

# Broadband Technology Opportunities Program



## Waiver Request

EGID:5022

Project Category: Service Area

Applicant Name: Nez Perce Tribe

Date: March 16, 2010

Project Title: Nez Perce Reservation Broadband Enhancement

Contact Name: Samuel N Penney, Chairman

Email Address:samp@nezperce.org

Phone No.: 208-843-7342

**Type of Waiver Requested** (*check one*):    ☐ Matching (pursuant to NOFA Section V.C.2.)  
                                                                 ☒ Last Mile Coverage (pursuant to NOFA Section V.C.3.c.ii.)  
                                                                 ☐ Sale or Lease of Assets (pursuant to NOFA Section IX.C.2.b)  
                                                                 ☐ Buy American (pursuant to NOFA Section X.Q)  
                                                                 ☐ General Provision (pursuant to NOFA Section X.N)

### Summary of Waiver Request

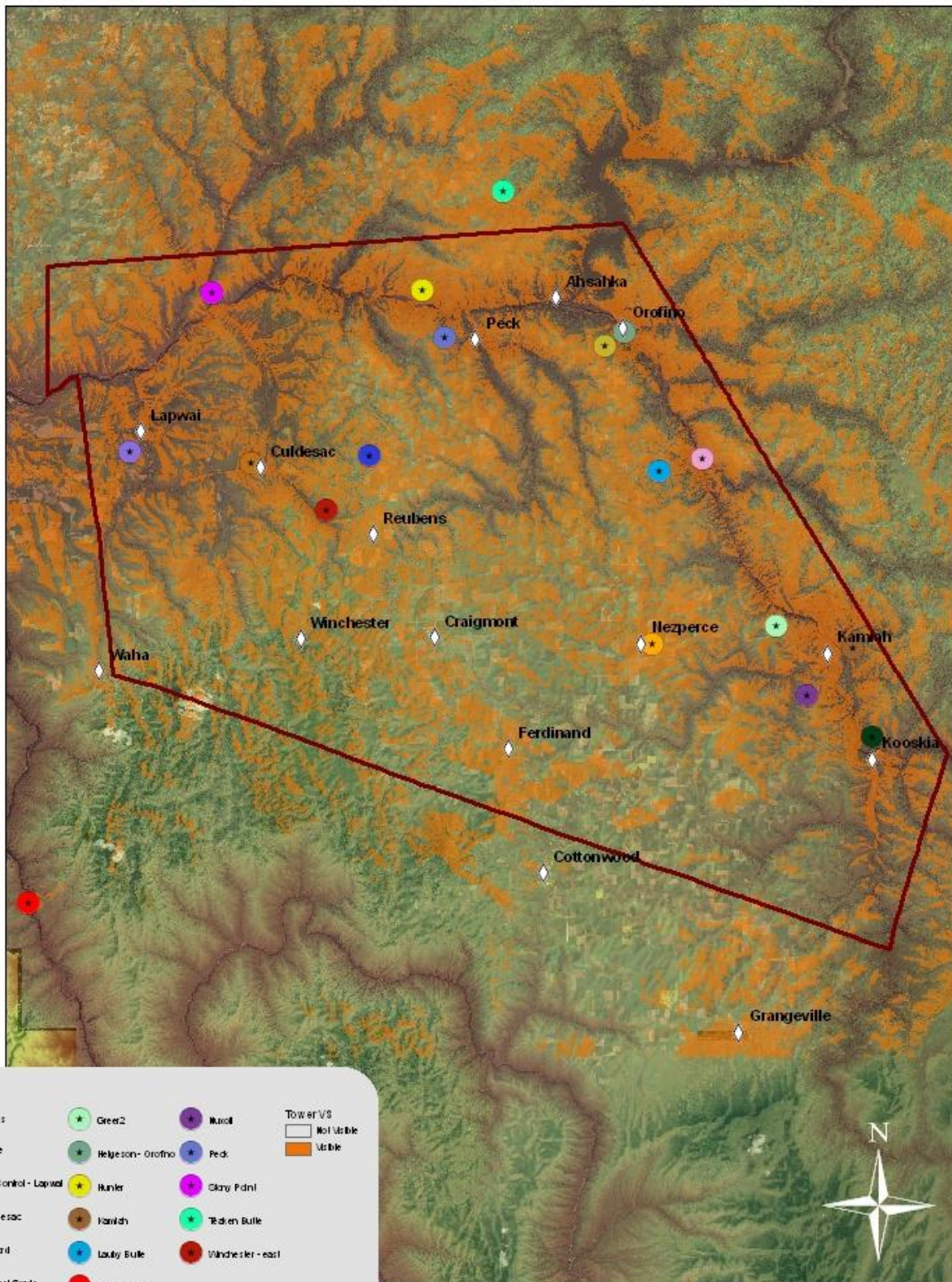
*(In the space below please provide a detailed explanation of the waiver request, including all information requested in the corresponding NOFA Section and Grant Guidance.)*

The Nez Perce Tribe seeks a waiver for last mile service to 100% of the Census Block Groups: 9901-5; 9702-7,8; and 9601 -1 due to size and topographical challenges. Attached is a map documenting the line of sight coverage, demonstrating that across the Reservation approximately seventy (70%) percent of the landscape will have a level of line of sight coverage.

