sports	Open to everyone		40
3 On 3 Youth Hockey Tournament	Youth		50
Top Student Award	Youth		14
Norman Games	Grades 4 – 8		74
Broomball Provincials			40
Co-ed Volleyball Tournament			140
Family Movie Nights	Open to everyone		30
Canskate Program	6 yrs and under		20
Swim to Survive Program	Open to everyone		60
Travel Circus	Open to everyone		400

The PR Program was not limited to the aforementioned programs, donations and sponsorships were provided to youth participating in sports or leagues outside of the community, tournaments and other recreational events for teams of all age groups.

The PR Program is also responsible for maintaining all the parks and ball fields in the community.

REDISCOVERIES OF FAMILIES PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2012, \$40,000 was allocated to the annual budget of the Family and Community Wellness Centre to operate its Rediscoveries of Families Program to carry out its objectives as outline in their 2012 operational plan. The RDF Program achieved its objectives as set out in its operational work plan with the main focus being on three areas;

1. Raise awareness of our values, beliefs, and traditions. Relating to the relationships in their families.
2. Provide families with support required to identify strengths within their families and other issues that have had a negative impact on family functioning.
3. Reconnecting with the land as a source of food, medicine and survival.

During the summer the Left Rook Lake Resort was surrounded by forest fire and the families were evacuated out of the site for their safety. Therefore, the RDG Program delivered cultural programming in the community by facilitating and coordinating a mother/daughter weekend retreat, traditional ceremonies such as sweat lodge, and moon lodge ceremony. The RDF Program also took families to the Mile 20 spring ceremonies and Medicine Lodge's Medicine Camp at Mile 33. Furthermore, elders and community members were escorted to medicine and berry picking excursions.

OTHER ELDERS SUBSIDY PROGRAM

In addition to the surplus, \$115,000.00 was allocated to provide community elders with a monthly subsidy of \$100.00 to supplement their pensions and other benefits, a total of 108 elders were subsidized in 201.

The Elder Subsidy Program is a unique program design specifically for elders residing on the Nisichawayasihk Cree Nation (reserve).

NCN CHRISTMAS CHEERBOARD

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

2012 was a very busy and successful year for the Cheer board, with the \$25,000.00 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 685 gifts for children, newborn to 12 years of age living in the community and 440 food hampers to each household.

The Nelson House Christmas Cheer board are fortunate to have sisters Sue & Ellen from the St. Patrick's Roman Catholic Church who worked long hours wrapping and organizing the Christmas gifts into age categories for the last few years, RCMP members, Trust Office Staff, NCN Staff and other volunteers and their families who face the cold and slippery roads to ensure that the Christmas gifts and food hampers are delivered to all the homes. It is these volunteers that truly make the Christmas Cheer board such a special community based operation.

TASKINIGAHP TRUST

Trustee for Taskinigahp Trust

Pat Linklater

Darcy Linklater (Junior)

Willi Moore

James Warren

Corporate Trustee for Taskinigahp Trust

Bill Wilms

Introduction

The Taskinigahp Trust was created in June of 2006. The duties and responsibilities of the Trustees are contained in the Trust Inculture, which was created by the Nisichawayasihk Cree Nation to administer funds associated with the Wuskwatim dam project. The Trust currently is comprised of four accounts, namely, The Community Development Account, The Claims Account, The Resource Account and the Resource Sub-Account.

Each year the Trustees are required to provide to Chief and Council, and, upon request, any member of Nisichawayasihk Cree 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, any other special audit report and opinions requested by the Trustees and a narrative report on the expenditures from the Trust and the Trust operations including how the Transmission Benefits were used.

Capital Payments Received by the Trust

Hydro's obligation with respect to the Financial Schedule 1.1 of the NCN Adverse Effects Agreements was fully met in 2008 therefore no further capital payments were received during the year. Settlement proceeds received in prior years totalled \$5,700,000.00.

Capital Payments Disbursed from the Trust

Capital payments paid to NCN totalled \$363,000.00. Of this amount, \$198,150.00 represents payments from the Community Development Account, which were applied towards various projects approved by CIP, \$154,850.00 represents payments from the Resource Account to the Fishers and Trappers Associations and \$10,000.00 from the Claims Account for damage to personal property. In addition, \$2,800,000.00 was paid to the Taskinigahp Power Corporation.

Transmission Benefits

Transmission Benefits, in the amount of \$389,283.00 were received for the period. Of this amount 75% (\$291,962.00) is available for Resource projects in the year received and 25% (\$97,321.00) is retained to generate future income.

Revenue Received and Generated by the Trust

Transmission Benefits, in the amount of \$389,283.00 were received for the period. Of this amount 75% (\$291,962.00) is available for Resource projects in the year received and 25% (\$97,321.00) is retained to generate future income.

Revenue Received and Generated by the Trust

The total interest generated and net capital gains realized for the period from Trust investments was \$231,816.00.

The Auditor's financial report and opinion are attached.

WE DECLARE that the information contained on the preceding and following pages is true the best of our information, knowledge and belief.

THE NELSON HOUSE TRUSTEES

THE CANADA TRUST COMPANY

Per: _____

COMMUNITY INVOLVEMENT PROCESS BUDGET 2012

TASKINIGAHP TRUST		
ADMINISTRATION	Claims Program	\$ 6,850.00
	Annual Audit Fees	\$ 10,800.00
	Corporate Trustee	\$ 20,350.00
	Community Involvement Process	\$ 25,000.00
	Professional Services	\$ 50,000.00
	Nelson House Trustees	\$ 32,000.00
	Community Development Plan	\$ 5,000.00
RESOURCE & LAND USE	Resource Management Program	\$ 30,000.00
Total Taskinigahp Trust		\$ 150,000.00

WUSKWATIM TRANSMISSION DEVELOPMENT FUND		
	Administrative Costs	\$ 5,000.00
	Claims	\$ 3,150.00
	Fisheries Association	\$ 125,000.00
	Resource Management Program	\$ 29,850.00
TOTAL WTD Fund		\$ 163,000.00

SETTLEMENT PROCEEDS		
	Wuskwatim Equity	\$ 2,800,000.00
	Fisheries Association	\$ 50,000.00
TOTAL DEFERRED REVENUE		\$ 2,850,000.00

TOTAL CIP BUDGET	\$ 3,163,000.00
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DEFERRED REVENUE 2009 (TASKINIGAHP TRUST OFFICE)

In addition to the programs and projects funded during 2012 fiscal year, there was also program and or projects with deferred revenue (carry over) from the 2011 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	\$ 14,125
CORPORATE TRUSTEE	\$ 16,424
PROFESSIONAL SERVICES	\$ 49,586
CLAIMS PROGRAM	\$ 33,315
Professional Services	\$ 50,000.00
TOTAL DEFERRED REVENUE	\$ 113,450

ECONOMIC DEVELOPMENT

WUSKWATIM EQUITY

Funds in the amount of \$2,800,000 from the Taskinigahp Adverse Effects Settlement Proceeds were allocated to the Wuskwatim Equity Project. To date, NCN contributed \$13.62 in funds to Manitoba Hydro on behalf of the Taskinigahp Power Corporation (TPC) as part of their investment in Wuskwatim Power Limited Partnership. The \$2.8 million will bring NCN's contribution to \$16.4 million.

