



**NISICHAWAYASIHK
& TASKINIGAHTS**
TRUST OFFICE



ANNUAL REPORT 2013





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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, 2013, 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.



Nisichawayasihk Trustees Financial Operations Report

APPROVAL OF ANNUAL AND 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 2013 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 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 & Council

Chief Jerry Primrose

Councillor Marcel Moody

Councillor D'Arcy Linklater

Councillor Joe Moose

Councillor Patrick Linklater

Councillor Ron D. Spence

Councillor Shirley Linklater

NELSON HOUSE TRUSTEES



Chief Jerry Primrose



Councillor Shirley Linklater



Alvin Yetman



David Kobliski

CORPORATE TRUSTEE

Royal Trust Corporation of Canada

BACKGROUND

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

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

FUNDS AVAILABLE FOR 2013

As determined by the Trust Indentures and Community Approval Process (CAP), the amount available for expenditure from the Trust ("Funds Available") for 2013 was \$3,056,216.18. Of this amount, 2,930,120.93 were distributed from the Main Trust, \$73,865.31 from the Investment and Heritage Account and \$52,229.94 from the Recreational Facilities and Programs Sub-Account.

The December 31, 2012 interest payment on the \$40,000,000 Manitoba Hydro Bond was deposited in the amount of \$1,150,000.

In the 2013 financial statements, the accountants have shown transfers of \$1,778,102 to the Nisichawayasihk Trust Office. Also in the 2013 financial statements, the accountants show \$1,278,114 as due to Nisichawayasihk Trust Office. Due to a time issue, the amount of \$1,278,114 was paid on January 3, 2014. These figures represent the total 2013 CAP Budget of \$3,056,216.18.

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 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.

The Recreational Facilities and Programs Sub-Account

The Recreational Facilities and Programs Sub-Account is part of the Nisichawayasihk Trust. As per terms of the Trust Indenture, funds held in Recreational Facilities and Programs Sub-Account must be used "to build or developer recreational facilities on Reserve and for recreation programs for Nelson House." There are no powers to encroach on the capital of this account. In 2013, the Community approved recreation programs and proposals totaling \$52,229.94. The programs and proposals to be funded is determined by the Recreation Board during the year.



FINANCIAL OPERATIONS REPORT

Capital Payments Received by the Trust

The Trust earned a realized capital gain of \$21 in the Recreational Facilities and Programs Sub-Account.

In accordance with Schedule 202 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 1 to December 31, 2013.

Revenue Received and Generated by the Trust

Total revenues generated in 2013 from the Trust Investments were \$1,235,655.95. The revenues (interest and dividends) were recorded in each account as follows:

| | |
|---|-----------------------|
| Main Trust Account | \$1,150,370.59 |
| Investment & Heritage Account | \$26,328.84 |
| Claims Account | \$18.19 |
| Recreation & Program Facilities Account | \$58,938.33 |
| Total Revenue | \$1,235,655.95 |

Investments Held as at December 31, 2013

As at December 31, 2013, the total value of all Trust accounts was \$43,994,629.42. This amount was held in the following accounts and in the following proportions:

Main Trust Account: Total Value

\$41,152,018.25

The Main Trust holds a \$40,000,000 Manitoba Hydro Bonds due 31/12/2014 earning an interest rate of 5.75 percent. This bond pays interest of \$2,300,000 per year, which is used to help fund the CAP Budget each year. In 2014, 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 further term.

The cash held in the Main Trust is \$1,152,018.25 as at December 31, 2013. This high amount of cash reflects the bond interest received but not paid out to the Trust Office until January 3, 2014, again due to a timing issue.

The total value of the Main Trust as at December 31, 2013 is \$41,152,018.25 consisting of the value of the Manitoba Hydro Bond in the amount of \$40,000,000, and cash in the amount of \$1,152,018.25

Investment and Heritage Account:

Total Value

\$1,166,545.97

The Hydro bond held in this account became due June 30, 2013 and was not replaced with a similar bond.

The total value of the Investment and Heritage Account as at December 31, 2013 is \$1,166,545.97 which is currently all in cash.

Claims Account:

Total Value

\$1,934.64

The cash held in the Claims Account is \$1,934.64 as at December 31, 2013.

Recreation and Program Facilities Account:

Total Value

\$1,624,130.56

This account holds a diversified portfolio of high quality bonds worth \$1,457,846.43.

The cash held in the account as at December 31, 2013 is \$166,284.13. The total value of the Recreational Facilities and Programs Sub-Account as at December 31, 2013 is \$1,624,130.56 consisting of the value of the bonds held in the account \$1,457,846.43, and cash of \$16,284.13.

As at December 31, 2013, we estimate the portfolio will generate an annual income of approximately \$54,931. As bonds mature, we will invest the proceeds at prevailing rates for terms of four to seven years.

Markets in 2013

In 2013 we saw the end of a 30-year trend of declining bond yields. Bonds had dropped to historically low yields and in 2013 yields bottomed out and started to increase. Since bond yields and bond values tend to move in opposite directions, we saw some declines in bond values particularly with bonds of longer maturities.

For several years we witnessed very good bond returns as a result of declining bond yields. 2013 was the first year in more than ten years that bonds provided an overall return that was negative. The overall return of a bond is combination of the interest income received and a change in the market value of bonds.

The one-year returns in the Canadian (investment grade) bond markets were:

| | |
|---|---------------|
| Short-term bonds (less than five-year maturity Term Bonds) | 1.74% |
| Medium-term bonds (between five- and 10-year maturity) | -0.63% |
| Long-term bonds (greater than 10-year maturity) | 6.16% |
| All investment grade bonds (short, medium and long) | 1.19% |

The movement of bond yields upward was in part due to improving economic conditions. The U.S. Federal Reserve began to cut back on the money supply it

was providing the market as it felt more comfortable that the improvement in the economy was becoming self-sustaining. There were several positives for the economy in 2013:

- Unemployment is at a five-year low point
- Auto sales are at a seven-year high
- Gas prices have dropped
- And the housing sector, which dragged the U.S. into recession five years ago, is rebounding.

The equity (stock) markets of developed nations had a very good year of returns particularly outside of Canada. The emerging equality markets had more modest returns in 2013.

Canadian companies, as measured by the S & P TSX Capped Composite index, had returns of 13 percent in 2013. That is about 3 percent above long-term averages for Canadian companies.

The U.S. Equity market, as measured by the S & P 500 index, had a very strong year in 2013 with a return of 41.6 percent. This in part is catching up for the weak returns of the U.S. equity market provided in the first decade of the 21st century, when it provided an average return per year of just 1.4 percent over ten years. Since 2010 the U.S. market had an average return of 16.2 percent.



The developed international equity markets (Europe, Australia, Japan) had a return of 31.6 percent in 2013.

The emerging equity markets (e.g., China, India, and Brazil) had returns of 4.3 percent in 2013. The growth in the economies of these developing markets are still far above the growth rates in the developed world but the rates were lower than what investors were expecting.

The returns of the Trust at the end of 2013 were:

| Annualized Returns | 1 Year | 3 Year | 5 Year |
|---------------------------|---------------|---------------|---------------|
| Bonds | 1.8% | 4.1% | 5.4% |
| Canadian Equity | 17.3% | 5.9% | 14.1% |
| U.S. Equity | 42.0% | 18.4% | 14.4% |
| International Equity | 26.1% | 12.0% | 7.1% |
| Total Portfolio | 8.8% | 6.0% | 7.3% |

Outlook

Central Banks kept the overnight lending rates at very low levels in 2013. This is expected to continue for all 2014 as well. There are no inflation pressures on the horizon that are causing concern for central bankers. In 2013 Canadian inflation was 1.2 percent and it is expected to remain calm. When the overnight lending rate is low the rate or yield for short-term bonds tends to be low.

Our forecast is for 10 year bond yields to rise in the next year. Our forecast for Canadian 10 year bond yields to a rise from the current yield of 2.4 to 3.25 percent by February 2015.

Equity market valuations have risen materially, signaling investors are indeed pricing in a sustained global recovery. While the S & P 500 had a very strong year, our view is that the move only approached a fair value from being under-valued. We believe global equity markets generally still lie below fair value.

We believe Canadian and U.S. companies are currently at fair value based on current earnings. With the global recovery gaining traction, stronger revenues and corporate profitability could contribute another leg to the rally.

Our forecast for the S & P 500 index (U.S. Equity) is a level of 2,000 by February 2015 or an increase of 7.5 percent. Our forecast for the S & P TSX Composite is a level of 15,000 by February 2015 or an increase of 5.5 percent.

Prepared by:
ROYAL TRUST CORPORATION OF CANADA
Corporate Trustee

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

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, Jerry Primrose and Curtis Lobster with their alternate David M. 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 2012/2013 fiscal year was \$539,890.60 with NCN fulfilling their obligation and contributed \$55,000 from the 2013 CAP Budget. These funds were transferred to the Gilbert McDonald Arena Finance Department in accordance with the disclosure requirement.



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

- Inspection and repair of HVAC and ice plant systems
- Purchase of tools and equipment needed to operate and maintain the arena
- Installation of energy efficient lighting and furnaces to decrease operating costs and increase comfort level
- Painted and repaired all windows, rink boards, and put in matting in the front lobby and ice rink areas
- Upgrade to all dressing room areas included repair to furnace, new matting and installation of player stalls
- Time delay lighting placed in all dressing rooms
- Renovations of Men's & Women's main washrooms.

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, Manitoba Hydro shall pay compensation to Nelson House.

The reports provided by Manitoba Hydro for the period November 1, 2012 – March 31, 2013 and April 1, 2013 – October 31, 2013 showed no excursions from the compensated range, neither the daily average water level nor the seven or thirty-one day rates of change.

To review the Real-Time Hydrometric Data Graph for the Footprint Lake in Nelson House, Manitoba (05TF001) go to www.wateroffice.ec.gc.ca website, it will provide a water level history and compensation summary for a specific period. The graph search cannot be older than eighteen months old or a future date.

To access the graphs for the water level link type in the above noted link:

1. Select Province: Manitoba
2. Select Footprint Lake at Nelson House (05TF001).



Other Implementation Issues

COMPENSATION LANDS

The 1996 NFA Implementation Agreement provided six parcels of provincial Crown lands (at Suwanee Lake, Wapisi Lake, The Junction, Leftrook Lake, Baldock Lake and Odei River) will be made into NCN reserve lands. Manitoba has already granted NCN an exclusive use permit of 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 – Wapisi 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. one hectare) was under a provincial Land Use Permit issued to Nelson House and was 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 five parcels surveyed | 5 surveyed parcels require Canada approval |
| Fee Simple (1 parcel) | 1.6 | | Manitoba 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 2013 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 Citizens 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:

- To ensure effective implementation of all agreed to components of the PDA
- To ensure that the PDA commitments in contracts are honored as specified
- To ensure all parties fulfill responsibilities to NCN
- To gather information on project progress and communicate with NCN Citizens
- 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 related 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 Manitoba 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 SAFETY MEASURES

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

WINTER SAFETY TRAILS

Five safety trails were originally identified for development, but only two are in use (Trails 1 and 5). Trail 3 was built, but because it runs through a Caribou Breeding Ground with related conservation concerns by both Manitoba 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 Citizens 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 Citizens. Two specific issues identified were the Footprints and the Wuskwatim Village Campsite.



THE FOOTPRINTS

As most NCN Citizens 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 led 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 rock of origination above its original location. NCN elder Wellington Spence and helpers Stanley Spence and 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 percent of settlement proceeds which amounted to \$2.5 million of the adverse effects moneys 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 percent 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 in the Transmission Development Fund to date of which 25 percent 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 Citizens. 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 Citizens 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 percent solely owned by the Nisichawayasihk Cree Nation, has been working closely with the MAC committee. An annual report is provided 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 a 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 Citizens: 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 two million. Over the last six years, 40 percent of the salaries have been used to fund an assistant finance clerk.

WPLP convenience store had 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 \$50,000 to go toward scholarships for NCN Citizens interested in pursuing a career in Environmental Studies. Under the monitoring plan, a Work Plan and budget are submitted to Manitoba Hydro on an annual 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 has been profited from 2006 to 2012; profits will be used over the next five 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 Manitoba Hydro where a pipe ceremony was included. The supplementary agreement covers two areas in commercial terms which cover five investment options for NCN to consider. In a nut shell they are as follows:

Increase Equity Loan Leverage – from 4x to 6x to reduce cash NCN must invest but as a revenue is projected to increase loans under

the expected scenario that will be paid off at approximately the same time

Preferred Units – reduces NCN's Cash investment to 12.154 million (3.93 percent of units) with NCN likely to receive significantly less revenue in exchange for less risk

Annuity Option – calculation at Final Closing to compare 2006 international rate of return (IRR) projection of 16.48 percent 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 Manitoba Hydro will pay NCN an annuity in addition to what NCN is entitled to under the PDA and WPR Agreement

Equity Payments – If by final closing, NCN has paid for 27.5 percent of its units, it will be able to make additional payments for its cash equity up to July 3, 2013

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 options have been consulted with NCN Citizens on and off reserve through small group meetings in NCN and large group meetings 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 Manitoba Hydro for the phase 1 which will focus on the skills inventory of NCN Citizens on and off reserve. NCN has identified the following; sustainability and financial stability; establishing a top notch HR department

for our Cree Nation and developing a skilled NCN laborer force. NCN focused on operational jobs on Wuskwatim, first of which three NCN Citizens have been hired on with Manitoba Hydro operations, and focus on other operational jobs within Manitoba 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 \$50,000 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 has in conjunction with MAC monitoring overview.