Across the Reservation are deep eroded river canyons, with slopes that are heavily timbered; it is these areas where residents are scattered along micro ridge tops and in creek bottoms due to the scenic and natural qualities; these topographical challenges add to overall project costs and technicalities beyond the budgetary constraints of the project partners. The middle mile network will enable future growth and delivery of last mile service to be developed and reach the ridge top locations by private sector service providers.

The Nez Perce Broadband Enhancement project delivery of last mile service focus is on Tribal housing communities that lie within the identified Census Block Groups, which typically are located outside of city limits and beyond the ILEC range of service for broadband. The targeted Tribal Housing communities are located within Lapwai Valley (9901-5), Orofino-Ahsahka (9702-7,8) and Kamiah (9601); this project will strive to reach one hundred percent (100%) of the residences. Within the Tribal housing communities area. Each Tribal housing community occupies less than ten percent of the area of each Census Block Group.

# Tower Locations and Line of Sight for All Towers



0 2 4 8 Miles







March 16, 2010

Broadband Technology Opportunities Program, NTIA  
U.S. Department of Commerce  
HCHB, Room 4812  
1401 Constitution Avenue, NW  
Washington, DC 20230

To Whom It May Concern:

One Economy Corporation is writing this letter in support of the Nez Perce Tribe's application for a Round 2 Broadband Technology Opportunity Grant for their Reservation. We intend to partner with the Nez Perce Tribe on this project.

One Economy provides broadband access in hundreds of affordable housing projects; a proven model for enabling people to adopt technology and the Internet into their daily lives through digital literacy programs and youth technology corps; and award-winning, multilingual, web-based tools and information about financial services, education, jobs and health care. Through this package of services, One Economy establishes broadband availability, affordability and adoption in low-income communities while empowering people to take steps to improve their lives.

The Nez Perce Tribe's Round 2 BTOP project will develop a 200Megabit wireless backbone connecting the reservation communities of Lapwai, Winchester, Culdesac, Lenore, Peck, Ahsahka, Orofino, Nezperce, Kamiah, Kooskia, Stites, and the territories therein. The project is a public/private partnership with two private sector last mile service providers in the region. Service resulting from this project will include: internet, data and cellular communications middle and last mile; and a disaster recovery center for public and private users across the Nez Perce Tribe Reservation.

One Economy will work with the Nez Perce Tribe Information Systems staff to implement last mile broadband connectivity in Tribal housing neighborhoods where applicable, and to expand adoption of broadband throughout the Reservation through our Digital Connector youth service program model. The Digital Connector program offers best practices leadership training, technology training, community service, and workforce development opportunities for community youth, as well as funds for instruction, computers and stipends for youth engaged in the program.

The value of One Economy's contribution to last mile, home-based broadband access depends upon the final determination of where our access services best complement the service provided by the Nez Perce Tribe and their service partners. The value of our Digital Connector program is estimated to be at least \$45,000.

The Nez Perce Tribe's BTOP Comprehensive Community Infrastructure proposal and One Economy's Sustainable Adoption proposal are complementary and, if funded, will offer enhanced delivery and adoption of broadband telecommunications as a tool to further opportunities of the underserved within the Nez Perce Reservation.

Sincerely,

Dave McConnell  
Senior Vice President, Access Services

920 SW 3<sup>rd</sup> Ave., Suite 400  
Portland, OR 97209

[dmcconnell@one-economy.com](mailto:dmcconnell@one-economy.com)<sup>1</sup>  
503.282.2835



MEMORANDUM OF UNDERSTANDING  
BETWEEN THE NEZ PERCE TRIBE AND  
INLAND CELLULAR

- I. **PURPOSE AND GOAL:** The purpose of this memorandum of understanding between the Nez Perce Tribe (Tribe) and Washington RSA No. 8 Limited Partnership (d/b/a Inland Cellular)(IC hereafter) is to outline the parameters for cooperation on their complementary applications for grant funds from the National Telecommunication and Information Administration Broadband Technology Opportunities Program (NTIA-BTOP) due March 15, 2010. Further, it is to outline the manner in which the parties will work together as partners in the use of the telecommunications and technology network services in the event that grant funds are awarded to Inland Cellular and the Tribe.

The goal of this MOU is to cooperate in the application and implementation for NTIA-BTOP funds that will be used to increase infrastructure across the reservation communities for high speed telecommunications to access the internet and voice.

Though cooperating as mutual-interest partners, each entity remains independent in operation and ownership.

- II. **CONTRACT TO FOLLOW:** While this MOU does not and is not intended to create a binding contractual relationship between the parties, in part because they are presently unable to define with sufficient specificity their respective obligations to one another, they anticipate the execution of such a contract in the event they are both successful on their respective complementary applications for grant funds from the NTIA-BTOP.

In the event that the parties are successful on their respective complementary grant applications, the contemplated contract between them will address in detail their responsibilities to one another as well as the jurisdictional issues inherent in contracting with the Nez Perce Tribe.

- III. **RESPONSIBILITIES:** The roles and responsibilities of the parties to this MOU.