RESOURCE & LAND USE

FISHERMAN ASSOCIATION

From the Taskinigahp Trust funds available for distribution in 2012, \$125,000 was allocated with an additional \$50,000 from the Settlement Proceeds to the Nelson House Fisherman Association (NHFA) carry out its objectives as outline in their 2012 operational plan.

The NHFA is governed by a six-member board and employs a part-time manager, a seasonal grader, packer and runner. The program management and administrations remain the same held at the Trust Office as in previous years. Management payroll, subsidy costs, equipment inventory and distributions, and fisherman mobility (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 in increasing production. Representatives from MB Department of Conservation continue to meet with the board to discuss their findings during regular patrol after the fishing seasons.

The NHFA provides fishers with logistical assistance

each season using the program trucks to transport boats, equipment, fishers and their helpers to their field locations. In the beginning of the fishing season fishers are given operating expenses (startup), and they also cover the costs of the runner, who delivers the supplies and picks up fish for the packing plant. These costs are expensed to the NHFA and deducted from the fishers' subsidy payments.

Generally, these deductions are settled at the end of fishing season. The fishermen startup costs totaled \$60,915.44 and received \$25,586.16 in subsidy payments.

Fishermen who show production by delivering fish to Freshwater Fish Marketing Corporation (FFMC) in Winnipeg are tracked and recorded in FFMC's system, total production is then attained by Community Economic Development Fund (CEDF) to use as an assessment tool to determine if a fisherman is eligible for a fisherman's loan to purchase equipment. If a fisherman qualifies for a loan from CEDF, the NHFA assist the fisherman by providing 20% deposit to CEDF for the financial equipment loan.

Nisichawayasihk Trust

Financial Statements

Management's Responsibility

To the Chief and Council of Nisichawayasihk Cree Nation

The accompanying financial statements of Nisichawayasihk Trust are the responsibility of management and have been approved by the Trustees.

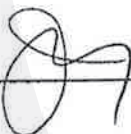
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.


The Trustees are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Trustees fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Trustees are also responsible for recommending the appointment of the Trust's external auditors.

MNP LLP is appointed by the Trustees to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Trustees and management to discuss their audit findings.

December 19, 2013



Director of
Operations



Comptroller

Independent Auditor's Report

To the Trustees of Nisichawasihk Trust:

We have audited the accompanying financial statements of Nisichawasihk Trust, which comprise the statement of financial position as at December 31, 2012 and the statements of changes in accumulated surplus and net financial assets, operations, remeasurement gains (losses) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, including supporting schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Nisichawasihk Trust as at December 31, 2012 and the results of its operations, remeasurement gains (losses), changes in accumulated surplus and net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba



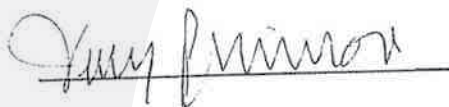
December 19, 2013

MNP LLP
Chartered Accountants

Statement of Financial Position

	2012	2011
Financial assets		
Cash	1,113,520	765,285
Accounts receivable	13,545	1,236,526
Portfolio investments (Schedule 1)	42,251,039	44,155,331
	43,378,104	46,157,142
Liabilities		
Due to related party (Note 4)	-	1,492,220
Accumulated surplus and net financial assets (Note 5)	43,378,104	44,664,922

Approved by the Trustees

Trustee

Trustee

Trustee

Trustee

Trustee

Statement of Changes in Accumulated Surplus and Net Financial Assets

	2012 <i>Budget</i>	2012	2011
Accumulated surplus from operations, beginning of year	44,547,484	44,547,484	45,746,220
Accumulated remeasurement gains, beginning of year	117,438	117,438	62,197
Accumulated surplus and net financial assets, beginning of year	44,664,922	44,664,922	45,808,417
Annual deficit from operations	(60,805)	(1,271,913)	(1,198,736)
Unrealized gains (losses) on investments	-	(14,905)	55,241
Accumulated surplus and net financial assets, end of year	44,604,117	43,378,104	44,664,922

Statement of Operations

	2012 <i>Budget</i>	2012	2011
Revenue			
Interest income	3,669,684	2,458,576	2,529,224
Excursion income	-	-	47,040
	3,669,684	2,458,576	2,576,264
Expenses			
Transfer to Nisichawayasihk Trust Office	3,730,489	3,730,489	3,775,000
Annual deficit from operations	(60,805)	(1,271,913)	(1,198,736)
Accumulated surplus from operations, beginning of year	44,547,484	44,547,484	45,746,220
Accumulated surplus from operations, end of year	44,486,679	43,275,571	44,547,484

Statement of Remeasurement Gains (Losses)

	2012 <i>Budget</i>	2012	2011
Accumulated remeasurement gains, beginning of year	117,438	117,438	62,197
Unrealized gains (losses) on investments	-	(14,905)	55,241
Accumulated remeasurement gains, end of year	117,438	102,533	117,438

Statement of Cash Flows

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Cash from excursion revenue	-	47,040
Cash transferred to Nisichawayasihk Trust Office	(5,222,709)	(2,282,780)
Cash from interest income	3,681,556	1,305,818
	(1,541,153)	(929,922)
Investing activities		
Purchase of investments	(111,925)	-
Redemption of investments	2,001,313	594,353
	1,889,388	594,353
Increase (decrease) in cash	348,235	(335,569)
Cash, beginning of year	765,285	1,100,854
Cash, end of year	1,113,520	765,285

Management's Responsibility

1. Operations

Nisichawashik Trust (the "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 (the "Cree Nation") and Manitoba Hydro-Electric Board to settle obligations under the Northern Flood Settlement Agreement.

Proceeds of Settlement

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

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Revenue recognition

Interest income is recognized on an accrual basis as earned. Excursion revenue is recognized as it becomes receivable under the terms of the applicable Trust Indenture.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the period in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Financial Instruments

Amortized Cost

The Trust has classified the following financial assets in the amortized cost category: cash and accounts receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash and accounts receivable are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The Trust has classified the following liability in the amortized cost category: due to related party. This liability is initially recognized at its fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Due to related party is subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Fair Value

The Trust has classified the following financial asset in the fair value category: portfolio investments. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Portfolio investments are subsequently measured at their fair value. Portfolio investments in equity instruments that do not have quoted market prices in an active market are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in the statement of remeasurement gains (losses) as a remeasurement gain or loss, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in the statement of remeasurement gains (losses) is transferred to the statement of operations.

3. Internal restrictions

As stipulated in the Trust Indenture the financial position and operations of the Trust have been allocated into Funds with restrictions on the uses of each as follows:

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

A. 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. All Trust Assets are restricted and can only be accessed through the Community Approval Process, subject to the restrictions noted above.

Unallocated Funds Available are paid to Chief and Council who can either deposit such fund 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.

B. Community Development Fund

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

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.

C. Claims Fund

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

- i) the Cree Nation
- ii) it's Members, and
- iii) 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 or 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 Nisichawayasihk Trust Office and at the Nisichawayasihk Trust) is maintained in the claims fund. Funds in excess of \$50,000 on the last business day of any fiscal year (nil at December 31, 2012) will be transferred into the Investment and Heritage Fund.

D. Investment and Heritage Fund

The Investment and Heritage Fund includes monies 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, 2012 earned interest at 0.92%.