Worker Family Surveys

A follow-up survey was completed by AOL with assistance from InterGroup consultants on business survey spin off in Thompson and NCN. Results of the survey will be reported later to the 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 through 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:

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.

Environment Illimite' Inc. – Specializing in Greenhouse gas monitoring (air), Aquatic monitoring and Sediment Management (water).

Wildlife Resource Consulting Services (WRCS) – Specializing in big/small game animals, and mammals such as; beaver, mink, muskrat, otter and Caribou studies.

Eco-stem – Shoreline/wetland monitoring using transplanting of plants to improve on fish habitat areas.

Native Plant Solutions – Shoreline re-establishment/stabilization methods using different types of plants/willows to help stabilize shorelines (erosion measures).

Red Hen – Training on GPS (Global Positioning System), camera and video surveillance on shorelines (Surveying and Monitoring of the Land).

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 three months.

This work has been done since the 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, and clear cutting certain areas. All together 20 more AOL workers were hired to perform this job, which lasted more than six weeks of employment.

AOL coordinates an annual monitoring open house. The annual informational open house took place at the O.K. 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. Both 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 socio-economic 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 Citizens wishing to access the area for traditional activities (medicine gathering or trapping) should contact the Implementation Office to obtain a permit, and the office will contact the access road gatehouse to advise that the Members will be coming to the area.

NCN and Manitoba 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 to the Access Management protocol during the construction phase. The partnership will review the access management in five years to determine if it is feasible and required to have security service. Security will have staff 24/7 with security cameras installed.

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 started in the spring of 2010. The transmission project is on schedule and has been completed.



Community Approval Process

RESULTS OF THE 2013 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 2013 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 five meetings to review funding applications and prepared a recommended 2013 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 in Thompson to review the CAP/CIP guidelines as done in previous years, specifically in the following provisions:

- Elections of Officers (Chair, Vice Chair)
- Quorum of Committee
- Conflict of Interest Guidelines.

After reviewing the CAP/CIP Guidelines, the committee proceeded to electing the officers, with Roslyn Moore elected as Chair and Jeremiah Spence elected as Vice Chair.

Prior to reviewing the application, the committee reviewed and took into consideration NCN's Community Development Plan and Chief & Council's 2010 Community Priorities. The Committee reviewed and ranked each application in order of priorities. The members shared questions or concerns with individual applications and then prepared questions for each application to address 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 three days to deliberate the Applications. Each application was rated in accordance to criteria established on the score card, and a minimum of three questions were prepared for each application.

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.

The Community also gave the members present an opportunity to rate the presenters on the score card.

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 & Taskinigahp Trusts which were as follows:

| FUNDING SOURCE | FUNDS AVAILABLE |
|-------------------------------------|-----------------------|
| Nisichawayasihk Trust | 1,834,847.13 |
| Investment & Heritage Account | 19,139.11 |
| Recreation Sub-Account | 52,229.94 |
| Re-Disclosure of Funds | 123,192.89 |
| Taskinigahp Trust Assets | 120,500.00 |
| Wuskwatim TDF | 460,670.00 |
| Settlement Proceeds (Income Earned) | 225,272.00 |
| Total | \$2,835,851.07 |

Re-Disclosure of Funds

The CAP/CIP Committee reviewed all the programs/projects that were funded throughout the years. There were some programs that had unused funds, or were inactive, and some managers were contacted via letter, but NCN Trust Office did not receive a response. The bulk of the re-disclosure of funds came for the Otohowin Gas Bar II, upon consultation with the Manager of the Nelson House Development Corporation. He informed the Committee that these funds were not required immediately due to pending land issues. As a result these funds were used for the 2013 CAP/CIP Budget.

The Manitoba Hydro bond matured on June 30, 2013, and as a result the main trust only generated six months of income. With the limited distribution of funds it was challenging for the Committee to allocate.

The Committee then proceeded to reviewing the assessment results of three sessions. The final step of the process was allocating funds in the following order:

- Mandatory funded programs in accordance with the two agreements
- Applications rated high
- Applications based on community needs.

This process prepared the 2013 recommended budget.

BOND EXTENSION & WATER RENTAL REBATE

Additional funding was allocated from interest earned on the \$40-million Manitoba Hydro Bond extension and funding received from Water Rental Rebate. The funds available from the Nisichawayasihk Trust and Taskinigahp Trust were as follows:

| FUNDING SOURCE | FUNDS AVAILABLE |
|--|-----------------------|
| Manitoba Hydro Bond Extension Interest | \$1,150,000.00 |
| Water Power Rental Rebate | \$829,446.53 |
| Total | \$1,979,446.53 |

On June 6, 2013 the CAP/CIP Committee reconvened to review the initial applications received and followed the same process initiated at the beginning of the year. This process prepared a recommended budget for Chief & Council's consideration and approval.



COMMUNITY APPROVAL PROCESS BUDGET 2013

| Nisichawayasihk Trust PROGRAM | SUB-PROGRAM | BUDGET IN \$ |
|--------------------------------------|---------------------------------------|-----------------------|
| ADMINISTRATION | Administration | 350,000.00 |
| | Corporate Trustee | 32,500.00 |
| | Nelson House Trustees | 14,400.00 |
| | Professional Services | 50,000.00 |
| | Arena O & M | 55,000.00 |
| | Claims Program | 50,000.00 |
| | Community Approval Process | 30,000.00 |
| ECONOMIC DEVELOPMENT | Human Resource Officer | 22,500.00 |
| | NCN Achimowin Radio | 100,000.00 |
| | Off Reserve Assistance Program | 20,000.00 |
| | Summer Student Employment | 50,000.00 |
| EDUCATION | Nutrition Program | 20,000.00 |
| | Post-Secondary Funding | 50,000.00 |
| | Special Education Program | 50,000.00 |
| HOUSING | Housing Equity Fund | 100,000.00 |
| JUSTICE | NCN Justice Program | 64,900.00 |
| | NCN Emergency Services | 275,000.00 |
| PUBLIC WORKS | Grave Yard Maintenance | 10,000.00 |
| | Tractor Repairs | 20,000.00 |
| | Community Clean Up | 5,000.00 |
| | Steel Garbage Bins | 24,000.00 |
| | Repair & Restore St. Patrick's Church | 14,000.00 |
| SOCIAL DEVELOPMENT | NCN Parks & Recreation | 340,000.00 |
| | Rediscoveries of Families Project | 40,000.00 |
| | FCWC Elders Program | 20,000.00 |
| | Promoting Wellness & Community Spirit | 72,309.07 |
| OTHER PROGRAMS | Elders Subsidy | 133,800.00 |
| | NCN Christmas Cheer Board | 30,000.00 |
| TOTAL 2013 CAP/CIP BUDGET | | \$2,029,409.07 |

MANITOBA HYDRO BOND EXTENSION CAP BUDGET 2013

| Nisichawayasihk Trust PROGRAM | SUB-PROGRAM | BUDGET IN \$ |
|--------------------------------------|---|-----------------------|
| ADMINISTRATION | Administration | 50,000.00 |
| | Corporate Trustee | 37,500.00 |
| | Nelson House Trustees | 14,522.00 |
| | Community Approval Process | 7,500.00 |
| | Trust Amalgamation | 100,000.00 |
| CAPITAL PROJECTS | United Church Renovations | 10,000.00 |
| ECONOMIC DEVELOPMENT | Wuskwatim Equity | 500,000.00 |
| | NCN Achimowin Radio | 15,000.00 |
| EDUCATION | Nutrition Program | 10,000.00 |
| | Post-Secondary Funding | 10,000.00 |
| HOUSING | Housing Equity Fund | 100,000.00 |
| JUSTICE | NCN Emergency Services | 80,431.07 |
| PUBLIC WORKS | New Roof & Siding of St. Patrick Church | 10,000.00 |
| | Tractor Equipment | 8,000.00 |
| | Community Clean Up | 5,000.00 |
| SOCIAL DEVELOPMENT | NCN Parks & Recreation | 150,000.00 |
| | Rediscoveries of Families Project | 20,000.00 |
| | FCWC Elders Program | 10,000.00 |
| OTHER PROGRAMS | Elders Subsidy (Off Reserve) | 2,046.93 |
| | NCN Christmas Cheer Board | 10,000.00 |
| TOTAL 2013 CAP/CIP BUDGET | | \$1,150,000.00 |

Implementation Agreement

ADMINISTRATION

The NCN Trust Office administers both the Nisichawayasihk and 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 eight 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 professional 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 percent of the Arena's Annual Budget.
- **Claims Program** – funds are allocated on an annual basis to the Claims Account from the funds available for the Nisichawayasihk and Taskinigahp Trusts, to ensure that a minimum yearly balance of \$50,000 is maintained. Funds are used to compensate an NCN Citizen (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.



Capital Projects

UNITED CHURCH RENOVATIONS

From Nisichawayasihk Trust funds available for distribution in year 2013, \$10,000 was allocated to the United Church for renovations.

Funds were used to replace damaged siding on the outside of United Church and other necessary repairs on the inside of church.



Economic Development

HUMAN RESOURCE SPECIALIST

From Nisichawayasihk Trust funds available for distribution in year 2013, \$22,500 was allocated to the Human Resource Department to partially fund the position of a Human Resource Specialist. The HR Specialist provides support for various Human Resource functions including recruitment, retention, training and development, performance monitoring,

compensation and benefits, conflict resolution, job descriptions development and assistance with policy development. The HR Specialist also provides advice and support to supervisors, managers and staff selection committees to ensure they have accurate and timely information for making effective decisions.

NCN ACHIMOWIN RADIO PROGRAM

From Nisichawayasihk Trust Funds available for distribution for the year 2013, \$115,000 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 Citizens 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.

Feedback from community members, organizations, staff and on-line comments

has advocated significant improvements in the local radio program delivery.

The Radio Station management has achieved most of its operational plan for the year, however they have faced a few barriers requiring some sacrifices to ensure the operation stays within its budgetary limits.



OFF RESERVE ASSISTANCE PROGRAM

From Nisichawayasihk Trust funds available for distribution for the year 2013, \$20,000 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 supports 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 to a maximum of \$500.

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.

During the time of this reporting period the NCN Trust Office did not receive the statistics on how many NCN Citizens benefited from the program.



SUMMER STUDENT EMPLOYMENT PROGRAM

From Nisichawayasihk Trust funds available for distribution for the year 2013, \$50,000 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
- Assists 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. Through this program, Human Resource Department hired a Summer Student Coordinator and placed students in the work force for temporary summer jobs for eight 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 “The Earth Team.” A selection of students were hired for period of four weeks, and then a rotation of another selection of students were hired. “The Earth Team” focused on beautifying the community.

The HR Department hired a total of 50 students. 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 2013, \$500,000 was allocated to the Wuskwatim Equity Project. In March of 2013, the Nisichawayasihk Cree Nation made a further contribution of \$2,800,000 from the compensation funds that were allocated from the 2012 CAP/CIP Budget to the Wuskwatim Power Limited Partnership.

To date, NCN contributed \$16,428,000 in funds to Manitoba Hydro on behalf of the Taskinigaahp Power Corporation (TPC) as part of their investment in Wuskwatim Power Limited Partnership. NCN's required equity of \$22,000,000, according to the terms of the Project Development Agreement (PDA) Supplement II, subject to its execution and signing, brings NCN to within \$5,572,000 of its total required equity.

Education



NUTRITION PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$30,000 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 the common responsibility of the community to arrange and provide for basic needs of every child.

During the time of this reporting period the NCN Trust Office did not receive the statistics on how many NCN Citizens benefited from the program.

POST-SECONDARY PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$60,000 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 per student if student has dependants
- \$50 per student if student is single.

During the time of this reporting period the NCN Trust Office did not receive the statistics on how many NCN Citizens benefited from the program.

SPECIAL EDUCATION PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$50,000 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 2013 year are as follows:

- Assessment and Identification of students with special needs – to date 250 individualized educational programs have been in place on students.
- Psychological Educational Assessments – 25 assessments were completed by Dr. Craig in 2013.
- Individualized Education Programs to

address the needs of students who are identified as level 2 and level 3 – 200 individualized education plans have been developed.

- Resource Support and support materials – 26 Educational Assistants have been hired along with hallway monitors, two guidance counsellors and a SLP assistant.

The program continues to retain partnerships with resources in the community and agencies such as CNIB, FNIB, and Manitoba Association for Deaf & Hard of Hearing, MFNERC, FASD Community Coordinator, Medicine Lodge, Family & Community Wellness Center, Local Nursing Station, Personal Care Home, ATEC, and Burntwood Health Care Centre. Representatives from partner organizations have visited the school and continue to be involved each month with the special needs children.

Housing

HOUSING EQUITY FUND

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$200,000 was allocated to the annual budget of the Nisichawayasihk Housing Authority for the Home Equity Fund.