A. Inland Cellular (IC) agrees:

1. To make available technical assistance in design, engineering and technical specification documentation for the NTIA-BTOP middle mile application to the Tribe.
2. To make available the IC network to help serve the various service needs of the Tribe particularly in the areas of law enforcement, emergency/first response, education and healthcare. IC agrees to partner with the Tribe on a middle mile NTIA-BTOP project (application due 3/15/10) that will provide a regional high speed wide area network for data and voice covering the following areas: Lenore, Peck, Orofino, Kamiah, Nez Perce, Grangeville, Craigmont, Cottonwood, Winchester, Culdesac, Sweetwater and Lapwai.
3. To provide labor, expertise, materials and equipment to build out and expand the IC network serving the region with funds provided by NTIA-BTOP grant.



4. To provide access to and use of towers for the installation and operation of last mile 4.9ghz access points funded by the grant to provide services as identified by the Nez Perce Tribe. Also, to provide use of the regional wide area network for such use at a mutually agreeable discounted rate or no cost.
- B. The Tribe agrees to:
  1. Apply for a middle mile project with the NTIA-BTOP (application due 3/15/10) that will provide funds for 4.9ghz access point equipment and some backbone links and towers to provide services for the following areas: Lapwai, Sweetwater, Culdesac, Winchester, Grangeville, Kooskia, Kamiah, Orofino, Lenore and Peck.
  2. Provide technical assistance in design and development if needed.
  3. Where applicable, provide access to Tribal lands at a mutually agreeable discounted rate or no cost, pursuant to approval of the Nez Perce Tribal Executive Committee.
  4. Provide co-location for telecommunications and technology network services as needed for a mutually agreeable discounted rate or no cost, pursuant to approval of the Nez Perce Tribal Executive Committee.

### III. JOINTLY UNDERSTANDING:

1. Conditions: if either the Nez Perce Tribe and/or Inland Cellular do not receive grant awards from the NTIA-BTOP grant under consideration, neither will be obliged to any part of this MOU.
2. Reviews: The parties acknowledge that there may be periodic reviews to determine if the program is working adequately and is accomplishing the goal of increasing infrastructure throughout the reservation or to meet the needs of the Tribe, as specified in this project. The reviews shall take place at the request of NPTEC, and shall be conducted on-site or unless the parties agree to an alternate method.
3. Reports: The parties will collaborate to create reports that are in form and content to satisfy the requirements of the reviews allowed pursuant to the MOU.
4. Dispute Resolution: Both parties understand that problems and misunderstanding may arise under this MOU. They agree to fulfill their respective obligations hereunder and to abide by the terms of their respective grants if successful thereon.
5. Term: This MOU shall become effective immediately upon signature by the parties, and shall expire after a final determination has been rendered on the parties' respective grant applications. The MOU may be renewed through mutual written consent of the parties.
6. Modification: This MOU may be modified only by written consent by both parties.

7. Termination: Either party may terminate this MOU by providing the other party with written notice delivered to the other prior to the execution of the contract contemplated and described in Paragraph II entitled *CONTRACT TO FOLLOW*.

8. Contacts:

The contacts for the respective parties are as follows:

For the Nez Perce Tribe: Danae Wilson  
Director  
Nez Perce Tribe Information Systems  
P.O. Box 365  
Lapwai, ID 83540  
208-843-7307

For Inland Cellular: James K. Brooks  
Treasurer/Controller  
Inland Cellular Telephone Company  
P.O. Box 688  
Roslyn, WA 98941  
509-649-2500

IN WITNESS WHEREOF, the undersigned have read and agree with this Memorandum of Understanding and hereby approve it as indicated by our signature.

Nez Perce Tribe:

Inland Cellular Telephone Company  
As general partner of and on behalf of  
Washington RSA No. 8 Limited Partnership

Name: \_\_\_\_\_

Title: NPTEC Chairman

Date: 5-11-10

Name: McCoy, Catherine

Title: NPTEC Secretary

Date: 3/11/10

Name: James K. Brooks

Title: Treasurer/Controller

Date: 02/23/2010



MEMORANDUM OF UNDERSTANDING  
BETWEEN THE NEZ PERCE TRIBE AND  
FIRST STEP INTERNET

- I. **PURPOSE AND GOAL:** The purpose of this memorandum of understanding between the Nez Perce Tribe (Tribe) and First Step Internet (FSI) is to outline the parameters for cooperation on the Tribes Round 2 application for grant funds from the National Telecommunication and Information Administration (NTIA) due 3/15/10. Further, it is to outline the manner in which the parties will work together as partners in the use of the telecommunications and technology network services in the event that grant funds are awarded to the Tribe.

The goal of this MOU is to cooperate in the application for and implementation of NTIA funds that will be used to increase infrastructure for reservation communities for high speed communications and access to the internet.

Though cooperating as mutual-interest partners, each entity remains independent in operation and ownership.

- II. **CONTRACT TO FOLLOW:** While this MOU does not and is not intended to create a binding contractual relationship between the parties, in part because they are presently unable to define with sufficient specificity their respective obligations to one another, they anticipate the execution of such a contract in the event they are both successful on their respective complementary applications for grant funds from the NTIA.

In the event that the parties are successful on their respective complementary grant applications, the contemplated contract between them will address in detail their responsibilities to one another as well as the jurisdictional issues inherent in contracting with the Nez Perce Tribe.