3. Internal restrictions *(Continued from previous page)*

Upon settlement of the Trust, \$250,000 was transferred into the Investment and Heritage sub-account in 1996. The \$250,000 and interest earned (totalling \$570,785 at December 31, 2012) cannot be encroached upon until certain Trust conditions are met. The restriction is intended to minimize the effect 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, \$1,369,694 was transferred to the General Fund to supplement the 2012 Funds Available Amount.

4. Due to related party

	2012	2011
Due to Nisichawayasihk Trust Office	-	1,492,220

During the year, Nisichawayasihk Trust transferred \$3,730,489 (2011 - \$ 3,775,000) to Nisichawayasihk Trust Office to fund programs in accordance with the Community Approval Process. Amounts due to Nisichawayasihk Trust Office are unsecured and are non-interest bearing with no fixed terms of repayment.

Nisichawayasihk Trust is related to Nisichawayasihk Trust Office through common control by the Chief and Council of Nisichawayasihk Cree Nation.

5. Accumulated surplus and net financial assets

	2012	2011
Accumulated surplus from operations	43,275,571	44,547,484
Accumulated remeasurement gains	102,533	117,438
	43,378,104	44,664,922

6. Fair value of financial instruments

Financial instruments recorded at fair value in Nisichawasihk Trust consist of: portfolio investments.

Fair value hierarchy:

Beginning January 1, 2011, assets and liabilities recorded at fair value on the statement of financial position are measured and classified in the hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1: Unadjusted quoted prices in an active market for identical assets and liabilities.

Assets of the Trust measured at fair value and classified Level 1 include portfolio investments.

- Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 2 inputs include quoted prices for assets in markets that are considered less active. There are no assets of the Trust measured at fair value classified as Level 2.

- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.

Level 3 assets and liabilities would include financial instruments whose values are determined using pricing models, discounted methodologies, or similar techniques, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. There are no assets of the Trust measured at fair value classified as Level 3.

7. Nature and extent of risk arising from financial instruments

Market Risk:

Market risk arises from changes in interest rates that affect Nisichawasihk Trust's interest income. Exposure to this risk directly impacts Nisichawasihk Trust's income from its portfolio investments. Nisichawasihk Trust's objective is to earn an acceptable net return on these portfolio investments, without taking unreasonable risk, while meeting beneficiaries' needs.

Risk measurement:

Nisichawasihk Trust's risk position is measured and monitored each month to ensure compliance with policies as noted in the Trust Indenture. Management provides monthly reports on these matters to the Trustees of Nisichawasihk Trust.

Objectives, policies and processes:

The Corporate Trustee is responsible for managing Nisichawasihk Trust's interest rate risk, monitoring portfolio investments and compliance with policies. Nisichawasihk Trust manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by Nisichawayasihk Cree Nation and the Corporate Trustee.

Schedule 1 - Schedule of Portfolio Investments

	2012	2011
General Fund		
Manitoba Hydro - Electric Board, due 12/31/2014, 5.750%	40,006,301	40,003,150
Community Development Fund		
Bank of Nova Scotia, due 07/16/2014, 3.43%	205,412	208,001
CIBC, due 03/02/2015, 3.10%	102,849	103,328
Farm Credit Canada Corp., due 4/15/2012, 3.80%	-	115,851
GE Capital, due 6/8/2015, 4.24%	105,560	104,901
Bank of Montreal, due 08/02/2016, 2.96%	113,221	-
Province of Ontario, due 06/02/2013, 4.75%	101,493	104,997
Province of Ontario, due 09/08/2014, 3.25%	103,238	105,097
Province of Ontario, due 03/08/2015, 4.50%	122,713	126,072
Province of Ontario, due 03/08/2018, 4.20%	221,760	223,953
City of Toronto, due 10/29/2014, 4.90%	105,997	109,224
Prov. of New Brunswick, due 06/02/2020, 4.50%	170,972	169,858
Prov. of Quebec, due 12/01/2018, 4.50%	225,712	227,427
	1,578,926	1,598,709
Investment and Heritage Fund		
Manitoba Hydro - Electric Board, due 06/30/2013, 5.750%	665,812	2,553,472
	42,251,039	44,155,331

The cost of the portfolio investments at December 31, 2012 was \$42,148,506 (December 31, 2011 - \$44,037,894).

Schedule 2 - Schedule of Financial Position by Fund

	General Fund	Funds Available	Community Development Fund	Claims Fund	Investment and Heritage Fund	2012	2011
Financial assets							
Cash	-	-	91,464	1,916	1,020,140	1,113,520	765,285
Accounts receivable	-	-	13,545	-	-	13,545	1,236,526
	-	-	105,009	1,916	1,020,140	1,127,065	2,001,811
Portfolio investments (Schedule 1)	40,006,301	-	1,578,926	-	665,812	42,251,039	44,155,331
	40,006,301	-	1,683,935	1,916	1,685,952	43,378,104	46,157,142
Liabilities							
Due to related party (Note 4)	-	-	-	-	-	-	1,492,220
Due between funds	(699)	-	84,118	-	(83,419)	-	-
	(699)	-	84,118	-	(83,419)	-	1,492,220
Accumulated surplus and net financial assets (Note 5)	40,007,000	-	1,599,817	1,916	1,769,371	43,378,104	44,664,922

Schedule 3 - Schedule of Operations by Fund

	General Fund	Funds Available	Community Development Fund	Claims Fund	Investment and Heritage Fund	2012	2011
Revenue							
Interest income	2,300,083	-	61,715	7	96,771	2,458,576	2,529,224
Unrealized gains (losses) on investments	3,150	-	(17,958)	-	(97)	(14,905)	55,241
Excursion income	-	-	-	-	-	-	47,040
	2,303,233	-	43,757	7	96,674	2,443,671	2,631,505
Expenses							
Transfers between funds	(2,300,000)	3,695,489	(60,795)	35,000	(1,369,694)	-	-
Transfers to the Nisichawayshik Trust Office	-	(3,695,489)	-	(35,000)	-	(3,730,489)	(3,775,000)
Annual surplus (deficit)	3,233	-	(17,038)	7	(1,273,020)	(1,286,818)	(1,143,495)
Accumulated surplus and net financial assets, beginning of year	40,003,767	-	1,616,855	1,909	3,042,391	44,664,922	45,808,417
Accumulated surplus and net financial assets, end of year	40,007,000	-	1,599,817	1,916	1,769,371	43,378,104	44,664,922

Nisichawayasihk Trust Office Financial Statements

Notice to Reader	53
Financial Statements	54
Statement of Financial Position by Fund	54
Statement of Operations and Accumulated Surplus by Fund	55
Statement of Changes in Net Financial Assets	56
Statement of Cash Flows	56
Notes to the Financial Statements	57
Schedules	
Schedule 1 - Tangible Capital Assets	61
Schedule 2 - Implementation Agreement - Statement of Revenue and Expenses	62
Schedule 3 - Capital Projects - Statement of Revenue and Expenses	62
Schedule 4 - Community Infrastructure - Statement of Revenue and Expenses	63
Schedule 5 - Economic Development - Statement of Revenue and Expenses	63
Schedule 6 - Education - Statement of Revenue and Expenses	64
Schedule 7 - Housing - Statement of Revenue and Expenses	64
Schedule 8 - Justice - Statement of Revenue and Expenses	64
Schedule 9 - Public Works - Statement of Revenue and Expenses	65
Schedule 10 - Resource and Land Use - Statement of Revenue and Expenses	65
Schedule 11 - Shoreline Debris Clean-up - Statement of Revenue and Expenses	66
Schedule 12 - Social Development - Statement of Revenue and Expenses	66
Schedule 13 - Other Programs - Statement of Revenue and Expenses	67
Schedule 14 - Claims Program - Statement of Revenue and Expenses	67