The overall intent of this project is to secure mortgage loans for successful housing applicants.

During the time of this reporting period the NCN Trust Office did not receive the statistics on how many NCN Citizens benefited from the program.





NCN JUSTICE PROGRAM

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$64,900 was allocated to the annual budget of the Nisichawayasihk Cree Nation to financially support the NCN Justice Program.

The integrated essential services include the Community Justice Group, NCN Policing Service and Probation Services. The coordination of these services achieved better results in combating crime in the community.

Community Justice Group

The Community Justice Group (CJG) consists of five 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.

The CJG also implements and coordinates the following services:

- Provides a community consultation function with the RCMP. The Sergeant or Corporal of the RCMP attends the justice meetings to provide RCMP statistic reports and provide background information on referrals before the Justice Group
- Provide Community Corrections Services by receiving reports from the courts on those who are referred to for diversions,

provide reports to the judge on the status of individuals on those referred to the CJG. The Justice Coordinator attends court to obtain referrals from first time offenders

- Provides Chief & Council with recommendations.

NCN Policing Services

The NCN Police carry out spot checks and operates 24 hours, seven days 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 intoxicated 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 four full-time constables and three 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, and is responsible for the overall management of pre- and post-charge referrals from the courts and ensures matters are resolved through the community processes.

NCN EMERGENCY SERVICES

From annual earnings of Nisichawayasihk Trust and funds available for distribution in 2013, \$355,431.07 was allocated to the annual budget of the Nisichawayasihk Cree Nation to financially support the NCN Emergency Services Program.

The Fire and Emergency Services Department provides immediate responses to fire and other urgent emergencies. They are available 24 hours a day and seven days a week. The department complements a fire chief, deputy chief, engages four on call Fire Personnel to respond to fires only, four full-time dispatchers and four ambulance technicians.



Public Works

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

From the Nisichawayasihk Trust funds available for distribution in year 2013, \$10,000 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.

TRACTOR & EQUIPMENT REPAIRS

From the Nisichawayasihk Trust funds available for distribution in year 2013, \$20,000 was allocated to the Public Works Department Tractor Repairs.

Funds were supposed to be used to repair the tracks and wheels on the skid steer, however the quotes obtained from business were extremely high, the costs of parts were higher than what the Public Works Manager expected. The manager will continue to seek out quotes preferably at lower costs.

COMMUNITY CLEAN UP

From the Nisichawayasihk Trust funds available for distribution in year 2013, \$10,000 was allocated to the Public Works Department for an annual Community Clean up.

The annual community clean up was completed by mid-June, was another successful event. The Public works Crew collected approximately five thousand garbage bags.



GRAVE YARD MAINTENANCE

From the Nisichawayasihk Trust funds available for distribution in year 2013, \$10,000 was allocated to the Nisichawayasihk Cree Nation for the maintenance of all graveyards in the community.

During the time of this reporting period the NCN Trust Office did not receive a report on the status of the project.

STEEL GARBAGE BINS

From the Nisichawayasihk Trust funds available for distribution in year 2013, \$24,000 was allocated to the annual budget of the NCN Public Works Department to its Solid Waste Management Program. These funds were used to purchase 40 steel bins for proper disposal of garbage.



Social Development

NCN PARKS & RECREATION PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2013, \$490,000 was allocated to the NCN Parks & Recreation Program to carry out its objectives as outlined in their 2013 operational plan.

The Parks & Recreation Program operates under supervision of a five member board. The board's responsibility is to develop a mission statement, short and long-term goals & objectives, and an operational program plan that will meet the needs of all NCN Citizens residing on reserve.

The NPR Board, in conjunction with the Parks & Recreation Superintendent, has had considerable amount of planning sessions to determine which programs would be offered for the 2013 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 and to narrate a few they are as follows:

January to March

- Basketball Program
- Intramurals (Cup Stacking, Lacrosse & Dodge ball)
- Evening Basketball Program
- Badminton Program
- Volleyball Program
- World Series of Sports
- Broom Ball Program
- Sponge Puck Hockey Program
- Minor Hockey Program
- Swimming Program
- Children's Day
- Girls Day
- Family Fishing Derby
- Ice Fishing Derby
- Annual Top Student Award Trip to Brandon, Manitoba.



April to June

- Staff Fish Derby
- Annual Volleyball Tournament
- NCN Children's Day
- Penny Drive
- Mother's Day Mini-Festival
- Pre-Season Slow-Pitch Tournament
- Father's Day Mini-Festival
- Bicycle Rodeo.

July to December

- Youth Basketball Program
- Intramurals
- Volleyball Competitions Program
- Open Gym Nights
- Recreation Symposium
- Track & Field
- Soccer Program
- Youth Volleyball Program
- Terry Fox Run
- Camping Expeditions at Osik Lake
- NAIG Soft Ball Tryouts
- Speed Skating Competition
- Sponge Hockey Tournament
- Children's Day
- Weight Training & MMA – Self Defence Program
- Christmas Events.

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



REDISCOVERIES OF FAMILIES PROGRAM (RDF)

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2013, \$60,000 was allocated to the annual budget of the Family and Community Wellness Centre to operate its Rediscoveries of Families Program and to carry out its objectives as outlined in their 2013 operational plan.

The RDF Program achieved its objectives as set out in its operational work plan with the main focus being on six areas:

- “Nehethawe Mithawayawin” to focus on using the Cree knowledge and traditional Ceremonies as a way of promoting pride in our cultural identity for health and wellness. Families were taken to various ceremonies in Manitoba such as the sun dance ceremony. Weekly sweat lodge ceremonies were provided by different elders in the community.
- Provide families with the support required to identify family strengths and other issues that have had a negative impact on family functioning, and to find practical solutions that can be used in everyday life. Families were provided with workshop sessions that educated them on parenting skills; traditional life cycle, enhancing couple relationships, kinship and relational systems. Raise awareness of our values, beliefs, and traditions. Relating to the relationships in their families.
- Reconnecting with the land as a source of food, medicine and spirituality. Despite being evacuated from out of the camp site of Leftrook Lake, we explored different resource areas of our community to pick medicine and berries. Children enjoyed swimming and exploring the land. Being with nature is a natural therapeutic resource to all. Sweat lodge ceremonies and building of the teaching lodge were all part of the spiritual practices.
- To provide traditional teachings that allows families to begin to relate to each other in a kinship relationship system and create an understanding of each other’s roles and responsibilities in their own family unit. Families were taught how to put a family genogram of their family together. They are taught in both Cree and English the relational system and how to refer to their relatives.
- Raise awareness of values, beliefs, and traditions as these relate to their relationships in their families. While at camp, youth, children and parents naturally followed our Cree value and belief system such as minisiwin and showing respect to each other.
- To meet provincial regulations on delivery of services. There were a series of boat safety courses and first aid to provide community members of NCN boat safety. A swimming safety course was also implemented.



FCWC ELDERS PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2013, \$30,000 was allocated to the annual budget of the Family and Community Wellness Centre to operate its Elders Program and to carry out its objectives as outlined in their 2013 operational plan.

The Elders Program achieved its objectives as set out in its operational work plan with the main focus being on four areas:

- To provide support, promote and sustain healthy relationships with the elders. The program implemented activities with the elders such as; elders day & field events, police academy, elders Halloween party, sightseeing, etc.
- To provide traditional teachings that
- allow participations to share knowledge that they have with others. The program implemented outings with elders such as berry picking, medicine picking, harvesting, etc.
- To promote healthy living to participants. The program implemented activities such as planting vegetables, awareness workshops on nutrition and diabetes and nutrition bingo.
- To educate community members on traditional teachings aimed at promoting cultural identity while learning the norms of our ancestors. The program implemented outings with elders such as Elders duck preparing and cooking ducks, gathering of elders for bannock and tea, sun dance ceremonies and other cultural ceremonies.

PROMOTING WELLNESS & COMMUNITY SPIRIT

From the Nisichawayasihk Trust funds available for distribution in 2013, \$72,309.07 was allocated to the annual budget of the Gilbert McDonald Arena to purchase and install an underlay and turf inside the arena.

The objective is to turn the arena into a year-round sporting complex and gathering place for NCN Citizens and visitors.



Other

ELDERS SUBSIDY ON RESERVE PROGRAM

From the Nisichawayasihk Trust funds available for distribution in 2013, \$133,800 was allocated to NCN Trust Office to provide community elders with a monthly subsidy of \$100.

The subsidy is to supplement their pensions and other benefits, and to assist with the high

costs of hydro bills. A total of 117 elders were subsidized in 2013.

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.

2013 was a very busy and successful year for the NCN Christmas Cheer board, with the \$40,000 received from the Nisichawayasihk Trust and donations received from various organizations; we were able to meet our objectives.

The Nelson House Christmas Cheer board provided 858 gifts for children, newborn to 12 years of age living in the community and 460 food hampers to each household.

The Nelson House Christmas Cheer board is fortunate to have volunteers from the community, Roman Catholic Church Group whom worked long hours wrapping, organizing the Christmas gifts into age categories and preparing for delivery. Other dedicated volunteers such as RCMP members, Trust Office Staff, NCN Staff and students from the school faced the cold and slippery roads to ensure that the Christmas gifts and food hampers were delivered to all the homes. It is these volunteers that truly make the Christmas Cheer board such a special community based operation.



Taskinigahp Trustee's Financial Operations

TASKINIGAHP TRUSTEES



James Warren



Darcy Linklater Jr.



Patrick Linklater



Jacqueline Hunter

CORPORATE TRUSTEE

The Canada Trust Company (TD Waterhouse Private Trust)

Taskinigahp Trust

The Taskinigahp Trust was established in June 2006. The duties and responsibilities of the Trustees are contained in the Trust Indenture, 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, Claims Account, Resource Account and the Resource Sub-Account.

Each year the Trustees are required to provide 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 narrative report on the expenditures from the Trust and the Trust operations including how the Transmission Benefits were used.

FINANCIAL OPERATIONS REPORT

Capital Payments Received by the Trust

Initial settlement proceeds in the amount of \$5,700,000 were received from Manitoba Hydro in accordance with the NCN Adverse Effects Agreement.

Transmission Benefits

Transmission Benefits, in the amount of \$310,019, were received for the period. Of this amount, 75 percent (\$232,514) is available for Resource projects in the year received and 25 percent (\$77,505) is retained to generate future income.

Water Rental Payments

Water Rental Payments totaled \$1,641,054 for the year. Of this amount, 90 percent (\$1,474,949) is available in the year received for community programs and services and 10 percent (\$164,105) is credited to the Seven Generations Growth Account for future uses.

Revenue Received and Generated by the Trust

The total interest generated and net capital gains realized for the period from Trust investments was \$129,359.

Capital Payments Disbursed from the Trust

Capital payments paid to NCN totaled \$1,635,889. Of this amount, \$1,201,517 represents payments from the Community Development Account, which was applied towards various projects approved by CIP; \$419,372 represents payments from the Resource Account to the Fisher and Trappers Association and \$15,000 from the Claims Account for damage to personal property.

Investment Activities of the Trust

The settlement proceeds were invested in a laddered bond portfolio consisting of Federal and Provincial Government bonds and corporate bonds which meet the investment parameters of the Trust Indenture. All investment decisions, with the exception of short-term investments, require the approval of the NCN Trustees. The sale of any investments requires 21 days notice to be provided to Chief and Council and Members.

Investment held at December 31, 2013

As at December 31, 2013 the Trust had a total value of \$4,402,517. The Auditor's financial report and opinion are attached.



Nisichawayasihk Cree Nation

NCN Taskinigahp Trust

Ensuring the Vision of Our Children & Our Children's Children...



COMMUNITY INVOLVEMENT PROCESS BUDGET 2013

| Taskinighp Trust PROGRAM | SUB-PROGRAM | BUDGET IN \$ |
|---------------------------------|--|---------------------|
| ADMINISTRATION | Capital Assets (Social-Cultural & Spiritual Issues) | 100,000.00 |
| | Claims Program | 15,000.00 |
| | Annual Audit Fees | 20,000.00 |
| | Corporate Trustee | 26,250.00 |
| | Community Involvement Process | 30,000.00 |
| | Professional Services | 40,000.00 |
| | Nelson House Trustees | 14,400.00 |
| ECONOMIC DEVELOPMENT | Wuskwatim Equity | 2,000,000.00 |
| EDUCATION | Student Supports - Peetapun Project | 150,000.00 |
| | ATEC O & M | 49,000.00 |
| RESOURCE & LAND USE | Trappers Program | 100,000.00 |
| | Fisherman Association | 100,000.00 |
| | J.M. Elders Traditional Program | 110,670.00 |
| | Country Foods Program | 100,000.00 |
| | NCN Resource Management | 50,000.00 |
| SOCIAL DEVELOPMENT | Promoting Wellness Community Spirit | 1,122.00 |
| TOTAL TASKINIGAHP TRUST | | \$806,442.00 |

Capital Assets were allocated for Wuskwatim Business Equity Development of \$2,000,000, funding will be pending on the referendum results on the Taskinighp Trust Amendments and Social Cultural & Spiritual Issues of \$100,000, funding will be accessed from the Adverse Effects Payments, under 6.4.12 of the Project Development Agreement as NCN's contribution. These amounts do not form part of the 2013 CIP Recommended Budget, but has to go through the community involvement process.