III. **RESPONSIBILITIES:** The roles and responsibilities of the parties to this MOU.

A. First Step Internet (FSI) agrees:

1. To make available the FSI network to help serve the various service needs of the Nez Perce Tribe (Tribe) particularly in the areas of law enforcement, emergency/first response, education and healthcare. With this in mind, First Step agrees to partner with the Tribe on a middle mile project (application due 3/15/10) that will provide a regional high speed wide area network covering the following areas: Lenore, Peck, Orofino, Kamiah, Nez Perce, Grangeville, Craigmont, Cottonwood, Winchester, Culdesac, Sweetwater and Lapwai.
2. To provide labor, expertise, materials and equipment to build out and expand the First Step network serving the region with funds provided by NTIA grant.
3. To provide technical assistance in design and development if needed to the Tribe.
4. To provide access to and use of towers for the installation and operation of last mile 4.9ghz access points funded by the grant to provide services as identified by the Tribe. Also, to

provide use of the regional wide area network for such use at a mutually agreeable discounted rate or no cost.

B. The Tribe agrees to:

1. Apply for a last mile project with the NTIA (application due 3/15/10) that will provide funds for 4.9ghz access point equipment and some backbone links and towers to provide services for the following areas: Lenore, Peck, Orofino, Kamiah, Nez Perce, Grangeville, Craigmont, Cottonwood, Winchester, Culdesac, Sweetwater and Lapwai.
2. Provide technical assistance in design and development if needed.
3. Where applicable, provide access to Tribal lands at a mutually agreeable discounted rate or no cost, pursuant to approval of the Nez Perce Tribal Executive Committee.
4. Provide co-location for telecommunications and technology network services as needed for a mutually agreeable discounted rate or no cost, pursuant to approval of the Nez Perce Tribal Executive Committee.

### III. JOINTLY UNDERSTANDING:

1. Conditions: if either the Nez Perce Tribe does not receive grant awards from the NTIA grant under consideration, neither will be obliged to any part of this MOU.
2. Reviews: The parties acknowledge that there may be periodic reviews to determine if the program is working adequately and is accomplishing the goal of increasing infrastructure throughout the reservation or to meet the needs of the Tribe, as specified in this project. The reviews shall take place at the request of NPTEC, and shall be conducted on-site or unless the parties agree to an alternate method.
3. Reports: The parties will collaborate to create reports that are in form and content to satisfy the requirements of the reviews allowed pursuant to the MOU.
4. Dispute Resolution: Both parties understand that problems and misunderstanding may arise under this MOU. They agree to fulfill their respective obligations hereunder and to abide by the terms of their respective grants if successful thereon.
5. Term: This MOU shall become effective immediately upon signature by the parties, and shall expire after a final determination has been rendered on the parties' respective grant applications. The MOU may be renewed through mutual written consent of the parties.
6. Modification: This MOU may be modified only by written consent by both parties.
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8. Contacts:

The contacts for the respective parties are as follows:

For the Nez Perce Tribe: Danae Wilson  
Director  
Nez Perce Tribe Information Systems  
P.O. Box 365  
Lapwai, ID 83540  
208-843-7307

For First Step Internet: Mike Hall  
Sales Manager  
1420 S. Blaine Street  
Moscow, ID 83843  
208-882-8869

IN WITNESS WHEREOF, the undersigned have read and agree with this Memorandum of Understanding and hereby approve it as indicated by our signature.

Nez Perce Tribe:

Name: Samuel N. Penney

Title: NPTEC Chairman

Date: 3-15-10

*for* Name: Janna March

Title: NPTEC Secretary

Date: 3-12-10

First Step Internet:

Name: Kevin W. Owen [Signature]

Title: President

Date: 03/12/2010 \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



#### 47. Historical Financial Statements

The Nez Perce Tribe's complete independent audits are available in full upon request. Included here are the Independent Auditor Report: Management Discussion & Analysis executive summary components for the most recently available years: 2007, 2006.



LEMASTER &  
DANIELS PLLC

SPOKANE	OTHELLO
BOISE	QUINCY
COLFAX	TRI-CITIES
GRANDVIEW	WALLA WALLA
MOSES LAKE	WENATCHEE
OMAK	YAKIMA

ACCOUNTING

AND

CONSULTING

SERVICES

Nez Perce Tribal Executive Committee  
Nez Perce Tribe  
Lapwai, Idaho

MEMBER OF

THE

MCGLADREY

NETWORK

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nez Perce Tribe as of and for the year ended September 30, 2006, which collectively comprise the Tribe's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Nez Perce Tribe's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Nez Perce Tribe Gaming Enterprise and Nez Perce Express II, which represents 61% and 98% of the assets and revenues, respectively, of the business-type activities of the Tribe. Those financial statements were audited by other auditors whose report thereon has been furnished to us and in our opinion, insofar as it relates to the amounts included for the Nez Perce Tribe Gaming Enterprise and Nez Perce Express II Enterprise, is based solely on the reports of other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Nez Perce Gaming Enterprise and Nez Perce Express II Enterprise were not audited in accordance with Governmental Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinions.

Management has recorded third-party collections using the cash basis of accounting as opposed to the accrual basis of accounting at the health clinic and has not adopted a methodology for reviewing the collectibility of patient receivables in the major governmental fund Nimiipuu Health and in governmental activities and, accordingly, has not considered the need to provide an allowance for uncollectible accounts. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets, fund balances, and net assets, and change the revenues in the major fund Nimiipuu Health and in governmental activities. The amount by which this departure would affect the assets, fund balances, net assets, and revenues of the major governmental fund of Nimiipuu Health and governmental activities has not been determined.