Notice To Reader

On the basis of information provided by management, we have compiled the statement of financial position by fund of Nisichawayasihk Trust Office as at December 31, 2012 and the statements of operations and accumulated surplus by fund, changes in net financial assets and cash flows for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Winnipeg, Manitoba

October 10, 2013

MNP LLP
Chartered Accountants

Statement of Financial Position by Fund

	Community Development Fund	Claims Fund	Investment and Heritage Fund	2012	2011
FINANCIAL ASSETS					
Cash	2,265,353	19,515	-	2,284,868	841,493
Accounts receivable	16,752	-	-	16,752	15,170
Short-term investments (Note 2)	100,205	-	-	100,205	99,811
Due between funds	24,134	(24,134)	-	-	-
Due from related entities (Note 4)	60,438	-	-	60,438	1,636,218
	2,466,882	(4,619)	-	2,462,263	2,592,692
LIABILITIES					
Accounts payable and accrued liabilities	123,045	-	-	123,045	137,719
Due to related entities (Note 5)	1,516,082	-	-	1,516,082	1,294,442
	1,639,127	-	-	1,639,127	1,432,161
Net financial assets (debt)	827,755	(4,619)	-	823,136	1,160,531
NON-FINANCIAL ASSETS					
Tangible capital assets (Schedule 1)	119,238	-	-	119,238	102,674
Accumulated surplus (Note 7)	946,993	(4,619)	-	942,374	1,263,205

Statement of Operations and Accumulated Surplus by Fund

	Schedule	Budget 2012	Community Development Fund	Claims Fund	Investment and Heritage Fund	2012	2011
REVENUE							
Nisichawasihk Trust funding (Note 4)		3,730,489	3,695,489	35,000	-	3,730,489	3,775,000
Transfers from Taskinigahp Trust Office (Note 4)		234,850	234,850	-	-	234,850	246,500
Other revenue		-	74,603	-	-	74,603	106,479
Equipment recoveries		-	31,511	-	-	31,511	31,142
Loan recoveries		-	44,590	-	-	44,590	28,651
Interest income		-	19,861	351	-	20,212	20,047
		3,965,339	4,100,904	35,351	-	4,136,255	4,207,819
EXPENSES							
Implementation Agreement	2	714,839	893,643	-	-	893,643	739,732
Capital projects	3	24,000	24,000	-	-	24,000	-
Community infrastructure	4	-	-	-	-	-	253
Economic development	5	1,166,500	1,179,511	-	-	1,179,511	1,032,969
Education	6	370,000	370,000	-	-	370,000	174,000
Housing	7	-	-	-	-	-	100,000
Justice	8	450,000	450,000	-	-	450,000	450,000
Public works	9	5,000	-	-	-	-	47,000
Resource and land use	10	639,000	896,229	-	-	896,229	701,940
Shoreline debris clean-up	11	-	-	-	-	-	34,702
Social development	12	421,000	436,099	-	-	436,099	546,377
Other programs	13	140,000	158,013	-	-	158,013	161,497
Claims program	14	35,000	-	49,591	-	49,591	43,269
		3,965,339	4,407,495	49,591	-	4,457,086	4,031,739
Annual surplus (deficit)		-	(306,591)	(14,240)	-	(320,831)	176,080
Accumulated surplus, beginning of year		1,263,205	1,253,584	9,621	-	1,263,205	1,087,125
Accumulated surplus, end of year		1,263,205	946,993	(4,619)	-	942,374	1,263,205

Statement of Changes in Net Financial Assets

	2012 Budget	2012	2011
Annual surplus (deficit)	-	(320,831)	176,080
Purchases of tangible capital assets	-	(41,992)	(42,455)
Amortization	-	25,428	19,335
Increase (decrease) in net financial assets	-	(337,395)	152,960
Net financial assets, beginning of year	1,160,531	1,160,531	1,007,571
Net financial assets, end of year	1,160,531	823,136	1,160,531

Statement of Cash Flows

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Cash from Nisichawayasihk Trust	5,222,709	2,282,780
Cash paid for program expenses	(4,169,481)	(4,726,218)
Cash from Taskinigahp Trust Office	252,410	320,336
Cash from other sources	159,911	166,654
Interest income	20,212	18,870
	1,485,761	(1,937,578)
Investing activities		
Increase in short-term investments	(394)	(1,235)
Capital activities		
Purchases of tangible capital assets	(41,992)	(42,455)
Increase (decrease) in cash resources	1,443,375	(1,981,268)
Cash resources, beginning of year	841,493	2,822,761
Cash resources, end of year	2,284,868	841,493

Notes to the Financial Statements

1. Operations

The Nisichawayasihk Trust Office (the "Trust Office") was established in May 1996 to administer the Program Funding received from the Nisichawayasihk Trust on behalf of the Chief and Council of Nisichawayasihk Cree Nation.

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

2. Short-term investments

The short-term investments consist of two redeemable guaranteed investment certificates both issued by Royal Bank of Canada.

	2012	2011
G.I.C., renewed on October 8, 2012 and maturing January 7, 2013, bearing interest of 0.55% per annum (matures at \$45,596).	45,534	45,140
G.I.C., renewed in October 2012 and maturing October 24, 2013, bearing interest at 1.25% per annum (matures at \$55,354).	54,671	54,671
	100,205	99,811

3. Internal restrictions

As stipulated in the Trust Indenture, the financial position and operations of the Nisichawayasihk Trust Office have been allocated into Funds with restrictions on the uses of each fund as follows:

The Funds Available (program funding) for any year are the amounts approved through the Community Approval Process for administering the Nisichawayasihk Trust Office and funding the various programs, not to exceed the approved budget for that year (\$3,695,489 for the year ended December 31, 2012). The funding of the Claims Fund has a first priority over other programs (funded \$35,000 for the year ended December 31, 2012).

Community Development Fund

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

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 Nisichawayasihk Trust. All of these amounts have been deposited in the Recreational Facilities and Programs sub-account of the Nisichawayasihk 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 Nisichawayasihk 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 Nisichawayasihk Trust cannot be encroached upon.

Nisichawayasihk 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.

Investment and Heritage Fund

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

Claims Fund

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

- i) Nisichawayasihk Cree Nation,
- ii) its Members, and
- iii) any group, unincorporated association or corporation whose membership or shareholding is wholly or substantially comprised and controlled by Nisichawayasihk 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 and the Nisichawayasihk Trust Office) is maintained in the Claims Fund. Throughout the year it should be at a maximum balance of \$50,000. 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 the specified dates below consisted of the following:

	2012	2011
Nisichawayasihk Trust	1,916	1,909
Nisichawayasihk Trust Office	(4,619)	9,621
	(2,703)	11,530

4. Due from related entities

	2012	2011
Nisichawasihk Trust	-	1,492,220
Nisichawayasihk Personal Care Home Inc.	16,000	82,000
Taskinigahp Trust Office	44,438	61,998
	60,438	1,636,218

During the year, the Nisichawasihk Trust transferred \$3,730,489 (2011 - \$3,775,000) to the Nisichawayasihk Trust Office to fund programs in accordance with the Community Approval Process.