WATER RENTAL & LAND REBATE CIP BUDGET 2013

| Taskinigahp Trust PROGRAM | SUB-PROGRAM | BUDGET IN \$ |
|--------------------------------------|--|---------------------|
| ADMINISTRATION | Administration Costs | 8,000.00 |
| | Community Involvement Process | 7,500.00 |
| | Transmission Benefits | 49,335.00 |
| CAPITAL PROJECTS | O.K. School Roof | 200,000.00 |
| EDUCATION | Student Supports – Peetapun Project | 50,000.00 |
| | ATEC O & M | 150,089.53 |
| RESOURCE & LAND USE | Trappers Program | 25,000.00 |
| | Fisherman Association | 25,000.00 |
| PUBLIC WORKS | J.M. Elders Traditional Program | 50,000.00 |
| | Country Foods Program | 100,000.00 |
| SOCIAL DEVELOPMENT | Promoting Wellness & Community Spirit | 66,568.93 |
| OTHER PROGRAMS | Elders Subsidy (Off Reserve) | 97,953.07 |
| TOTAL 2013 CAP/CIP BUDGET | | \$829,446.53 |



Capital Projects

O.K. SCHOOL ROOF REPAIRS

From annual earnings of Taskinigahp Trust and funds available for distribution in 2013, \$200,000 was allocated to the Nelson House Education Authority for roof repairs at the O.K. Elementary School.

The removal and replacement of the school roof project was completed by Bearpaw's Engineering & Construction. The project was initiated and completed within the timeframes and budgets allocated.

The Bearpaw's Engineering & Construction used services to the maximum extent possible such as local labour. They also purchased supplies and materials locally from Meetah Building Supplies and services from NCLP.



Economic Development

WUSKWATIM EQUITY

Funds in the amount of \$2,000,000 from the Taskinigahp Adverse Effects Settlement Proceeds were allocated to the Wuskwatim Equity Project. These funds do not form part of the annual budget and can only be accessed pending the referendum results of the Taskinigahp Trust Amendments.



Education

STUDENT SUPPORTS (PEETAPUN PROJECT)

From annual earnings of Taskinigahp Trust and funds available for distribution in 2013, \$200,000 was allocated to the Atoskiwin Training & Education Centre to carry out its objectives as outlined in their 2013 Student Supports operational plan.

Peetapun Student Supports Project achieved its objectives as set out in its operational

work plan with the main focus being on three areas:

- Increase participation of NCN Citizens in educational and training programs
- Raise academic standards of ATEC Programming
- To facilitate a Balance Lifestyle Program.

ATEC OPERATIONS & MAINTENANCE

From annual earnings of Taskinigahp Trust and funds available for distribution in 2013, \$199,089.53 was allocated to the Atoskiwin Training & Education Centre to assist with the operations and maintenance costs of the Centre.

ATEC O & M achieved its objectives as set out in its operational work plan with the main focus being on three areas:

- **Investing in our people** – by delivering the appropriate courses that fosters growth and development academically.
- **Provide student support** – by providing day care services, internet services, and transportation and providing school supplies.
- **Maintain ATEC Building** – annual maintenance of heating and ventilation inspections to satisfy the provincial regulations and to meet the required annual insurance premium coverage.



Resource & Land Use

COUNTRY FOODS PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2013, \$200,000 was allocated to the Country Foods Program to carry out its objectives as outlined in their 2013 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 2062.86 pounds of wild food and served 628 community members. The program also harvested 3,220.83 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.



JACK MOORE ELDERS TRADITIONAL PROGRAM

From the Nisichawayasihk Cree Nation Trust funds available for distribution in 2013, \$160,670 was allocated to the Jack Moore Elders Traditional Program (ETP) to carry out its objectives as outlined in their 2013 operational plan.

The ETP employs a Coordinator, elders' supervisor, three elders and three 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 60 students participated in the program. There were three 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 a total amount of \$1,950 in sales from visitors as well as custom orders.



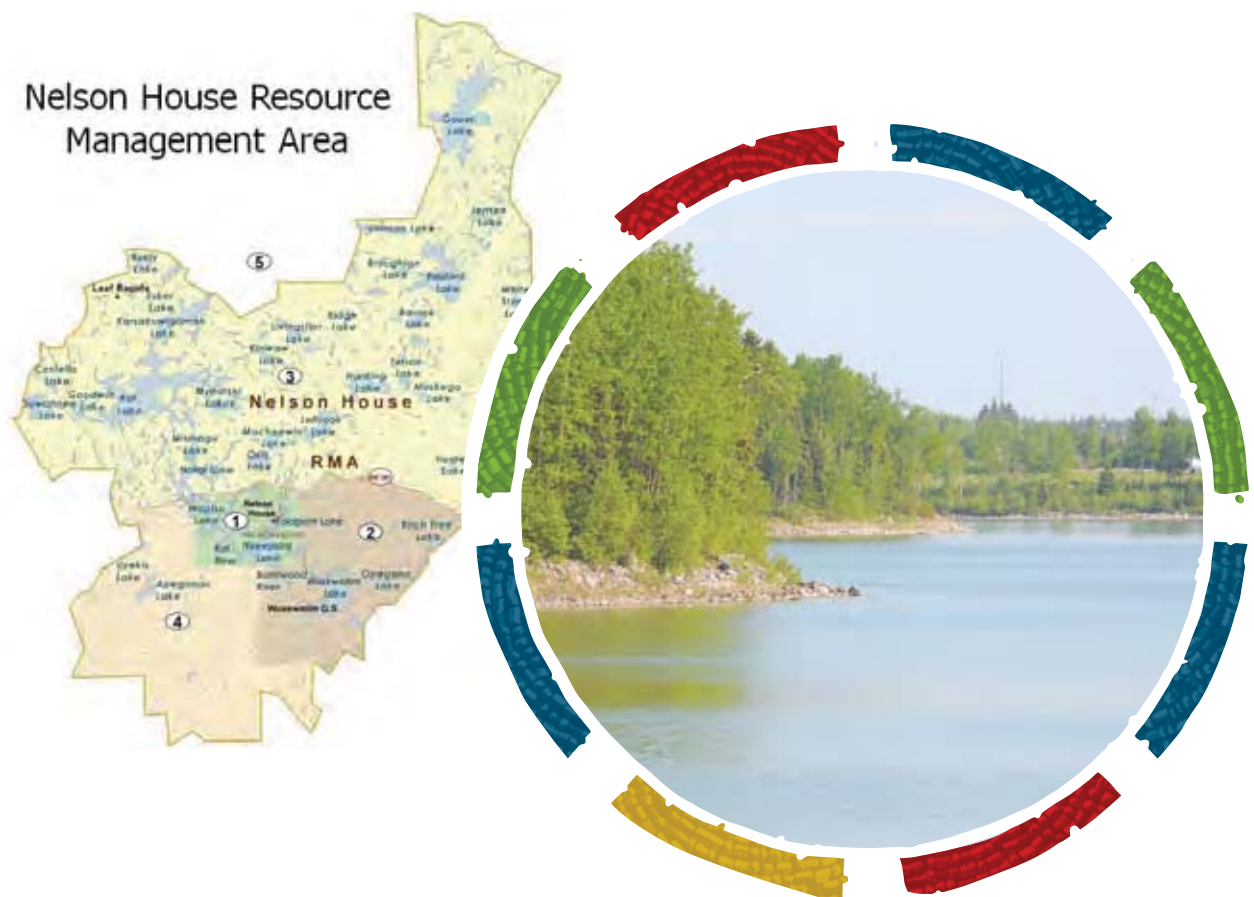
NCN RESOURCE MANAGEMENT BOARD (RMB)

From the Nisichawayasihk Trust funds available for distribution in 2013, \$50,000 was allocated the NCN Resource Management Board to achieve the RMB's objectives as set out in its 2013 operational plan. Under the supervision of the Natural Resource Secretariat and Council Portfolio holder the board manages 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 RMB welcomes two 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 distribution and will be uploaded on to the NCN Trust Office website at www.trustoffice.ca.



FISHERMAN ASSOCIATION

From the Taskinigahp Trust funds available for distribution in 2013, \$125,000 was allocated to the Nelson House Fisherman Association (NHFA) carry out its objectives as outlined in their 2013 operational plan.

The NHFA is governed by a six-member board and employs a part-time manager, a seasonal grader, packer runner and 20 licensed fisherman. 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 Manitoba 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 \$18,661.33 and received \$17,396.26 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 percent deposit to CEDF for the financial equipment loan.

Fisherman earning a minimum of \$8,400 in production may be eligible for employment insurance from Service Canada. This year two fisherman qualified for employment insurance.



TRAPPERS ASSOCIATION

From the Taskinigahp Trust funds available for distribution in 2013, \$125,000 was allocated to the Nelson House Trappers Association (NHFA) to carry out its objectives as outlined in their 2013 operational plan.

The NHTA is governed by a four-member Fur Council and employs a part-time manager. 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 trapper's mobility (trucks, gas and operation) also remain the same.

The NHTA Fur Council, meets regularly and also participates in annual events such as:

- Provincial General Meeting and Convention in Ashern, Manitoba
- Fur Table display and information booth in Thompson, Manitoba
- Fur Table auction in Thompson, Manitoba management.

The Program runs throughout the year with the active trapping season in from early October until late May. The start-up program continues to be a success for trappers and youth during the initial, primary and spring seasons. The program supports trappers by providing startup funds and vouchers for equipment such as traps, snares, knives and all other necessary equipment the program maintains. One of the main barriers to the startup program is some trappers take advantage of the program by receiving start up and not going out to trap.

The Program offers a snowmobile purchase program, which requires the trapper to provide 50 percent of the total cost with the program loaning the remaining 50 percent, which is payable through cash or subsidy deductions.

The program also operates the Cabin Material Program, available to registered trap line holders only. Qualified trappers may receive a forgivable purchase order up to \$3,000 for building materials that can be used to renovate a cabin's floor or roof.

The Program also conducts an annual Mandatory Trapping Course which is available to both youth and adults. This year twenty new trapping certificates were issued.

In 2013, the NHTA issued \$19,483.07 in startup costs and provided a subsidy to trappers in the amount of \$18,936.53.



Other

ELDERS SUBSIDY OFF RESERVE PROGRAM

In addition to the surplus, \$100,000 was allocated to provide Nisichawayasihk Cree Nation elders living off reserve with a monthly subsidy of \$100 to supplement their pensions and other benefits. A total of 16 elders were subsidized in 2013.

The NCN Off Reserve Elders Subsidy Program eligibility requirements to receive the monthly honoraria are as follows:

- Must be a band member of Nisichawayasihk Cree Nation
- Must be 65 years or older
- Must have lived on Nelson House Reserve prior to Northern Flood Agreement
- Must have lived on Nelson House Reserve prior to residential school years
- Must have direct connection with NCN (i.e. come to reserve)
- Currently an NCN elder living in a personal care home.





A decorative header with a yellow background and a repeating geometric pattern of small squares and diamonds.

Nisichawayasihk Trust Financial Statements

December 31, 2013

Management's Responsibility

To the Members 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 Chief and Council of Nisichawayasihk Cree Nation are responsible for the appointment of the Trust's external auditors.

MNP LLP is appointed by the Chief and Council of Nisichawayasihk Cree Nation 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, the Chief and Council, the Trustees and management to discuss their audit findings.

December 5, 2014



Director of
Operations



Comptroller

Independent Auditors' Report

To the Members of Nisichawayasihk Cree Nation:

We have audited the accompanying financial statements of Nisichawayasihk Trust, which comprise the statement of financial position as at December 31, 2013 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.