The financial statements referred to above do not include the financial activities of the Short-Term Loan Program Enterprise and the Revolving Loan Program Enterprise, which should be included in order to conform with accounting principles generally accepted in the United States of America. The effect of the omission of these Enterprise funds has not been determined.

Also, as explained in note 1 of the Notes to Financial Statements, the Nez Perce Tribe Land Enterprise is reported on the modified cash basis of accounting and, accordingly, is not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, except for (1) the effects on the financial statements of the omission of the Short-Term Loan Program Enterprise and Revolving Loan Program Enterprise and (2) the effect of reporting on the Nez Perce Tribe Land Enterprise using the modified cash basis of accounting, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nez Perce Tribe, as of September 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007, on our consideration of the Nez Perce Tribe's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 4 through 10 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Nez Perce Tribe's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

LeMaster : Daniel PHLC

Yakima, Washington  
June 29, 2007



# **Nez Perce Tribe**

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## **Management's Discussion and Analysis**

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This section of the financial report presents our discussion and analysis of the Nez Perce Tribe (the Tribe) financial performance during the fiscal year that ended September 30, 2006. Please read it in conjunction with the Tribe's financial statements, which follow this section.

### **MANAGEMENT AND GENERAL**

The Nez Perce Tribe is a federally recognized Tribe, as evidenced by the three treaties and one agreement entered into with the United States government. As set forth by the Nez Perce Tribe's Revised Constitution and By-Laws, adopted by the General Council of the Nez Perce Tribe on May 6, 1961, and approved by the Acting Commissioner of Indian Affairs on June 27, 1961, the Nez Perce Tribal Executive Committee (NPTEC), is the governing body of the Nez Perce Tribe. The NPTEC consists of nine council positions and is entrusted with the business and legislative affairs of the Tribe throughout the year.

### **FINANCIAL HIGHLIGHTS**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments. The statement establishes financial reporting standards for state and local governments, including tribal governments.

The Tribe has a previously negotiated settlement of a suit against Avista Utilities regarding damages to fish runs on the Clearwater River. The Tribe has recorded the future settlement proceeds in at net present value of approximately \$12.7 million. Annual settlement proceeds are approximately \$835,000.

The Tribe secured a line of credit for governmental activities and a loan for the construction of the Nimiipuu Health Clinic during fiscal year 2004 with varying rates as low as 2.17% with Sterling Savings Bank. The business-type activities debt is primarily from land purchases through the Land Commission and is financed through Farmers Home Administration. Total long-term debt related to notes payable for debt for the Tribe totaled \$21.2 million at September 30, 2006.



# Nez Perce Tribe

## Management's Discussion and Analysis (continued)

### FINANCIAL HIGHLIGHTS (CONTINUED)

Total revenues for 2006 were \$100.3 million compared with expenses of \$93.7 million. The following table summarizes the Tribe's change in net assets for the year (page 12).

Changes in Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2006 Total
<b>Revenues:</b>			
Program:			
Gaming	\$ -	\$ 26.1	\$ 26.1
Express II Enterprise	-	15.6	15.6
Land Enterprise	-	0.9	0.9
Forest Products	-	1.2	1.2
Operating grants and contributions	40.2	-	40.2
Other charges for services	11.2	-	11.2
General:			
Investment income	1.1	.4	1.5
Other	<u>3.6</u>	<u>-</u>	<u>3.6</u>
Total revenues	<u>56.1</u>	<u>44.2</u>	<u>100.3</u>
<b>Expenses:</b>			
Primary governmental expenses:			
General government	16.1	-	16.1
Health and welfare	13.3	-	13.3
Legal costs	3.7	-	3.7
Gaming commission	.5	-	.5
Natural resources	21.0	-	21.0
Education	3.2	-	3.2
Enterprise operating expenses	-	33.5	33.5
Public safety	1.5	-	1.5
Interest	.3	.5	.8
Other	<u>-</u>	<u>.1</u>	<u>.1</u>
Total expenses	<u>59.8</u>	<u>34.1</u>	<u>93.7</u>
Excess before transfers	(3.5)	10.1	6.6
Transfers	<u>3.1</u>	<u>(3.1)</u>	<u>-</u>
Increase in net assets	<u>\$ (4)</u>	<u>\$ 7.0</u>	<u>\$ 6.6</u>

# Nez Perce Tribe

## Management's Discussion and Analysis (continued)

### FINANCIAL HIGHLIGHTS (CONTINUED)

Total revenues for 2005 were \$88 million compared with expenses of \$77 million. The following table summarizes the Tribe's change in net assets for the year.

Changes in Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2005 Total
<b>Revenues:</b>			
Program:			
Gaming	\$ -	\$ 23.0	\$ 23.0
Express II Enterprise	-	12.0	12.0
Operating grants and contributions	38.0	-	38.0
Other charges for services	8.0	2.0	10.0
General:			
Investment income	2.0	-	2.0
Other	3.0	-	3.0
Total revenues	<u>51.0</u>	<u>37.0</u>	<u>88.0</u>
<b>Expenses:</b>			
Primary governmental expenses:			
General government	17.0	-	17.0
Health and welfare	13.0	-	13.0
Maintenance	1.0	-	1.0
Natural resources	14.0	-	14.0
Gaming	-	15.0	15.0
Express II Enterprise	-	11.0	11.0
Other	4.0	2.0	6.0
Total expenses	<u>49.0</u>	<u>28.0</u>	<u>77.0</u>
Excess before transfers	2.0	9.0	11.0
Transfers	<u>4.0</u>	<u>(4.0)</u>	<u>-</u>
Increase in net assets	<u>\$ 6.0</u>	<u>\$ 5.0</u>	<u>\$ 11.0</u>

### OVERVIEW OF FINANCIAL STATEMENTS

The annual report consists of two parts - Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Tribe.