During the year, the Taskinigahp Trust Office transferred \$234,850 (2011 - \$246,500) to the Nisichawayasihk Trust Office to fund programs in accordance with the Community Involvement Process.

5. Due to related entities

	2012	2011
ATEC Centre of Excellence	83,750	13,600
Family and Community Wellness Centre	40,000	13,600
Gilbert McDonald Arena	18,425	8,500
Meetah Building Supplies	-	5,950
NCN High Speed Internet	-	3,000
NCN Minor Hockey Committee	6,040	6,040
NCN Store	-	625
Nelson House Development Corporation	99,000	99,000
Nelson House Education Authority Inc.	40,200	89,780
Nelson House Medicine Lodge Inc.	25,000	40,300
Nisichawayasihk Cree Nation	1,009,629	801,099
Nisichawayasihk Cree Nation Human Resources Development Authority	-	18,800
Nisichawayasihk Construction, L.P.	-	1,232
Nisichawayasihk Housing Authority	178,000	178,000
Human Resource Development Authority	7,538	-
Otohowin Gas Bar	-	6,416
Wuskwatim Implementation Office	8,500	8,500
	1,516,082	1,294,442

During the year, the Nisichawayasihk Trust Office transferred \$2,182,700 (2011 - \$1,933,699) to related entities to fund programs in accordance with the Community Approval Process.

6. Expenses by object

	2012	2011
Transfers to related entities	2,182,700	1,933,699
Salaries, wages and benefits	693,549	690,575
Subsidies and start-up loans to community members	258,347	206,850
Purchases of non-capital goods, supplies and services	225,950	152,982
Repairs and maintenance	160,836	113,232
Travel	159,405	165,293
Honoraria	154,782	141,700
Recreational programming and events	106,316	141,415
Miscellaneous	93,963	23,653
Utilities, telephone and internet	78,861	80,592
Professional, consulting, and support fees	68,852	76,343
Advertising, promotion, donations and memberships	64,934	51,350
Investment care and management fees	59,527	61,339
Christmas hampers and gifts	35,290	45,490
Compensation for claims	34,966	25,883
Amortization	25,428	19,335
Casual labour	21,128	59,621
Meetings, training and education	16,375	26,290
Insurance	9,800	10,617
Interest and bank charges	6,077	5,480
	4,457,086	4,031,739

7. Accumulated surplus

Accumulated surplus is comprised of the following:

	2012	2011
Unrestricted accumulated surplus	823,136	1,160,531
Equity in tangible capital assets	119,238	102,674
	942,374	1,263,205

Schedule 1 Tangible Capital Assets

	Office and other equipment	Trailer improvements	Vehicles	2012	2011
Cost					
Balance, beginning of year	207,219	30,509	232,742	470,470	428,015
Acquisition of tangible capital assets	20,800	-	21,192	41,992	42,455
Balance, end of year	228,019	30,509	253,934	512,462	470,470
Accumulated amortization					
Balance, beginning of year	156,907	8,960	201,929	367,796	348,461
Annual amortization	12,143	862	12,423	25,428	19,335
Balance, end of year	169,050	9,822	214,352	393,224	367,796
Net book value of tangible capital assets	58,969	20,687	39,582	119,238	102,674
2011 Net book value of tangible capital assets	50,312	21,549	30,813	102,674	

Implementation Agreement - Schedule 2 - Statement of Revenue and Expenses

	2012 <i>Budget</i>	2012	2011
Revenue			
Nisichawasihk Trust funding	689,839	689,839	802,400
Transfer from Taskinigahp Trust Office	25,000	25,000	38,000
Interest income	-	18,738	17,015
Other revenue	-	11,229	12,149
	714,839	744,806	869,564
Expenses			
Administration	325,439	464,126	435,342
Arena Operations and maintenance	55,000	55,000	50,000
Community approval process	50,000	48,494	52,526
Corporate trustee	20,000	61,027	62,839
Nelson House trustees	14,400	20,840	29,437
Personal Care Home	200,000	200,000	50,000
Professional services	50,000	44,156	59,588
	714,839	893,643	739,732
Annual surplus (deficit)	-	(148,837)	129,832

Capital Projects - Schedule 3 - Statement of Revenue and Expenses

	2012 <i>Budget</i>	2012	2011
Revenue			
Nisichawasihk Trust funding	24,000	24,000	-
Expenses			
Baseball diamond	24,000	24,000	-
Annual surplus (deficit)	-	-	-

Community Infrastructure - Schedule 4 - Statement of Revenue and Expenses

	2012 Budget	2012	2011
Revenue	-	-	-
Expenses			
Community aesthetics and improvements	-	-	253
Annual surplus (deficit)	-	-	(253)

Economic Development - Schedule 5 - Statement of Revenue and Expenses

	2012 Budget	2012	2011
Revenue			
Nisichawasihk Trust funding	1,161,500	1,161,500	987,000
Other revenue	-	18,896	33,306
Transfer from Taskinigahp Trust Office	5,000	5,000	15,000
	1,166,500	1,185,396	1,035,306
Expenses			
Community development plan	5,000	-	6,181
Human resource officer	22,500	15,700	20,000
NCN Achimowin radio station	75,000	111,811	108,788
Off reserve assistance	40,000	40,000	25,000
Otohowin Gas Bar station II	-	-	99,000
Summer student employment	24,000	12,000	24,000
Wuskwatim equity	1,000,000	1,000,000	750,000
	1,166,500	1,179,511	1,032,969
Annual surplus	-	5,885	2,337

Education - Schedule 6 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	370,000	370,000	174,000
Expenses			
ATEC core operations	250,000	250,000	40,000
Nutrition	20,000	20,000	20,000
Post secondary funding	50,000	50,000	74,000
Special education	50,000	50,000	40,000
	370,000	370,000	174,000
Annual surplus	-	-	-

Housing - Schedule 7 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Interest income	-	373	1,177
Nisichawasihk Trust funding	-	-	100,000
	-	373	101,177
Expenses			
Housing equity fund	-	-	100,000
Annual surplus	-	373	1,177

Justice - Schedule 8 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	450,000	450,000	450,000
Expenses			
NCN judicial system	450,000	450,000	300,000
NCN policing	-	-	150,000
	450,000	450,000	450,000
Annual surplus	-	-	-

Public Works - Schedule 9 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	5,000	5,000	47,000
Expenses			
Animal control	-	-	14,000
Garbage trucks and bins	-	-	19,000
Repair and restoration of St. Patrick's church	5,000	-	14,000
	5,000	-	47,000
Annual surplus	-	5,000	-

Resource and Land Use - Schedule 10 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	434,150	434,150	472,500
Transfer from Taskinigahp Trust Office	204,850	204,850	193,500
Loan recoveries	-	44,590	28,651
Equipment sales	-	31,511	31,142
Other revenue	-	27,284	41,074
	639,000	742,385	766,867
Expenses			
Country foods program	220,000	225,765	203,507
Fisherman Association	125,000	236,418	189,680
Jack Moore elders traditional program	169,000	190,618	152,674
Resource management program	75,000	68,640	42,577
Trappers Association	50,000	174,788	113,502
	639,000	896,229	701,940
Annual surplus (deficit)	-	(153,844)	64,927