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 Nisichawayasihk Trust as at December 31, 2013 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 5, 2014

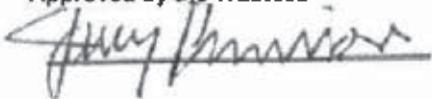
MNP LLP
Chartered Accountants

Nisichawayasihk Trust
Statement of Financial Position

As at December 31, 2013

| | 2013 | 2012 |
|--|------------|------------|
| Financial assets | | |
| Cash | 2,486,783 | 1,113,520 |
| Accounts receivable | 13,168 | 13,545 |
| Portfolio investments | 41,444,679 | 42,251,039 |
| | 43,944,630 | 43,378,104 |
| Liabilities | | |
| Due to Nisichawayasihk Trust Office (Note 4) | 1,278,114 | - |
| Accumulated surplus and net financial assets (Note 5) | 42,666,516 | 43,378,104 |

Approved by the Trustees

 Trustee

____ Trustee

____ Trustee

 Trustee

 Trustee

Nisichawayasihk Trust
Statement of Changes in Accumulated Surplus and Net Financial Assets

For the year ended December 31, 2013

| | 2013 Budget | 2013 | 2012 |
|---|------------------------|-------------|-------------|
| Accumulated surplus from operations, beginning of year | 43,275,571 | 43,275,571 | 44,547,484 |
| Accumulated remeasurement gains, beginning of year | 102,533 | 102,533 | 117,438 |
| Accumulated surplus and net financial assets, beginning of year | 43,378,104 | 43,378,104 | 44,664,922 |
| Annual surplus (deficit) from operations | - | (670,936) | (1,271,913) |
| Unrealized gains (losses) on investments | - | (40,652) | (14,905) |
| Accumulated surplus and net financial assets, end of year | 43,378,104 | 42,666,516 | 43,378,104 |

Nisichawayasihk Trust
Statement of Operations

For the year ended December 31, 2013

| | 2013 Budget | 2013 | 2012 |
|--|------------------------|-------------|-------------|
| Revenue | | | |
| Interest income | 3,056,216 | 2,385,280 | 2,458,576 |
| Expenses | | | |
| Transfer to Nisichawayasihk Trust Office | 3,056,216 | 3,056,216 | 3,730,489 |
| Annual surplus (deficit) from operations | - | (670,936) | (1,271,913) |
| Accumulated surplus from operations, beginning of year | 43,275,571 | 43,275,571 | 44,547,484 |
| Accumulated surplus from operations, end of year | 43,275,571 | 42,604,635 | 43,275,571 |

Nisichawasihk Trust
Statement of Remeasurement Gains (Losses)
For the year ended December 31, 2013

| | 2013 Budget | 2013 | 2012 |
|--|------------------------|-------------|-------------|
| Accumulated remeasurement gains, beginning of year | 102,533 | 102,533 | 117,438 |
| Unrealized gains (losses) on investments | - | (40,652) | (14,905) |
| Accumulated remeasurement gains, end of year | 102,533 | 61,881 | 102,533 |

Nisichawasihk Trust
Statement of Cash Flows
For the year ended December 31, 2013

| | 2013 | 2012 |
|--|-------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash from interest income | 2,385,657 | 3,681,556 |
| Cash transferred to Nisichawayasihk Trust Office | (1,778,102) | (5,222,709) |
| | 607,555 | (1,541,153) |
| Investing activities | | |
| Purchase of investments | - | (111,925) |
| Redemption of investments | 765,708 | 2,001,313 |
| | 765,708 | 1,889,388 |
| Increase in cash | 1,373,263 | 348,235 |
| Cash, beginning of year | 1,113,520 | 765,285 |
| Cash, end of year | 2,486,783 | 1,113,520 |

Nisichawayasihk Trust
Notes to the Financial Statements
For the year ended December 31, 2013

1. Operations

Nisichawayasihk 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

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.

Nisichawayasihk Trust
Notes to the Financial Statements
For the year ended December 31, 2013

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 Nisichawayasihk Trust Office. 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 Nisichawayasihk Trust Office 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.

Nisichawayasihk Trust
Notes to the Financial Statements
For the year ended December 31, 2013

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 Trustee - RBC Wealth Management, 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 funds in the Investment and Heritage Account or the Community Development Account. If the funds are deposited in the Community Development Account, they are subject to the Community Approval Process and will be spent in the subsequent fiscal year in addition to the Funds Available for that year.

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 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, 2013) 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, 2013 earned interest at 0.92%.

Nisichawayasihk Trust
Notes to the Financial Statements
For the year ended December 31, 2013

4. Due to Nisichawayasihk Trust Office

| | 2013 | 2012 |
|-------------------------------------|-----------|------|
| Due to Nisichawayasihk Trust Office | 1,278,114 | - |

During the year, Nisichawayasihk Trust transferred \$3,056,216 (2012 - \$ 3,730,489) 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

| | 2013 | 2012 |
|-------------------------------------|------------|------------|
| Accumulated surplus from operations | 42,604,635 | 43,275,571 |
| Accumulated remeasurement gains | 61,881 | 102,533 |
| | 42,666,516 | 43,378,104 |

6. Fair value of financial instruments

Financial instruments recorded at fair value in Nisichawayasihk 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 as Level 1 include portfolio investments. The cost base of the portfolio investments at December 31, 2013 was \$41,382,798 (December 31, 2012 - \$42,148,506).

- 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 the Chief and Council of Nisichawayasihk Cree Nation and the Corporate Trustee.

Nisichawayasihk Trust
Schedule 1 - Statement of Financial Position by Fund
As at December 31, 2013
(Unaudited)

| | General Fund | Funds Available | Community Development Fund | Claims and Heritage Fund | Investment Fund | 2013 | 2012 |
|---|-------------------|-----------------|----------------------------|--------------------------|------------------|-------------------|-------------------|
| Financial assets | | | | | | | |
| Cash | 1,152,018 | - | 165,284 | 1,935 | 1,166,546 | 2,486,783 | 1,113,520 |
| Accounts receivable | - | - | 13,188 | - | - | 13,168 | 13,545 |
| | 1,152,018 | - | 178,452 | 1,935 | 1,166,546 | 2,499,951 | 1,127,065 |
| Portfolio investments | 40,000,000 | - | 1,444,679 | - | - | 41,444,679 | 42,251,039 |
| | 41,152,018 | - | 1,623,131 | 1,935 | 1,166,546 | 43,944,630 | 43,378,104 |
| Liabilities | | | | | | | |
| Due to Nisichawayasihk Trust Office | - | - | 1,261,114 | 17,000 | - | 1,278,114 | - |
| Due between funds | 1,152,018 | - | (1,208,883) | (17,000) | 73,865 | - | - |
| | 1,152,018 | - | 52,231 | - | 73,865 | 1,278,114 | - |
| Accumulated surplus and net financial assets | 40,000,000 | - | 1,571,300 | 1,935 | 1,092,681 | 42,666,516 | 43,378,104 |

Nisichawayasihk Trust
Schedule 2 - Statement of Operations and Changes in Accumulated Surplus and Net Financial Assets by Fund
For the year ended December 31, 2013
(Unaudited)

| | General Fund | Funds Available | Community Development Fund | Claims Fund | Investment and Heritage Fund | 2013 | 2012 |
|--|--------------|-----------------|----------------------------|-------------|------------------------------|-------------|-------------|
| Revenue | | | | | | | |
| Interest income | 2,300,370 | - | 58,561 | 19 | 26,330 | 2,385,280 | 2,458,576 |
| Expenses | | | | | | | |
| Transfers between funds | (2,301,069) | 3,006,216 | (52,231) | 50,000 | (702,916) | - | - |
| Transfers to Nisichawayasihk Trust Office | - | (3,006,216) | - | (50,000) | - | (3,056,216) | (3,730,489) |
| | (2,301,069) | - | (52,231) | - | (702,916) | (3,056,216) | (3,730,489) |
| Annual surplus (deficit) from operations | (699) | - | 6,330 | 19 | (676,586) | (670,936) | (1,271,913) |
| Accumulated surplus from operations, beginning of year | 40,000,699 | - | 1,503,689 | 1,916 | 1,763,267 | 43,275,571 | 44,547,464 |
| Accumulated surplus from operations, end of year | 40,000,000 | - | 1,510,019 | 1,935 | 1,082,681 | 42,604,635 | 43,275,571 |
| Accumulated remeasurement gains, beginning of year | 6,304 | - | 96,128 | - | 104 | 102,533 | 117,438 |
| Unrealized gains (losses) on investments | (6,304) | - | (34,247) | - | (104) | (40,652) | (14,905) |
| Accumulated remeasurement gains, end of year | - | - | 61,881 | - | - | 61,881 | 102,533 |
| Accumulated surplus and net financial assets, end of year | 40,000,000 | - | 1,571,900 | 1,935 | 1,092,681 | 42,666,516 | 43,378,104 |

Nisichawasihk Trust
Schedule 3 - Statement of Portfolio Investments

As at December 31, 2013
(Unaudited)

| | 2013 | 2012 |
|---|-------------------|-------------------|
| General Fund | | |
| Manitoba Hydro - Electric Board Series 5A Promissory Note, due 12/31/2014, 5.750% | 40,000,000 | 40,006,301 |
| Community Development Fund | | |
| Bank of Nova Scotia Senior Deposit Notes, due 07/16/2014, 3.43% | 202,244 | 205,412 |
| Canadian Imperial Bank of Commerce Senior Deposit Notes, due 03/02/2015, 3.10% | 101,829 | 102,849 |
| GE Capital Canada Funding, due 6/8/2015, 4.24% | 103,694 | 105,560 |
| Bank of Montreal Fixed Rate Deposit Notes, due 08/02/2016, 2.96% | 112,914 | 113,221 |
| Province of Ontario, 4.75% | - | 101,493 |
| Province of Ontario Notes, due 09/08/2014, 3.25% | 101,480 | 103,238 |
| Province of Ontario, due 03/08/2015, 4.50% | 119,537 | 122,713 |
| Province of Ontario Debenture, due 03/08/2018, 4.20% | 216,244 | 221,760 |
| City of Toronto Serial Debenture, due 10/29/2014, 4.90% | 102,981 | 105,997 |
| Province of New Brunswick Sinking Fund Debentures, due 06/02/2020, 4.50% | 164,542 | 170,972 |
| Province of Quebec, due 12/01/2018, 4.50% | 219,114 | 225,712 |
| | 1,444,679 | 1,578,926 |
| Investment and Heritage Fund | | |
| Manitoba Hydro - Electric Board Series 5B, 5.750% | - | 665,812 |
| | 41,444,679 | 42,251,039 |

The cost of the portfolio investments at December 31, 2013 was \$41,382,798 (December 31, 2012 - \$42,148,506).







Nisichawayasihk Trust Office Financial Statements

December 31, 2013

Nisichawayasihk Trust Office

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For the year ended December 31, 2013

(Unaudited - see Notice to Reader)

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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, 2013 and the statements of operations and accumulated surplus by fund, change 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

May 1, 2015

Chartered Accountants

Nisichawayasihk Trust Office
Statement of Financial Position by Fund

As At December 31, 2013
(Unaudited - see Notice to Reader)

| | Community Development Fund | Claims Fund | Investment and Heritage Fund | 2013 | 2012 |
|--|----------------------------------|----------------|------------------------------------|------------------|------------------|
| Financial assets | | | | | |
| Cash | 1,649,660 | 11,914 | - | 1,661,574 | 2,284,868 |
| Accounts and advances receivable | 14,570 | - | - | 14,570 | 16,752 |
| Short-term investments (Note 2) | 100,455 | - | - | 100,455 | 100,205 |
| Due between funds | 26,268 | (26,268) | - | - | - |
| Due from related entities (Note 3) | 1,709,072 | 17,000 | - | 1,726,072 | 60,438 |
| | 3,500,025 | 2,646 | - | 3,502,671 | 2,462,263 |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | 219,053 | - | - | 219,053 | 163,045 |
| Due to related entities (Note 5) | 1,864,448 | - | - | 1,864,448 | 1,476,082 |
| | 2,083,501 | - | - | 2,083,501 | 1,639,127 |
| Net financial assets | 1,416,524 | 2,646 | - | 1,419,170 | 823,136 |
| Non-financial assets | | | | | |
| Tangible capital assets (Schedule 1) | 118,911 | - | - | 118,911 | 119,238 |
| Accumulated surplus (Note 6) | 1,535,435 | 2,646 | - | 1,538,081 | 942,374 |

Nisichawayasihk Trust Office **Statement of Operations and Accumulated Surplus by Fund**

For the year ended December 31, 2013

(Unaudited - see Notice to Reader)

| | Schedule | 2013 Budget | Community Development Fund | Claims Fund | Investment and Heritage Fund | 2013 | 2012 |
|--|----------|------------------|----------------------------------|----------------|------------------------------------|------------------|------------------|
| Revenue | | | | | | | |
| Nisichawayasihk Trust funding (Note 3) | | 3,056,216 | 3,006,216 | 50,000 | - | 3,056,216 | 3,730,489 |
| Transfers from Taskinigaip Trust Office (Note 3) | | 690,670 | 690,670 | - | - | 690,670 | 234,850 |
| Other revenue | | - | 271,921 | - | - | 271,921 | 74,603 |
| Loan recoveries | | - | 44,956 | - | - | 44,956 | 44,590 |
| Interest income | | - | 19,901 | 321 | - | 20,222 | 20,212 |
| Equipment recoveries | | - | 14,482 | - | - | 14,482 | 31,511 |
| | | 3,746,886 | 4,048,146 | 50,321 | - | 4,098,467 | 4,136,255 |
| Expenses | | | | | | | |
| Implementation Agreement | 2 | 648,229 | 436,801 | - | - | 436,801 | 893,643 |
| Capital Projects | 3 | 10,000 | 1,950 | - | - | 1,950 | 24,000 |
| Economic Development | 4 | 707,500 | 661,750 | - | - | 661,750 | 1,179,511 |
| Education | 5 | 140,000 | 140,000 | - | - | 140,000 | 370,000 |
| Housing | 6 | 200,000 | 200,000 | - | - | 200,000 | - |
| Justice | 7 | 420,331 | 420,331 | - | - | 420,331 | 450,000 |
| Public Works | 8 | 82,000 | 74,175 | - | - | 74,175 | - |
| Resource and Land Use | 9 | 660,670 | 675,805 | - | - | 675,805 | 896,229 |
| Social Development | 10 | 652,309 | 682,693 | - | - | 682,693 | 436,099 |
| Other Programs | 11 | 175,847 | 166,199 | - | - | 166,199 | 158,013 |
| Claims Program | 12 | 50,000 | - | 43,056 | - | 43,056 | 49,591 |
| | | 3,746,886 | 3,459,704 | 43,056 | - | 3,502,760 | 4,487,086 |
| Annual surplus (deficit) | | - | 588,442 | 7,265 | - | 595,707 | (320,831) |
| Accumulated surplus (deficit), beginning of year | | 942,374 | 946,993 | (4,619) | - | 942,374 | 1,263,205 |
| Accumulated surplus, end of year | | 942,374 | 1,535,435 | 2,646 | - | 1,538,081 | 942,374 |