The first two statements, the statement of net assets and the statement of activities, are Tribe-wide financial statements that provide both long-term and short-term information about the Tribe's overall financial status. The remaining statements are fund financial statements that focus on the individual parts of the Tribe, reporting operations in more detail than the Tribe-wide statements.



## Management's Discussion and Analysis (continued)

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### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements include:

- Governmental fund financial statements that tell how general governmental services were financed in the short-term as well as what remains of future spending.
- Proprietary fund financial statements that offer short and long-term financial information on the Tribe's businesses such as the gaming enterprise.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail.

### TRIBE-WIDE STATEMENTS

The Tribe-wide financial statements are designed to provide readers with a broad overview of the Tribe's finances, in a manner similar to the private-sector business.

The statement of net assets presents information on all of the Tribe's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Tribe is improving or deteriorating.

The statement of activities presents information showing how the Tribe's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods when actually received or paid.

In the statement of net assets and the statement of activities, we divided the Tribe into two kinds of activities:

- Government Activities - Most of the Tribe's basic services are reported here, such as community and social services, general government, and education. These activities are financed primarily through transfers from business type activities, investment income, stumpage revenues, land lease revenues, and taxes and licenses. The Tribe's health services (the Nimiipuu Health Clinic) is reported here as are all programs funded by federal and state grants and contracts. This would include the fisheries programs, natural resources (cultural, wildlife, forestry, and environmental), social services, and early childhood development programs.
- Business-Type Activities - The Tribe operates a gaming enterprise with two casino/bingo facilities, and a fuel/convenience store with a deli. The Land Enterprise acquires reservation lands and then leases these lands for farming and grazing. The Tribe also operates a forest products business to log and maintain the Tribe's timber reserve. All these activities are included in these statements.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the Tribe as a whole. The Tribe establishes funds to help it control and manage money for a particular purpose, or in order to demonstrate that it is meeting legal responsibilities for using certain grants and other money. The two fund types, governmental and proprietary, use different accounting approaches.



# Nez Perce Tribe

## Management's Discussion and Analysis (continued)

### FUND FINANCIAL STATEMENTS (CONTINUED)

- **Governmental Funds** - Most of the Tribe's basic services are reported in governmental funds. Governmental funds focus on how cash and other financial assets flow in and out and the balances that are left at year end and are available for spending. Consequently, the governmental funds provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Tribe's programs. Because this information does not encompass the additional long-term focus of the Tribe-wide statements, we provide additional information at the bottom of the governmental funds statement, or on a subsequent page, that explains the relationship (or differences) between governmental and business-type activities and balances reported in the statement of net assets and the statement of activities and governmental funds statements.
- **Proprietary Funds** - When the Tribe receives revenues for the services provided by the various Tribal enterprises, these services are generally reported in proprietary funds, which is reported the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, these funds present the same information as the business-type activities reported in the Tribe-wide statements but provide more detail and additional information, such as cash flows.

### FINANCIAL ANALYSIS OF THE TRIBE AS A WHOLE

**Net Assets** - The Tribe's total net assets increased from approximately \$83.5 million to approximately \$90 million. Governmental net assets decreased by \$.6 million and net assets of business activities increased by \$7 million. The following table summarizes the Tribe's net assets allocated between its governmental and business-type activities for 2006 as compared to 2005 (page 11):

Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2006 Total
<b>Assets:</b>			
Current and other assets	\$ 39	\$ 11	\$ 50
Capital assets	<u>49</u>	<u>28</u>	<u>77</u>
Total assets	<u>\$ 88</u>	<u>\$ 39</u>	<u>\$ 127</u>
<b>Liabilities:</b>			
Long-term debt	\$ 16	\$ 6	\$ 22
Other liabilities	<u>10</u>	<u>5</u>	<u>15</u>
Total liabilities	<u>26</u>	<u>11</u>	<u>37</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	49	20	69
Restricted	11	1	11.5
Unrestricted	<u>2</u>	<u>7</u>	<u>9</u>
Total net assets	<u>62</u>	<u>28</u>	<u>90</u>
Total liabilities and nets assets	<u>\$ 88</u>	<u>\$ 39</u>	<u>\$ 127</u>



## Management's Discussion and Analysis (continued)

### FINANCIAL ANALYSIS OF THE TRIBE AS A WHOLE (CONTINUED)

Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2005 Total
<b>Assets:</b>			
Current and other assets	\$ 41	\$ 10	\$ 51
Capital assets	<u>36</u>	<u>24</u>	<u>60</u>
Total assets	<u>\$ 77</u>	<u>\$ 34</u>	<u>\$ 111</u>
<b>Liabilities:</b>			
Long-term debt	\$ 5	\$ 7	\$ 12
Other liabilities	<u>8</u>	<u>6</u>	<u>14</u>
Total liabilities	<u>13</u>	<u>13</u>	<u>26</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	29	13	42
Restricted	11	1	12
Unrestricted	<u>24</u>	<u>7</u>	<u>31</u>
Total net assets	<u>64</u>	<u>21</u>	<u>85</u>
Total liabilities and net assets	<u>\$ 77</u>	<u>\$ 34</u>	<u>\$ 111</u>

Allocations from the profits of the Tribe's business activities are transferred to the general fund so they can be appropriated based on the overall need of the Tribe. During the year, this resulted in transfers of \$3.1 million from business activities to governmental activities.