Shoreline Debris Clean-up - Schedule 11 - Statement of Revenue and Expenses

	2012 Budget	2012	2011
Revenue			
Interest income	-	-	915
Expenses			
Shoreline debris clean-up	-	-	34,702
	-	-	34,702
Annual (deficit)	-	-	(33,787)

Social Development - Schedule 12 - Statement of Revenue and Expenses

	2012 Budget	2012	2011
Revenue			
Nisichawasihk Trust funding	421,000	421,000	536,000
Other revenue	-	9,894	19,951
Interest income	-	750	607
	421,000	431,644	556,558
Expenses			
NCN Minor Hockey Association	-	2,500	2,592
NCN Youth Initiative	81,000	77,632	100,392
North American Indigenous Games sub-program	-	4,287	-
Oska Te Sak	-	-	45,000
Parks and recreation	300,000	307,560	333,393
Playground sub-program	-	4,120	-
Rediscoveries of Families Project	40,000	40,000	20,000
Summer adventure camp	-	-	20,000
Wuskwatim Village	-	-	25,000
	421,000	436,099	546,377
Annual surplus (deficit)	-	(4,455)	10,181

Other Programs - Schedule 13 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	140,000	140,000	156,100
Other revenue - Christmas cheerboard donations	-	7,300	-
	140,000	147,300	156,100
Expenses			
Elders' subsidy	115,000	122,400	115,200
NCN Christmas cheer board	25,000	35,613	46,297
	140,000	158,013	161,497
Annual (deficit)	-	(10,713)	(5,397)

Claims Program - Schedule 14 - Statement of Revenue and Expenses

	<i>2012 Budget</i>	<i>2012</i>	<i>2011</i>
Revenue			
Nisichawasihk Trust funding	35,000	35,000	50,000
Interest income	-	351	333
	35,000	35,351	50,333
Expenses			
Claims fund	35,000	49,591	43,269
Annual surplus (deficit)	-	(14,240)	7,064

Taskinigahp Trust

Financial Statements

Management's Responsibility

To the Chief and Council of Nisichawayasihk Cree Nation

The accompanying financial statements of Taskinigahp Trust are the responsibility of management and have been approved by the Trustees.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

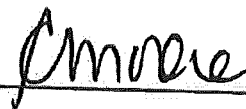
The Trustees are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Trustees fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Trustees are also responsible for recommending the appointment of the Trust's external auditors.

MNP LLP is appointed by the Trustees to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Trustees and management to discuss their audit findings.

November 1, 2013



Director of
Operations



Comptroller

Independent Auditors' Report

To the Chief and Council of Nisichawayasihk Cree Nation:

We have audited the accompanying financial statements of Taskinigahp Trust, which comprise the statement of financial position as at December 31, 2012 and the statements of changes in accumulated surplus and net financial assets, operations, remeasurement gains (losses) and cash flows and related schedules 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 public sector accounting standards, 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 Taskinigahp Trust as at December 31, 2012 and the results of its operations, remeasurement gains (losses), changes in accumulated surplus and net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

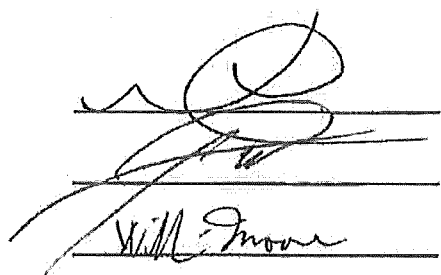
November 1, 2013

MNP LLP
Chartered Accountants

Statement of Financial Position

	2012	2011
Financial assets		
Cash	92,135	92,484
Accounts receivable	20,444	47,924
Portfolio investments (Schedule 1)	3,497,379	6,081,982
	3,609,958	6,222,390
Liabilities		
Accounts payable and accrued liabilities	7,949	7,799
Due to related party (Note 4)	83,811	33,781
	91,760	41,580
Accumulated surplus and net financial assets (Note 5)	3,518,198	6,180,810

Approved by the Trustees



Trustee

Trustee

Trustee

Trustee

Trustee

Statement of Changes in Accumulated Surplus and Net Financial Assets

	2012 <i>Budget</i>	2012	2011
Accumulated surplus from operations, beginning of year	5,894,018	5,894,018	5,818,131
Accumulated remeasurement gains, beginning of year	286,792	286,792	197,642
Accumulated surplus and net financial assets, beginning of year	6,180,810	6,180,810	6,015,773
Annual surplus (deficit) from operations	(2,746,579)	(2,541,901)	75,887
Unrealized gains (losses) on investments	-	(120,711)	89,150
Accumulated surplus and net financial assets, end of year	3,434,231	3,518,198	6,180,810

Statement of Operations

	2012 <i>Budget</i>	2012	2011
Revenue			
Interest income	202,000	182,047	235,686
Realized gains (losses)	-	49,769	(8,970)
Transmission benefits	214,421	389,283	214,421
	416,421	621,099	441,137
Expenses			
Transfer to Taskinigahp Trust Office	3,163,000	363,000	365,250
Transfer to Taskinigahp Power Corporation	-	2,800,000	-
	3,163,000	3,163,000	365,250
Annual surplus (deficit) from operations	(2,746,579)	(2,541,901)	75,887
Accumulated surplus from operations, beginning of year	5,894,018	5,894,018	5,818,131
Accumulated surplus from operations, end of year	3,147,439	3,352,117	5,894,018

Statement of Remeasurement Gains (Losses)

	2012 Budget	2012	2011
Accumulated remeasurement gains, beginning of year	286,792	286,792	197,642
Unrealized gains (losses) on investments	-	(120,711)	89,150
Accumulated remeasurement gains, end of year	286,792	166,081	286,792

Statement of Cash Flows

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Cash from transmission benefits revenue	389,283	214,421
Cash transfer to Taskinigahp Trust Office	(312,970)	(295,485)
Cash from interest income	209,527	221,540
Cash transfer to Taskinigahp Power Corporation	(2,800,000)	-
	(2,514,160)	140,476
Investing activities		
Purchases of investments	(3,873,638)	(719,958)
Redemption of investments	6,387,449	642,562
	2,513,811	(77,396)
Increase (decrease) in cash	(349)	63,080
Cash, beginning of year	92,484	29,404
Cash, end of year	92,135	92,484

Notes to the Financial Statements

1. Operations

The Taskinigahp Trust (the "Trust") was created on June 26, 2006.

Nisichawayasihk Cree Nation (via a wholly owned subsidiary corporation, 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 Wuskwatim Power Limited Partnership. The purpose of the 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 (\$1,500,000 in 2006 and \$4,200,000 in 2008) were paid to Taskinigahp Trust.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Revenue recognition

Interest income is recognized on an accrual basis as earned. Realized gains (losses) are recognized as investments mature or are sold. Transmission benefits are recognized as it becomes receivable under the terms of applicable Trust Indenture.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the period in which they become known.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

Amortized Cost:

The Trust has classified the following financial assets in the amortized cost category: cash and accounts receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash and accounts receivable are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The Trust has classified the following liabilities in the amortized cost category: accounts payable and accrued liabilities and due to related party. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Accounts payable and accrued liabilities and due to related party are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Fair Value:

The Trust has classified the following financial asset in the fair value category: portfolio investments. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Portfolio investments are subsequently measured at their fair value. Investments in equity instruments that do not have quoted market prices in an active market are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in the statement of remeasurement gains and losses as a remeasurement gain or loss, until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in the statement of remeasurement gains and losses is transferred to the statement of operations.