Nisichawayasihk Trust Office
Statement of Change in Net Financial Assets

For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 <i>Budget</i> | 2013 | 2012 |
|--|-----------------------|------------------|------------------|
| Annual surplus (deficit) | - | 595,707 | (320,831) |
| Acquisition of tangible capital assets | - | (28,434) | (41,992) |
| Amortization of tangible capital assets | - | 28,761 | 25,428 |
| Increase (decrease) in net financial assets | - | 596,034 | (337,395) |
| Net financial assets, beginning of year | 823,136 | 823,136 | 1,160,531 |
| Net financial assets, end of year | 823,136 | 1,419,170 | 823,136 |

Nisichawayasihk Trust Office
Statement of Cash Flows

For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 | 2012 |
|---|------------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash provided by Nisichawayasihk Trust | 1,778,103 | 5,222,709 |
| Cash provided by Taskinigahp Trust Office | 502,267 | 252,410 |
| Cash provided by other sources | 334,423 | 159,911 |
| Interest income | 20,222 | 20,212 |
| Cash used for program expenses | (3,229,625) | (4,169,481) |
| | (594,610) | 1,485,761 |
| Investing activities | | |
| Cash used for short-term investments | (250) | (394) |
| Capital activities | | |
| Acquisition of tangible capital assets | (28,434) | (41,992) |
| Increase (decrease) in cash resources | (623,294) | 1,443,375 |
| Cash resources, beginning of year | 2,284,868 | 841,493 |
| Cash resources, end of year | 1,661,574 | 2,284,868 |

Nisichawayasihk Trust Office Notes to the Financial Statements

For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

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.

| | 2013 | 2012 |
|---|----------------|----------------|
| G.I.C., renewed on October 7, 2013 and maturing January 6, 2014, bearing interest of 0.55% per annum. | 45,784 | 45,534 |
| G.I.C., renewed on October 24, 2013 and maturing October 26, 2014, bearing interest at 1.05% per annum. | 54,671 | 54,671 |
| | <u>100,455</u> | <u>100,205</u> |

3. Due from related entities

| | 2013 | 2012 |
|---|------------------|---------------|
| Nisichawayasihk Trust | 1,278,113 | - |
| Nisichawayasihk Personal Care Home Inc. | 216,000 | 16,000 |
| Taskinigahp Trust Office | 231,959 | 44,438 |
| | <u>1,726,072</u> | <u>60,438</u> |

During the year, the Nisichawayasihk Trust transferred \$3,056,216 (2012 - \$3,730,489) to the Nisichawayasihk Trust Office to fund programs in accordance with the Community Approval Process.

During the year, the Taskinigahp Trust Office transferred \$690,670 (2012 - \$234,850) to the Nisichawayasihk Trust Office to fund programs in accordance with the Community Involvement Process.

Nisichawayasihk Trust Office Notes to the Financial Statements

*For the year ended December 31, 2013
(Unaudited - see Notice to Reader)*

4. 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 (\$3,006,216 for the year ended December 31, 2013). The funding of the Claims Fund has a first priority over other programs (funded \$50,000 for the year ended December 31, 2013).

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:

| | 2013 | 2012 |
|------------------------------|--------------|----------------|
| Nisichawayasihk Trust | 1,935 | 1,916 |
| Nisichawayasihk Trust Office | 2,646 | (4,619) |
| | <u>4,581</u> | <u>(2,703)</u> |

Nisichawayasihk Trust Office

Notes to the Financial Statements

For the year ended December 31, 2013

(Unaudited - see Notice to Reader)

5. Due to related entities

| | 2013 | 2012 |
|--|------------------|------------------|
| Atoskiwin Training and Employment Centre | - | 83,750 |
| Gilbert McDonald Arena | 18,700 | 18,425 |
| NCN Minor Hockey Committee | 6,040 | 6,040 |
| Nelson House Development Corporation | - | 99,000 |
| Nelson House Education Authority Inc. | 180,200 | 40,200 |
| Nelson House Medicine Lodge Inc. | 25,000 | 25,000 |
| Nisichawayasihk Cree Nation | 1,149,170 | 1,009,629 |
| Nisichawayasihk Cree Nation Housing Authority | 378,000 | 178,000 |
| Nisichawayasihk Cree Nation Human Resource Development Authority | 98,838 | 7,538 |
| Wuskwatim Implementation Office | 8,500 | 8,500 |
| | 1,864,448 | 1,476,082 |

During the year, the Nisichawayasihk Trust Office transferred \$1,199,631 (2012 - \$2,142,700) to related entities to fund programs in accordance with the Community Approval Process.

6. Accumulated surplus

Accumulated surplus is comprised of the following:

| | 2013 | 2012 |
|-------------------------------------|------------------|----------------|
| Accumulated surplus from operations | 1,419,170 | 823,136 |
| Equity in tangible capital assets | 118,911 | 119,238 |
| | 1,538,081 | 942,374 |

Nisichawayasihk Trust Office
Notes to the Financial Statements

For the year ended December 31, 2013

(Unaudited - see Notice to Reader)

7. Expenses by object

| | 2013 | 2012 |
|---|------------------|------------------|
| Transfers to related entities | 1,199,631 | 2,142,700 |
| Salaries, wages and benefits | 698,268 | 693,549 |
| Recreational programming and events | 224,478 | 146,316 |
| Purchases of non-capital goods, supplies and services | 224,133 | 225,950 |
| Subsidies and start-up loans to community members | 200,624 | 258,347 |
| Travel | 145,307 | 159,405 |
| Honoraria | 134,125 | 154,782 |
| Repairs and maintenance | 130,534 | 160,836 |
| Miscellaneous | 110,564 | 93,963 |
| Utilities, telephone and internet | 92,400 | 78,861 |
| Investment care and management fees | 58,487 | 59,527 |
| Advertising, promotion, donations and memberships | 54,554 | 64,934 |
| Professional, consulting, and support fees | 40,675 | 68,852 |
| Christmas hampers and gifts | 40,052 | 35,290 |
| Casual labour | 38,677 | 21,128 |
| Compensation for claims | 29,226 | 34,966 |
| Amortization | 28,761 | 25,428 |
| Meetings, training and education | 27,581 | 16,375 |
| Insurance | 16,735 | 9,800 |
| Interest and bank charges | 7,948 | 6,077 |
| | 3,502,760 | 4,457,086 |

Nisichawayasihk Trust Office
Schedule 1 - Tangible Capital Assets
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | Office and other equipment | Trailer improvements | Vehicles | 2013 | 2012 |
|--|----------------------------------|-------------------------|---------------|----------------|----------------|
| Cost | | | | | |
| Balance, beginning of year | 228,019 | 30,509 | 253,934 | 512,462 | 470,470 |
| Acquisition of tangible capital assets | - | - | 28,434 | 28,434 | 41,992 |
| Balance, end of year | 228,019 | 30,509 | 282,368 | 540,896 | 512,462 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 169,050 | 9,822 | 214,352 | 393,224 | 367,796 |
| Annual amortization | 11,794 | 827 | 16,140 | 28,761 | 25,428 |
| Balance, end of year | 180,844 | 10,649 | 230,492 | 421,985 | 393,224 |
| Net book value of tangible capital assets | 47,175 | 19,860 | 51,876 | 118,911 | 119,238 |
| 2012 Net book value of tangible capital assets | 58,969 | 20,687 | 39,562 | 119,238 | |

Nisichawayasihk Trust Office
Implementation Agreement
Schedule 2 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 Budget | 2013 | 2012 |
|---|------------------------|----------------|------------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 618,229 | 618,229 | 689,839 |
| Transfer from Taskingahp Trust Office | 30,000 | 30,000 | 25,000 |
| Interest income | - | 17,383 | 18,738 |
| Other revenue | - | - | 11,229 |
| | 648,229 | 665,612 | 744,806 |
| Expenses | | | |
| Administration/Trust amalgamation | 376,807 | 400,285 | 464,126 |
| Arena O&M | 55,000 | 55,000 | 55,000 |
| Community approval process | 67,500 | 69,281 | 48,494 |
| Corporate trustee fees | 70,000 | 59,987 | 61,027 |
| Nelson House trustees | 28,922 | 17,841 | 20,840 |
| Personal Care Home | - | (200,000) | 200,000 |
| Professional services | 50,000 | 34,407 | 44,156 |
| | 648,229 | 436,801 | 893,643 |
| Annual surplus (deficit) before transfers between programs | - | 228,811 | (148,837) |
| Transfers between programs | | | |
| Transfer from Economic Development | - | 99,000 | - |
| Annual surplus (deficit) | - | 327,811 | (148,837) |

Nisichawayasihk Trust Office
Capital Projects
Schedule 3 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 Budget | 2013 | 2012 |
|---------------------------------|----------------|--------|--------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 10,000 | 10,000 | 24,000 |
| Expenses | | | |
| Baseball diamond | - | - | 24,000 |
| United Church renovations | 10,000 | 1,950 | - |
| | 10,000 | 1,950 | 24,000 |
| Annual surplus (deficit) | - | 8,050 | - |

Nisichawayasihk Trust Office
Economic Development
Schedule 4 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 Budget | 2013 | 2012 |
|---|----------------|----------|-----------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 707,500 | 707,500 | 1,161,500 |
| Other revenue | - | 41,902 | 18,896 |
| Transfer from Taskinigahp Trust Office | - | - | 5,000 |
| | 707,500 | 749,402 | 1,185,396 |
| Expenses | | | |
| Human resource officer | - | 6,800 | 15,700 |
| Human resource specialist | 22,500 | 22,500 | - |
| NCN Achimowin radio station | 115,000 | 149,450 | 111,811 |
| Off-reserve assistance | 20,000 | 20,000 | 40,000 |
| Summer student employment | 50,000 | 62,000 | 12,000 |
| Wuskwatim equity | 500,000 | 500,000 | 1,000,000 |
| Otohowin Gas Bar station II | - | (99,000) | - |
| | 707,500 | 661,750 | 1,179,511 |
| Annual surplus (deficit) before transfers between programs | - | 87,652 | 5,885 |
| Transfers between programs | | | |
| Transfer to Implementation Agreement | - | (99,000) | - |
| Annual surplus (deficit) | - | (11,348) | 5,885 |

Nisichawayasihk Trust Office
Education
Schedule 5 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | <i>2013 Budget</i> | <i>2013</i> | <i>2012</i> |
|---------------------------------|------------------------|-------------|-------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 140,000 | 140,000 | 370,000 |
| Expenses | | | |
| ATEC operations and maintenance | - | - | 250,000 |
| Nutrition | 30,000 | 30,000 | 20,000 |
| Post-secondary funding | 60,000 | 60,000 | 50,000 |
| Special education | 50,000 | 50,000 | 50,000 |
| | 140,000 | 140,000 | 370,000 |
| Annual surplus (deficit) | - | - | - |

Nisichawayasihk Trust Office
Housing
Schedule 6 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | <i>2013 Budget</i> | <i>2013</i> | <i>2012</i> |
|---------------------------------|------------------------|-------------|-------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 200,000 | 200,000 | - |
| Interest income | - | 231 | 373 |
| | 200,000 | 200,231 | 373 |
| Expenses | | | |
| Housing equity fund | 200,000 | 200,000 | - |
| Annual surplus (deficit) | - | 231 | 373 |

Nisichawayasihk Trust Office
Justice
Schedule 7 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | <i>2013 Budget</i> | <i>2013</i> | <i>2012</i> |
|---------------------------------|------------------------|-------------|-------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 420,331 | 420,331 | 450,000 |
| Expenses | | | |
| Emergency service | 355,431 | 355,431 | - |
| NCN justice | 64,900 | 64,900 | 450,000 |
| | 420,331 | 420,331 | 450,000 |
| Annual surplus (deficit) | - | - | - |

Nisichawayasihk Trust Office
Public Works
Schedule 8 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | <i>2013 Budget</i> | <i>2013</i> | <i>2012</i> |
|---|------------------------|-------------|-------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 82,000 | 82,000 | 5,000 |
| Expenses | | | |
| Community clean up | 10,000 | 10,000 | - |
| Grave yard maintenance | 10,000 | 10,000 | - |
| New roof and siding of St. Patrick Church | 10,000 | 2,175 | - |
| Steel garbage bins | 24,000 | 24,000 | - |
| Tractor equipment | 28,000 | 28,000 | - |
| | 82,000 | 74,175 | - |
| Annual surplus (deficit) | - | 7,825 | 5,000 |