In 2006 governmental activities represented 69% of total net assets (\$62 million) and business type activities 31% (\$28 million). In 2005, governmental activities represented 75% of the total net assets (\$64 million) and business type activities 25% (\$21 million).

Net assets in the amount of \$11 and \$13 million, respectively, have restrictions placed on their usage for 2006 and 2005. The funds are restricted by the terms of the Idaho Power Settlement, and other restrictions for health, mitigation, repayment of long-term debt, and other activities.

Governmental fund revenues and other financing sources (page 12) were \$5 million less than expenditures for the year. General fund expenditures (\$33 million) exceeded general fund revenue and other financing resources (\$29 million) by \$17 million. Nimiipuu Health revenues and fund transfers (\$11.4 million) exceeded expenditures (\$11.3 million) by \$100 thousand. Mitigation fund revenues (\$.5 million) exceeded expenditures (\$2.8 million) by \$2.3 million. Other governmental fund revenues (\$28.9) exceeded expenditures (\$28.7 million) by \$0.2 million.



## Management's Discussion and Analysis (continued)

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### BUSINESS-TYPE ACTIVITIES

The Tribe operates a gaming enterprise consisting of two full service casinos with bingo and video lottery gaming. Operating income of \$26.1 million exceeded Operating expenses of \$17.9 million, in addition to operating transfers of \$3.1 million made to the Tribe, resulting in net income of \$5 million.

Nez Perce Express II includes a convenience store, gas station, and deli. The Enterprise had net income of approximately \$1.2 million for the year from gross revenues of \$15.6 million.

The Forest Products Enterprise had income of approximately \$200 thousand generated from gross revenues of \$1.2 million from timber sales.

The Land Enterprise acquires reservation lands and leases these lands for farming and grazing. Revenues for the year totaled \$868 thousand with expenses totaling \$85 thousand, creating a net income of \$784 thousand.

### FINANCIAL ANALYSIS OF THE TRIBE'S FUNDS

Governmental fund balances decreased approximately \$2.0 million during the year. General fund expenditures exceeded revenues and other financing sources by approximately \$3.2 million. Mitigation fund expenditures exceeded revenues and other financing sources by approximately \$2.3 million. Nimiipuu Health expenditures and transfers related to building construction exceeded revenues by approximately \$100 thousand.

### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At September 30, 2006, the Tribe had \$78 million invested in a broad range of capital assets, including land, timber, buildings, and equipment. This is approximately \$18 million more than amounts reported in 2005. The most significant factor to this increase was the construction of the new Casino and hotel.

Debt Administration - At year end, the Tribe has loans and notes payable of approximately \$22 million. Current maturities on these notes are \$13.7 million with \$10.2 million classified as due after one year. Within the above \$22 million, governmental activities account for \$15.9 million and business-type activities account for \$6.0 million.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

NPTEC has considered many factors when setting the fiscal year 2007 budget. The most significant factors are the depressed economy, the tightening of federal and state grants because of the continuing wars overseas, and the planning of a new casino facility. These factors were taken into account when adopting the government funds and business-type activities budgets.

### CONTACTING THE TRIBE'S FINANCIAL MANAGEMENT

This financial report is designed to provide Tribal members, customers, investors, and creditors with a general overview of the Tribe's finances and to demonstrate the Tribe's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Tribe's Executive Director or the Tribe's Finance Manager at the Tribal Offices in Lapwai, Idaho.



Bellevue  
Boise  
Colfax  
Grandview  
Moses Lake  
Omak  
Othello  
Quincy  
Spokane  
Tri-Cities  
Walla Walla  
Wenatchee  
Yakima

## INDEPENDENT AUDITORS' REPORT

Nez Perce Tribal Executive Committee  
Nez Perce Tribe  
Lapwai, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nez Perce Tribe, as of and for the year ended September 30, 2007, which collectively comprise the Tribe's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Nez Perce Tribe's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nez Perce Tribe Gaming Enterprise, Nez Perce Express II, and Nez Perce Forest Products Enterprise, which represent 93% and 63% of the assets and revenues, respectively, of the business-type activities of the Tribe. Those financial statements were audited by other auditors whose report thereon has been furnished to us and in our opinion, insofar as it relates to the amounts included for the Nez Perce Tribe Gaming Enterprise, Nez Perce Express II Enterprise, and Nez Perce Forest Products Enterprise, is based solely on the reports of other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Nez Perce Gaming Enterprise and Nez Perce Express II Enterprise were not audited in accordance with Governmental Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has recorded Nimiipuu Health's 2007 third-party collections at the current estimated receivable balance. However, in 2006 and prior years, management recorded third-party collections on a cash basis and no allowance for uncollectible accounts was provided. As a result, the methodology for reviewing the collectibility at September 30, 2007, does not include an analysis of historical collections, and as a result, the reasonableness of the allowance for uncollectible accounts could not be determined.