3. Internal restrictions

Taskinigahp Community Development Account

The Taskinigahp Community Development Account shall be used:

- i) to implement the NCN Adverse Effects Agreement, administer the Taskinigahp Trust, and conduct the Community Involvement Process;
- ii) for the economic, social and cultural development of Nisichawayasihk Cree Nation and its Members;
- iii) for the physical development of Nisichawayasihk Cree Nation Reserve;
- iv) for environmental monitoring and resource management programs;
- v) for operations and maintenance of Capital Works;
- vi) 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
- vii) for such other purposes approved by Chief and Council following the Community Involvement Process.

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 Project Development Agreement (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 Note 1.

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.

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. The account shall be used for resource development and management programs within the 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:

- i) 75% of transmission benefits and all related income will be used to fund resource programs and activities;
- ii) 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 (\$237,095 of restricted capital existed at December 31, 2012).

Taskinigahp Claims Account

The Taskinigahp Claims Account shall be used for:

- i) the payment of claims and costs in accordance with NCN Adverse Effects Agreement;
- ii) the reasonable costs of the arbitrator arising out of claims under the NCN Adverse Effects Agreement;
- iii) the reasonable costs to investigate claims; and
- iv) 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.

3. Internal restrictions *(Continued from previous page)*

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.

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, 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.

4. Due to related party

	2012	2011
Due to Taskinigahp Trust Office	83,811	33,781

During the year, Taskinigahp Trust transferred \$363,000 (2011 - \$365,250) to Taskinigahp Trust Office and \$2,800,000 (2011 - nil) to Taskinigahp Power Corporation to fund programs in accordance with the Community Involvement Process. Amounts due to Taskinigahp Trust Office are unsecured, non-interest bearing and have no fixed terms of repayment.

Taskinigahp Trust is related to both Taskinigahp Trust Office and Taskinigahp Power Corporation by virtue of common control by the Chief and Council of Nisichawayasihk Cree Nation.

5. Accumulated surplus and net financial assets

	2012	2011
Accumulated surplus from operations	3,352,117	5,894,018
Accumulated remeasurement gains	166,081	286,792
	3,518,198	6,180,810

6. Fair value of financial instruments

Financial instruments recorded at fair value in Taskinigahp Trust consist of: portfolio investments.

Fair value hierarchy:

Beginning January 1, 2011, assets and liabilities recorded at fair value on the statement of financial position are measured and classified in the hierarchy consisting of three levels for disclosure purposes. The three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1: Unadjusted quoted prices in an active market for identical assets and liabilities.

Assets of the Trust are measured at fair value and classified Level 1 include portfolio investments.

- Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 2 inputs include quoted prices for assets in markets that are considered less active. There are no assets of the Trust measured at fair value classified as Level 2.

- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.

Level 3 assets and liabilities would include financial instruments whose values are determined using pricing models, discounted methodologies, or similar techniques, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. There are no assets of the Trust measured at fair value classified as Level 3.

7. Nature and extent of risk arising from financial instruments

Market Risk:

Market risk arises from changes in interest rates that affect Taskinigahp Trust's interest income. Exposure to this risk directly impacts Taskinigahp Trust's income from its portfolio investments. Taskinigahp Trust's objective is to earn an acceptable net return on these portfolio investments, without taking unreasonable risk, while meeting beneficiaries' needs.

Risk measurement:

Taskinigahp Trust's risk position is measured and monitored each month to ensure compliance with policies as noted in the Trust Indenture. Management provides monthly reports on these matters to the Trustees of Taskinigahp Trust.

Objectives, policies and processes:

Corporate Trustees are responsible for managing Taskinigahp Trust's interest rate risk, monitoring portfolio investments and compliance with policies. Taskinigahp Trust manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by Nisichawayasihk Cree Nation and the Corporate Trustees.

Schedule 1 - Statement of Portfolio Investments

	2012	2011
Community Development Account		
Treasury Bills, 0.9%	68,830	749,475
Canada bonds:		
Canada Housing TR#1, 4.55%	-	681,734
Provincial bonds:		
Province of Alberta, 2.75%	-	365,348
Province of Quebec, 4.5% due 1/12/2016	673,153	788,347
	673,153	1,153,695
Corporate bonds:		
Bank of Nova Scotia, 4.56% due 30/10/2013	584,911	695,917
Bank of Nova Scotia Deposit Note, 3.35% due 18/11/2014	515,690	521,170
CIBC Deposit Note, 3.95% due 14/07/2017	612,072	704,286
Royal Bank SNR Deposit Note, 4.71%	-	221,636
Transcanada Pipelines, 5.05%	-	480,312
Wells Fargo Financial Canada, 4.38% due 30/06/2015	603,881	704,537
	2,316,554	3,327,858
Total Portfolio Investments - Community Development Account	3,058,537	5,912,762
Resource Account - General		
Treasury Bills, 0.9%	49,873	-
Treasury Bills, 0.9%	159,605	28,876
Total Portfolio Investments - Resource Account - General	209,478	28,876
Resource Account - Savings		
Treasury Bills, 0.9%	94,759	59,958
Canada bonds:		
Canada Housing TR#1, 4.55%	-	7,231
Corporate bonds:		
Bank of Nova Scotia, 4.56% due 30/10/2013	7,183	7,381
Bank of Nova Scotia Deposit Note, 3.35% due 18/11/2014	20,628	20,847
CIBC Deposit Note, 3.95% due 14/07/2017	8,590	8,537
Hydro One Inc. Series 25, 3.2% due 13/01/2022	62,185	-
Royal Bank SNR Deposit Note, 4.71% due 22/12/2014	7,414	7,568
Wells Fargo Financial Canada, 4.38% due 30/06/2015	28,605	28,822
	134,605	73,155
Total Portfolio Investments - Resource Account - Savings	229,364	140,344
	3,497,379	6,081,982

The cost of the investments as December 31, 2012 was \$3,331,293 (December 31, 2011 - \$5,795,186).

Schedule 2 - Schedule of Financial Position by Fund

	Community Development Account	Resource Account General	Resource Savings Account	Claims Account	Seven Generations Account	Seven Generations Growth Account	2011	2012	2011
Financial assets									
Cash	54,256	6,603	20,957	10,319	-	-	92,135	92,135	92,484
Accounts receivable	18,855	207	1,382	-	-	-	20,444	20,444	47,924
	73,111	6,810	22,339	10,319	-	-	112,579	112,579	140,408
Portfolio Investments (Schedule 1)	3,053,537	209,478	229,364	-	-	-	3,497,379	3,497,379	6,081,982
	3,131,548	216,288	251,703	10,319	-	-	3,609,958	3,609,958	6,222,390
Liabilities									
Accounts payable	7,949	-	-	-	-	-	7,949	7,949	7,799
Due to Taskinigahp Trust Office (Note 4)	34,036	46,425	-	3,350	-	-	83,811	83,811	33,781
Due to (from) funds	(3,096)	-	-	3,096	-	-	-	-	-
	38,889	46,425	-	6,446	-	-	91,760	91,760	41,580
Accumulated surplus and net financial assets (Note 5)	3,092,759	169,863	251,703	3,873	-	-	3,518,198	3,518,198	6,180,810