Nisichawayasihk Trust Office
Resource and Land Use
Schedule 9 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 <i>Budget</i> | 2013 | 2012 |
|--|-----------------------|---------|-----------|
| Revenue | | | |
| Transfer from Taskinigahp Trust Office | 660,670 | 660,670 | 204,850 |
| Other revenue | - | 63,220 | 27,284 |
| Loan recoveries | - | 44,956 | 44,590 |
| Equipment sales | - | 14,482 | 31,511 |
| Nisichawayasihk Trust funding | - | - | 434,150 |
| | 660,670 | 783,328 | 742,385 |
| Expenses | | | |
| Country foods | 200,000 | 185,035 | 225,765 |
| Fisherman Association | 125,000 | 152,771 | 236,418 |
| Jack Moore elders traditional | 160,670 | 172,920 | 190,618 |
| NCN resource management | 50,000 | 61,476 | 68,640 |
| Trappers | 125,000 | 103,603 | 174,788 |
| | 660,670 | 675,805 | 896,229 |
| Annual surplus (deficit) | - | 107,523 | (153,844) |

Nisichawayasihk Trust Office
Social Development
Schedule 10 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 Budget | 2013 | 2012 |
|---|------------------------|----------------|----------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 652,309 | 652,309 | 421,000 |
| Other revenue | - | 166,247 | 9,894 |
| Interest income | - | 2,287 | 750 |
| | 652,309 | 820,843 | 431,644 |
| Expenses | | | |
| Baseball field upgrade | - | 508 | - |
| FCWC elders | 30,000 | 30,000 | - |
| NCN Minor Hockey Association | - | 7,581 | 2,500 |
| North American Indigenous Games | - | 875 | - |
| Parks and recreation | 490,000 | 459,626 | 315,967 |
| Promoting wellness and community spirit | 72,309 | 72,309 | - |
| Rediscovery of families project | 60,000 | 60,000 | 40,000 |
| Youth resource centre | - | 51,794 | 77,632 |
| | 652,309 | 682,693 | 436,099 |
| Annual surplus (deficit) | - | 138,150 | (4,455) |

Nisichawayasihk Trust Office
Other Programs
Schedule 11 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 <i>Budget</i> | 2013 | 2012 |
|---------------------------------|-----------------------|----------------|-----------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 175,847 | 175,847 | 140,000 |
| Other revenue | - | 552 | 7,300 |
| | 175,847 | 176,399 | 147,300 |
| Expenses | | | |
| Christmas cheerboard | 40,000 | 40,052 | 35,613 |
| Elders subsidy (off reserve) | 2,047 | 2,047 | - |
| Elders subsidy (on reserve) | 133,800 | 124,100 | 122,400 |
| | 175,847 | 166,199 | 158,013 |
| Annual surplus (deficit) | - | 10,200 | (10,713) |

Nisichawayasihk Trust Office
Claims Program
Schedule 12 - Statement of Revenue and Expenses
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 Budget | 2013 | 2012 |
|---------------------------------|------------------------|-------------|-------------|
| Revenue | | | |
| Nisichawayasihk Trust funding | 50,000 | 50,000 | 35,000 |
| Interest income | - | 321 | 351 |
| | 50,000 | 50,321 | 35,351 |
| Expenses | | | |
| Claims | 50,000 | 43,056 | 49,591 |
| Annual surplus (deficit) | - | 7,265 | (14,240) |



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Taskinigahp Trust Financial Statements

December 31, 2013

Management's Responsibility

To the Members 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 fair 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 Chief and Council of Nisichawayasihk Cree Nation are responsible for the appointment of the Trust's external auditors.

MNP LLP is appointed by the Chief and Council of Nisichawayasihk Cree Nation 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, the Chief and Council, the Trustees and management to discuss their audit findings.

December 5, 2014



Director of
Operations



Comptroller

Independent Auditors' Report

To the Members 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, 2013 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.

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, 2013 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 5, 2014

MNP LLP
Chartered Accountants

Taskinigahp Trust Statement of Financial Position

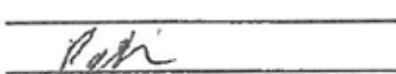
As at December 31, 2013

| | 2013 | 2012 (Restated) |
|---|-----------|--------------------|
| Financial assets | | |
| Cash | 55,102 | 92,135 |
| Accounts receivable (Note 4) | 476,128 | 521,671 |
| Portfolio investments | 4,417,934 | 3,497,379 |
| | 4,949,164 | 4,111,185 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 8,970 | 7,949 |
| Due to Taskinigahp Trust Office (Note 5) | 537,677 | 83,811 |
| | 546,647 | 91,760 |
| Accumulated surplus and net financial assets (Note 6) | 4,402,517 | 4,019,425 |

Approved by the Trustees



Trustee



Trustee

Trustee



Trustee

Trustee

Taskinigahp Trust

Statement of Changes in Accumulated Surplus and Net Financial Assets

For the year ended December 31, 2013

| | 2013 | 2013 | 2012 |
|--|----------------------|------------------|--------------------------|
| | <i>Budget</i> | | <i>(Restated)</i> |
| Accumulated surplus from operations, beginning of year, as previously stated | 3,352,117 | 3,352,117 | 5,894,018 |
| Prior period adjustment (Note 9) | - | 501,227 | - |
| Accumulated surplus from operations, beginning of year, as restated | 3,352,117 | 3,853,344 | 5,894,018 |
| Accumulated remeasurement gains, beginning of year | 166,081 | 166,081 | 286,792 |
| Accumulated surplus and net financial assets, beginning of year | 3,518,198 | 4,019,425 | 6,180,810 |
| Annual surplus (deficit) from operations | (378,142) | 444,543 | (2,040,674) |
| Unrealized gains (losses) on investments | - | (61,451) | (120,711) |
| Accumulated surplus and net financial assets, end of year | 3,140,056 | 4,402,517 | 4,019,425 |

Taskinigahp Trust Statement of Operations

For the year ended December 31, 2013

| | 2013 Budget | 2013 | 2012 (Restated) |
|--|------------------------|------------------|----------------------------|
| Revenue | | | |
| Interest income | 118,300 | 120,766 | 182,047 |
| Realized gains | - | 8,593 | 49,769 |
| Transmission benefits | 310,000 | 310,019 | 389,283 |
| Water power rental income | - | 1,641,054 | 501,227 |
| | 428,300 | 2,080,432 | 1,122,326 |
| Expenses | | | |
| Transfer to Taskinigahp Trust Office | 806,442 | 1,635,889 | 363,000 |
| Transfer to Nisichawayasihk Cree Nation | - | - | 2,800,000 |
| | 806,442 | 1,635,889 | 3,163,000 |
| Annual surplus (deficit) from operations | (378,142) | 444,543 | (2,040,674) |
| Accumulated surplus from operations, beginning of year, as previously stated | 3,352,117 | 3,352,117 | 5,894,018 |
| Prior period adjustment (<i>Note 9</i>) | - | 501,227 | - |
| Accumulated surplus from operations, beginning of year, as restated | 3,352,117 | 3,853,344 | 5,894,018 |
| Accumulated surplus from operations, end of year | 2,973,975 | 4,297,887 | 3,853,344 |

Taskinigahp Trust
Statement of Remeasurement Gains (Losses)

For the year ended December 31, 2013

| | 2013 <i>Budget</i> | 2013 | 2012 |
|--|-----------------------|----------|-----------|
| Accumulated remeasurement gains, beginning of year | 166,081 | 166,081 | 286,792 |
| Unrealized gains (losses) on investments | - | (61,451) | (120,711) |
| Accumulated remeasurement gains, end of year | 166,081 | 104,630 | 166,081 |

Taskinigahp Trust
Statement of Cash Flows

For the year ended December 31, 2013

| | 2013 | 2012 |
|---|-------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash from transmission benefits revenue | 310,019 | 389,283 |
| Cash transfer to Taskinigahp Trust Office | (1,181,002) | (312,970) |
| Cash from interest income | 122,436 | 209,527 |
| Cash from water power rental income | 1,684,927 | - |
| Cash transfer to Nisichawayasihk Cree Nation | - | (2,800,000) |
| | 936,380 | (2,514,160) |
| Investing activities | | |
| Purchases of investments | (8,608,069) | (3,873,638) |
| Redemption of investments | 7,634,656 | 6,387,449 |
| | (973,413) | 2,513,811 |
| Decrease in cash | (37,033) | (349) |
| Cash, beginning of year | 92,135 | 92,484 |
| Cash, end of year | 55,102 | 92,135 |

Taskinigahp Trust
Notes to the Financial Statements
For the year ended December 31, 2013

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 include 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. Realized gains (losses) are recognized as investments mature or are sold. Transmission benefits and water power rental income are recognized as they become receivable under the terms of the applicable agreements within the Wuskwatim Project Development Agreement.

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 Taskinigahp Trust Office. 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 Taskinigahp Trust Office 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.

Taskinigahp Trust
Notes to the Financial Statements
For the year ended December 31, 2013

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 the 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 (\$314,600 of restricted capital existed at December 31, 2013).

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.

Taskinigahp Trust
Notes to the Financial Statements
For the year ended December 31, 2013

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. Accounts receivable

| | 2013 | 2012 (Restated) |
|----------------------|----------------|--------------------|
| Accrued interest | 18,774 | 20,444 |
| Province of Manitoba | 457,354 | 501,227 |
| | <u>476,128</u> | <u>521,671</u> |

5. Due to Taskinigahp Trust Office

| | 2013 | 2012 |
|---------------------------------|---------|--------|
| Due to Taskinigahp Trust Office | 537,677 | 83,811 |

During the year, Taskinigahp Trust transferred \$1,635,889 (2012 - \$363,000) to Taskinigahp Trust Office 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. During the prior year, Taskinigahp Trust transferred \$2,800,000 to Nisichawayasihk Cree Nation in accordance with the Community Involvement Process for the purpose of funding Taskinigahp Power Corporation's purchase of additional investment units in Wuskwatim Power Limited Partnership.

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.

6. Accumulated surplus and net financial assets

| | 2013 | 2012 (Restated) |
|-------------------------------------|------------------|--------------------|
| Accumulated surplus from operations | 4,297,887 | 3,853,344 |
| Accumulated remeasurement gains | 104,630 | 166,081 |
| | <u>4,402,517</u> | <u>4,019,425</u> |

Taskinigahp Trust
Notes to the Financial Statements
For the year ended December 31, 2013

7. 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 measured at fair value and classified as Level 1 include portfolio investments. The cost base of the portfolio investments at December 31, 2013 was \$4,313,304 (December 31, 2012 - \$3,331,298).

- 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.

8. 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 the Chief and Council of Nisichawayasihk Cree Nation and the Corporate Trustees.

9. Prior period adjustment

During the year, the Trust determined that an accounts receivable from the Province of Manitoba and the related water power rental revenue both in the amount of \$501,227 were not included in the prior year's financial statements.

The retroactive application of this adjustment has resulted in increases in accounts receivable and accumulated surplus and net financial assets of \$501,227 as at December 31, 2012 and an increase in revenue and a corresponding decrease in the annual deficit from operations of \$501,227 for the year ended December 31, 2012.

Taskinigahp Trust
Schedule 1 - Statement of Financial Position by Fund
As at December 31, 2013
(Unaudited)

| | Community Development Account | Resource Account General | Resource Account Savings | Claims Account | Seven Generations Account | Seven Generations Growth Account | 2013 | 2012 (Restated) |
|---|-------------------------------------|--------------------------------|--------------------------------|-------------------|---------------------------------|--|------------------|--------------------|
| Financial assets | | | | | | | | |
| Cash | 22,547 | 1,644 | 7,464 | 12,076 | - | 11,371 | 55,102 | 92,135 |
| Accounts receivable | 427,610 | 28 | 2,594 | - | - | 45,896 | 476,128 | 521,671 |
| | 450,157 | 1,672 | 10,058 | 12,076 | - | 57,267 | 531,230 | 613,806 |
| Portfolio Investments | 3,840,461 | 106,786 | 313,025 | - | - | 157,662 | 4,417,934 | 3,497,379 |
| | 4,290,618 | 108,458 | 323,083 | 12,076 | - | 214,929 | 4,949,164 | 4,111,185 |
| Liabilities | | | | | | | | |
| Accounts payable | 8,970 | - | - | - | - | - | 8,970 | 7,949 |
| Due to Taskinigahp Trust Office | 417,247 | 115,330 | - | 5,100 | - | - | 537,677 | 83,811 |
| Due between funds | 12,612 | (6,872) | (8,836) | 3,096 | - | - | - | - |
| | 438,829 | 108,458 | (8,836) | 8,196 | - | - | 546,647 | 91,760 |
| Accumulated surplus and net financial assets | 3,851,789 | - | 331,919 | 3,880 | - | 214,929 | 4,402,517 | 4,019,425 |

Taskinigahp Trust
Schedule 2 - Statement of Operations and Changes in Accumulated Surplus and Net Financial Assets by Fund

For the year ended December 31, 2013
(Unaudited)

| | Community Development Account | Resource Account General | Resource Account Savings | Claims Account | Seven Generations Account | Seven Generations Growth Account | 2012 (Restated) | 2013 |
|---|-------------------------------------|--------------------------------|--------------------------------|-------------------|---------------------------------|--|--------------------|-------------|
| Revenue | | | | | | | | |
| Interest income | 110,704 | 1,287 | 8,067 | 7 | - | 701 | 120,766 | 182,047 |
| Realized gains | 8,583 | - | 10 | - | - | - | 8,593 | 49,769 |
| Transmission revenue | - | 232,514 | 77,505 | - | - | - | 310,019 | 389,283 |
| Water power rental income | 1,476,949 | - | - | - | - | 164,105 | 1,641,054 | 501,227 |
| | 1,596,236 | 233,801 | 85,582 | 7 | - | 164,806 | 2,080,432 | 1,122,326 |
| Expenses | | | | | | | | |
| Transfer between funds | (30,708) | 15,708 | - | 15,000 | - | - | - | - |
| Transfer to Taskinigahp Trust Office | (1,201,517) | (419,372) | - | (15,000) | - | - | (1,635,889) | (363,000) |
| Transfer to Nisichawayasitk Cree Nation | - | - | - | - | - | - | - | (2,800,000) |
| | (1,232,225) | (403,664) | - | - | - | - | (1,635,889) | (3,163,000) |
| Annual surplus (deficit) from operations | 364,011 | (169,863) | 85,582 | 7 | - | 164,806 | 444,543 | (2,040,674) |
| Accumulated surplus from operations, beginning of year, as previously stated | 2,931,409 | 169,863 | 246,972 | 3,873 | - | - | 3,352,117 | 5,894,018 |
| Prior period adjustment | 451,104 | - | - | - | - | 50,123 | 501,227 | - |
| Accumulated surplus from operations, beginning of year as restated | 3,382,513 | 169,863 | 246,972 | 3,873 | - | 50,123 | 3,853,344 | 5,894,018 |
| Accumulated surplus from operations, end of year | 3,746,524 | - | 332,554 | 3,880 | - | 214,929 | 4,297,887 | 3,853,344 |
| Accumulated remeasurement gains, beginning of year | 161,350 | - | 4,731 | - | - | - | 166,081 | 286,792 |
| Unrealized gains (losses) on investments | (56,085) | - | (5,366) | - | - | - | (61,451) | (120,711) |
| Accumulated remeasurement gains (losses), end of year | 105,265 | - | (635) | - | - | - | 104,630 | 165,081 |
| Accumulated surplus and net financial assets, end of year | 3,851,789 | - | 331,919 | 3,880 | - | 214,929 | 4,402,517 | 4,019,425 |

Taskinigahp Trust
Schedule 3 - Statement of Portfolio Investments
As at December 31, 2013
(Unaudited)

| | 2013 | 2012 |
|--|------------------|------------------|
| Community Development Account | | |
| Treasury Bills: | | |
| Canada Treasury Bill, 0.9% | - | 68,830 |
| Canada Treasury Bill, 0.9%, due 13/03/2014 | 1,097,800 | - |
| Canada Treasury Bill, 0.9%, due 13/03/2014 | 84,853 | - |
| | <u>1,182,653</u> | <u>68,830</u> |
| Provincial bonds: | | |
| Province of Quebec, 4.5% due 1/12/2016 | 661,655 | 673,153 |
| | <u>661,655</u> | <u>673,153</u> |
| Corporate bonds: | | |
| American Express Canada, 2.31% due 29/03/2018 | 290,864 | - |
| Bank of Nova Scotia, 4.56% | - | 584,911 |
| Bank of Nova Scotia Deposit Note, 3.35% due 18/11/2014 | 508,710 | 515,890 |
| CIBC Deposit Note, 3.95% due 14/07/2017 | 603,123 | 612,072 |
| Wells Fargo Financial Canada, 4.38% due 30/06/2015 | 593,456 | 603,881 |
| | <u>1,996,153</u> | <u>2,316,554</u> |
| Total Portfolio Investments - Community Development Account | <u>3,840,461</u> | <u>3,058,537</u> |
| Resource Account - General | | |
| Treasury Bills: | | |
| Canada Treasury Bill, 0.9% | - | 49,873 |
| Canada Treasury Bill, 0.9% | - | 159,605 |
| Canada Treasury Bill, 0.9%, due 13/03/2014 | 106,786 | - |
| Total Portfolio Investments - Resource Account - General | <u>106,786</u> | <u>209,478</u> |
| Resource Account - Savings | | |
| Treasury Bills: | | |
| Canada Treasury Bill, 0.9% | - | 94,759 |
| Canada Treasury Bill, 0.9%, due 13/02/2014 | 83,820 | - |
| | <u>83,820</u> | <u>94,759</u> |
| Corporate bonds: | | |
| American Express Canada, 2.31% due 29/03/2018 | 6,902 | - |
| Bank of Nova Scotia, 4.56% | - | 7,183 |
| Bank of Nova Scotia Deposit Note, 3.35% due 18/11/2014 | 20,348 | 20,628 |
| CIBC Deposit Note, 3.95% due 14/07/2017 | 8,465 | 8,590 |
| HSBC Bank Canada, 2.938% due 14/01/2020 | 98,914 | - |
| Hydro One Inc. Series 25, 3.2% due 13/01/2022 | 59,242 | 62,185 |
| Royal Bank SNR Deposit Note, 4.71% due 22/12/2014 | 7,223 | 7,414 |
| Wells Fargo Financial Canada, 4.38% due 30/06/2015 | 28,111 | 28,605 |
| | <u>229,205</u> | <u>134,605</u> |
| Total Portfolio Investments - Resource Account - Savings | <u>313,025</u> | <u>229,364</u> |
| Seven Generations Growth | | |
| Treasury Bills: | | |
| Canada Treasury Bill, 0.9%, due 13/02/2014 | 157,662 | - |
| | <u>4,417,934</u> | <u>3,497,379</u> |





Taskinigahp Trust Office Financial Statements

December 31, 2013

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, 2013 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

March 3, 2015

MNP_{LLP}
Chartered Accountants

Taskinigahp Trust Office Statement of Financial Position by Fund

As At December 31, 2013
(Unaudited - see Notice to Reader)

| | Community Development Fund | Claims Fund | Resource Fund | 2013 | 2012 |
|---|----------------------------------|----------------|------------------|----------------|----------------|
| Financial assets | | | | | |
| Cash | 203,177 | 24,994 | 33,658 | 251,829 | 108,843 |
| Due from related parties (Note 3) | 307,949 | 5,100 | 224,628 | 537,877 | 83,811 |
| | 511,126 | 30,094 | 258,286 | 799,506 | 192,654 |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | 18,759 | - | - | 18,759 | 11,501 |
| Due to related parties (Note 3) | 235,847 | (1,069) | 224,628 | 459,406 | 44,438 |
| Due between funds | (33,658) | - | 33,658 | - | - |
| | 220,948 | (1,069) | 258,286 | 478,165 | 55,939 |
| Accumulated surplus and net financial assets | 290,178 | 31,163 | - | 321,341 | 136,715 |

Taskinigahp Trust Office **Statement of Operations, Accumulated Surplus and Changes in Net Financial Assets** **by Fund**

For the year ended December 31, 2013

(Unaudited - see Notice to Reader)

| | 2013 Budget | Community Development Fund | Claims Fund | Resource Fund | 2013 | 2012 |
|--|------------------|----------------------------------|----------------|------------------|------------------|----------------|
| Revenue | | | | | | |
| Taskinigahp Trust funding | 1,635,889 | 960,219 | 15,000 | 660,670 | 1,635,889 | 363,000 |
| Interest | - | 2,871 | 342 | - | 3,213 | 1,857 |
| | 1,635,889 | 963,090 | 15,342 | 660,670 | 1,639,102 | 364,857 |
| Expenses | | | | | | |
| Administrative costs | 8,000 | 3,540 | - | - | 3,540 | 4,669 |
| Claims program | 15,000 | - | 13,459 | - | 13,459 | 14,424 |
| Annual audit fees | 20,000 | 15,600 | - | - | 15,600 | 14,707 |
| Corporate trustee fees | 26,250 | 23,944 | - | - | 23,944 | 32,894 |
| Community Involvement Process | 37,500 | 30,000 | - | - | 30,000 | 25,000 |
| Professional services | 40,000 | 11,000 | - | - | 11,000 | 11,600 |
| Nelson House trustees | 14,400 | 22,382 | - | - | 22,382 | 28,447 |
| Community development plan | - | - | - | - | - | 5,000 |
| Transmission benefits | 49,335 | - | - | - | - | - |
| Capital projects - O.K. School roof | 200,000 | 200,000 | - | - | 200,000 | - |
| Education: | | | | | | |
| Student supports - Pe Ta Pun project | 200,000 | 200,000 | - | - | 200,000 | - |
| ATEC operations and maintenance | 199,090 | 199,090 | - | - | 199,090 | - |
| Resource and land use: | | | | | | |
| Trappers Association | 125,000 | - | - | 125,000 | 125,000 | - |
| Fisherman Association | 125,000 | - | - | 125,000 | 125,000 | 175,000 |
| Jack Moore elders traditional program | 160,670 | - | - | 160,670 | 160,670 | - |
| Country foods program | 200,000 | - | - | 200,000 | 200,000 | - |
| NCN resource management | 50,000 | - | - | 50,000 | 50,000 | 29,850 |
| Social development: | | | | | | |
| Promoting wellness and community spirit | 67,691 | 67,691 | - | - | 67,691 | - |
| Other programs - Elders subsidy (off-reserve) | 97,953 | 7,100 | - | - | 7,100 | - |
| | 1,635,889 | 780,347 | 13,459 | 660,670 | 1,454,476 | 341,591 |
| Annual surplus | - | 182,743 | 1,883 | - | 184,626 | 23,266 |
| Accumulated surplus and net financial assets, beginning of year | 136,715 | 107,435 | 29,280 | - | 136,715 | 113,449 |
| Accumulated surplus and net financial assets, end of year | 136,715 | 290,178 | 31,163 | - | 321,341 | 136,715 |

Taskinigahp Trust Office
Statement of Cash Flows

For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

| | 2013 | 2012 |
|---|----------------|-----------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash receipts from Taskinigahp Trust | 1,182,022 | 312,971 |
| Cash paid for program expenses | (1,032,249) | (364,106) |
| Interest received | 3,213 | 1,857 |
| | 152,986 | (49,278) |
| Increase (decrease) in cash resources | 152,986 | (49,278) |
| Cash resources, beginning of year | 108,843 | 158,121 |
| Cash resources, end of year | 261,829 | 108,843 |

Taskinigahp Trust Office Notes to the Financial Statements

*For the year ended December 31, 2013
(Unaudited - see Notice to Reader)*

1. Operations

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 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 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 (\$960,219 for the year ended December 31, 2013).

The funding of the Claims Fund has a first priority over other programs (funded \$15,000 for the year ended December 31, 2013).

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 (\$660,670 for the year ended December 31, 2013).

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 Taskinigahp Trust Office and at 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 Taskinigahp Trust.

Taskinigahp Trust Office
Notes to the Financial Statements
For the year ended December 31, 2013
(Unaudited - see Notice to Reader)

2. Internal Restrictions (Continued from previous page)

Funds at December 31 consisted of the following:

| | 2013 | 2012 |
|--------------------------|---------------|---------------|
| Taskinigahp Trust | 3,880 | 3,873 |
| Taskinigahp Trust Office | 31,163 | 29,280 |
| | 35,043 | 33,153 |

3. Due from (to) related parties

| | 2013 | 2012 |
|--|------------------|-----------------|
| Due from related entities: | | |
| Taskinigahp Trust | 537,677 | 83,811 |
| Due to related entities: | | |
| Atoskiwin Training and Employment Centre | (135,691) | - |
| Gilbert McDonald Arena | (23,756) | - |
| Nelson House Education Authority Inc. | (68,000) | - |
| Nisichawayasihk Trust Office | (231,959) | (44,438) |
| | (459,406) | (44,438) |

During the year, Taskinigahp Trust transferred \$1,635,889 (2012 - \$363,000) to Taskinigahp Trust Office to fund programs in accordance with the Community Involvement Process.

During the year, Taskinigahp Trust Office transferred \$1,357,451 (2012 - \$234,850) to assist in partially funding the programs of the following entities:

Atoskiwin Training and Employment Centre - \$399,090 (2012 - nil)
Gilbert McDonald Arena - \$67,691 (2012 - nil)
Nelson House Education Authority Inc. - \$200,000 (2012 - nil)
Nisichawayasihk Trust Office - \$690,670 (2012 - \$234,850)

4. Expenses by object

| | 2013 | 2012 |
|-------------------------------|------------------|----------------|
| Administration | 3 | 253 |
| Bank charges and interest | 774 | 297 |
| Investment management fees | 23,944 | 32,894 |
| NCN Trustee expenses | 22,382 | 28,447 |
| Off-reserve assistance | 7,100 | - |
| Professional fees | 26,600 | 26,307 |
| Salaries, wages and benefits | 13,456 | 14,421 |
| Transfers to related entities | 1,357,451 | 234,850 |
| Travel | 2,766 | 4,122 |
| | 1,454,476 | 341,591 |



**NISICHAWAYASIHK
& TASKINIGAIP**
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