Schedule 3 - Statement of Operations and Changes in Accumulated Surplus and Net Financial Assets by Fund

	Community Development Account	Resource Account General	Resource Savings Account	Claims Account	Seven Generations Account	Seven Generations Growth Account	2011	2012	2011
Revenue									
Interest income	175,113	1,477	5,441	16	-	-	182,047	182,047	235,686
Realized gains (losses)	49,953	-	(184)	-	-	-	49,769	49,769	(8,970)
Transmission revenue	-	291,962	97,321	-	-	-	389,283	389,283	214,421
	225,066	293,439	102,578	16	-	-	621,099	621,099	441,137
Expenses									
Transfer between funds	(10,000)	-	-	-	-	-	-	-	-
Transfer to Taskinigahp Trust Office	(198,150)	(154,850)	-	10,000	-	-	(363,000)	(363,000)	(365,250)
Transfer to Taskinigahp Power Corporation	(2,800,000)	-	-	(10,000)	-	-	(2,800,000)	(2,800,000)	-
	(3,008,150)	(154,850)	-	-	-	-	(3,163,000)	(3,163,000)	(365,250)
Annual surplus (deficit) from operations	(2,783,084)	138,589	102,578	16	-	-	(2,541,901)	(2,541,901)	75,887
Accumulated surplus from operations, beginning of year	5,714,493	31,274	144,394	3,857	-	-	5,894,018	5,894,018	5,818,131
Accumulated surplus from operations, end of year	2,931,409	169,863	246,972	3,873	-	-	3,352,117	3,352,117	5,894,018
Accumulated remeasurement gains, beginning of year	282,732	-	4,060	-	-	-	286,792	286,792	197,642
Unrealized gains (losses) on investments	(121,382)	-	671	-	-	-	(120,711)	(120,711)	85,150
Accumulated remeasurement gains, end of year	161,350	-	4,731	-	-	-	166,081	166,081	286,792
Accumulated surplus and net financial assets, end of year	3,092,759	169,863	251,703	3,873	-	-	3,518,198	3,518,198	6,180,810

Taskinigahp Trust Office Financial Statements

Notice To Reader

On the basis of information provided by management, we have compiled the statement of financial position by fund of Taskinigahp Trust Office as at December 31, 2012 and the statements of operations, accumulated surplus and changes in net financial assets by fund and cash flows for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Winnipeg, Manitoba

October 9, 2013

MNP LLP
Chartered Accountants

Statement of Financial Position by Fund

	Community Development Fund	Claims Fund	Resource Fund	2012	2011
FINANCIAL ASSETS					
Cash	82,421	25,743	679	108,843	158,121
Due from related parties (Note 3)	35,836	3,537	-	39,373	-
	118,257	29,280	679	148,216	158,121
LIABILITIES					
Accounts payable and accrued liabilities	11,501	-	-	11,501	16,455
Due to related parties (Note 3)	-	-	-	-	28,217
Due between funds	(679)	-	679	-	-
	10,822	-	679	11,501	44,672
Accumulated surplus and net financial assets	107,435	29,280	-	136,715	113,449

Statement of Operation, Accumulated Surplus & Changes in Net Financial Assets by Fund

	Budget 2012	Community Development Fund	Claims Fund	Resource Fund	2012	2011
Revenue						
Taskinigahp Trust funding	363,000	198,150	10,000	154,850	363,000	365,250
Interest	-	1,468	389	-	1,857	2,188
	363,000	199,618	10,389	154,850	364,857	367,438
Expenses						
Administration	5,000	4,669	-	-	4,669	33,179
Audit fees	10,800	14,707	-	-	14,707	9,000
Claims Officer wages	10,000	-	14,424	-	14,424	14,661
Community development plan	5,000	5,000	-	-	5,000	15,000
Community Involvement Process	25,000	25,000	-	-	25,000	38,000
Corporate trustees	20,350	32,894	-	-	32,894	33,851
Fisherman Association	125,000	-	-	125,000	125,000	84,500
Nelson House trustees	32,000	28,447	-	-	28,447	45,996
Professional services	50,000	11,600	-	-	11,600	17,200
Resource management	29,850	-	-	29,850	29,850	64,000
Trappers Association	50,000	50,000	-	-	50,000	45,000
	363,000	172,317	14,424	154,850	341,591	400,387
Annual surplus (deficit)	-	27,301	(4,035)	-	23,266	(32,949)
Accumulated surplus and net financial assets, beginning of year	113,449	80,134	33,315	-	113,449	146,398
Accumulated surplus and net financial assets, end of year	113,449	107,435	29,280	-	136,715	113,449

Statement of Cash Flows

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	312,971	299,062
Cash paid for program expenses	(364,106)	(453,916)
Interest received	1,857	2,188
	(49,278)	(152,666)
Decrease in cash	(49,278)	(152,666)
Cash resources, beginning of year	158,121	310,787
Cash resources, end of year	108,843	158,121

Notes to the Financial Statements

1. Operations

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

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

2. Internal restrictions

As stipulated in the Trust Indenture, the financial position and operations of the Taskinigahp Trust Office have been allocated into Funds with restrictions on the uses of each fund as follows:

The Funds Available (program funding) for any year are the amounts approved through the Community Involvement Process for administering the Taskinigahp Trust Office and funding the various programs, not to exceed the approved budget for that year (\$198,150 for the year ended December 31, 2012).

The funding of the Claims Fund has a first priority over other programs (funded \$10,000 for the year ended December 31, 2012).

Community Development Fund

The Community Development Fund includes transactions related to implementing the Agreement, administering the Taskinigahp 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.

All funds paid to the Resource Fund must be approved during the Community Involvement Process (\$154,850 for the year ended December 31, 2012).

Claims Fund

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

- i) Nisichawayasihk Cree Nation
- ii) its Members, and
- iii) any group, unincorporated association, or corporation whose membership or shareholding is wholly or substantially comprised and controlled by Nisichawayasihk Cree Nation or its Members, for damages and losses suffered resulting from, or attributable to the adverse affects of the Wuskwatim Project and the Wuskwatim Project Related Transmission Facilities.

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.

2. Internal Restrictions *(Continued from previous page)*

Funds at December 31 consisted of the following:

	2012	2011
Taskinigahp Trust	3,873	3,857
Taskinigahp Trust Office	29,280	33,315
	33,153	37,172

3. Due from (to) related parties

	2012	2011
Due from Taskinigahp Trust	83,811	33,781
Due to Nisichawayasihk Trust Office	(44,438)	(61,998)
Total	39,373	(28,217)

During the year, the Taskinigahp Trust transferred \$363,000 (2011 - \$365,250) to the Taskinigahp Trust Office to fund programs in accordance with the Community Involvement Process.

During the year, the Taskinigahp Trust Office transferred \$234,850 (2011 - \$246,500) to the Nisichawayasihk Trust Office to assist in partially funding their programs.

4. Expenses by object

	2012	2011
Transfers to Nisichawayasihk Trust Office	234,850	246,500
NCN Trustee expenses	28,447	45,996
Investment management fees	32,894	33,851
Professional fees	26,307	32,008
Travel	4,122	17,096
Salaries, wages and benefits	14,421	14,659
Administration	253	9,621
Bank charges and interest	297	656
	341,591	400,387



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