The financial statements referred to above do not include the financial activities of the Short-Term Loan Program Enterprise and the Revolving Loan Program Enterprise, which should be included in order to conform with accounting principles generally accepted in the United States of America. The effect of the omission of these Enterprise funds has not been determined.

Because of inadequacies in the Nez Perce Tribe Gaming Enterprise's accounting records, the other auditors were unable to form an opinion regarding the amount of gaming revenue in the statement of revenues, expenses, and changes in fund equity (stated at \$22,009,920) for the year ended September 30, 2007, of the Clearwater River Casino, which is reported in the financial statements of the Nez Perce Tribe Gaming Enterprise. The Clearwater River Casino did not review and reconcile the gaming machine revenue as reported by the slot accounting system to the amounts actually reported from the drops. The Nez Perce Gaming Enterprise auditor was unable to satisfy themselves as to the completeness of gaming revenues by other auditing procedures.

Also, as explained in note 1 of the Notes to Financial Statements, the Nez Perce Tribe Land Enterprise is reported on the modified cash basis of accounting and, accordingly, is not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, except for (1) the effects on the financial statements of the omission of the Short-Term Loan Program Enterprise and Revolving Loan Program Enterprise, (2) the effect of reporting on the Nez Perce Tribe Land Enterprise using the modified cash basis of accounting, (3) any adjustments that may have been required had we been able to determine the reasonableness of the allowance for uncollectible accounts, and (4) any adjustments that may have been required had the auditors of the Nez Perce Gaming Enterprise been able to determine the completeness of gaming revenues, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Nez Perce Tribe, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the Nez Perce Tribe's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 14 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nez Perce Tribe's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*LeMaster & Daniels PLLC*

Yakima, Washington

June 30, 2008

## Management's Discussion and Analysis

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This section of the financial report presents our discussion and analysis of the Nez Perce Tribe (the Tribe) financial performance during the fiscal year that ended September 30, 2007. Please read it in conjunction with the Tribe's financial statements, which follow this section.

### MANAGEMENT AND GENERAL

The Nez Perce Tribe is a federally recognized Tribe, as evidenced by the three treaties and one agreement entered into with the United States government. As set forth by the Nez Perce Tribe's Revised Constitution and By-Laws, adopted by the General Council of the Nez Perce Tribe on May 6, 1961, and approved by the Acting Commissioner of Indian Affairs on June 27, 1961, the Nez Perce Tribal Executive Committee (NPTEC), is the governing body of the Nez Perce Tribe. The NPTEC consists of nine council positions and is entrusted with the business and legislative affairs of the Tribe throughout the year.

### FINANCIAL HIGHLIGHTS

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments. The statement establishes financial reporting standards for state and local governments, including tribal governments.

The Tribe has a previously negotiated settlement of a suit against Avista Utilities regarding damages to fish runs on the Clearwater River. The Tribe has recorded the future settlement proceeds at net present value of approximately \$12.7 million. Annual settlement proceeds are approximately \$835,000.

In 1987, the State of Idaho initiated the Snake River Basin Adjudication (the "SRBA"), a general stream adjudication which was intended to comply with the McCarran Amendment, 42 U.S.C. Section 666(a), and to quantify all water rights in the portion of the Snake River Basin that is located within the State. In 1993, the Nez Perce Tribe, and the United States, on behalf of the Nez Perce Tribe, filed water right claims in the SRBA for instream flows, springs located in the 1863 ceded area, and on-reservation consumptive uses, based on the Tribe's treaties and agreements with the United States.

In 2004, the Nez Perce Tribe and other parties to the Tribe's water right claims agreed in principle to proposed settlement terms which were contained in the Mediator's Term Sheet dated April 20, 2004 (the "SRBA Agreement"). The SRBA Agreement subsequently was approved and ratified by the Nez Perce Tribe in Resolution No. NPT 05-210, by the United States in Title X of Public Law 108-447, and by the State of Idaho in Chapter 148 of



## Management's Discussion and Analysis (continued)

### FINANCIAL HIGHLIGHTS (continued)

the Idaho Session Laws of 2005. It is anticipated on January 30, 2007, the SRBA Court will enter the Consent Decree approving those portions of the SRBA Agreement over which it has jurisdiction (i.e., the nature and elements of the water rights). Among other things, the SRBA Agreement would provide for Congressional funding of three trust funds for the Tribe that will total approximately \$95.8 million. Congress would authorize payments to the three funds over the following seven-year funding schedule, although the actual yearly amounts will depend on Congressional appropriations in each year.

The Tribe secured a line of credit for governmental activities and a loan for the construction of the Nimiipuu Health Clinic during fiscal year 2004, with varying rates as low as 2.17% with Sterling Savings Bank. The business-type activities debt is primarily from land purchases through the Land Commission and is financed through Farmers Home Administration, as well as financing for the construction of a new gaming facility. Total long-term debt related to the Tribe's notes payable was \$26 million at September 30, 2007.

Total revenues for 2007 were \$100.9 million compared with expenses of \$93.0 million. The following table summarizes the Tribe's change in net assets for the year (page 12).

Changes in Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2007 Total
<b>Revenues:</b>			
Program:			
Gaming	\$ -	\$ 28.0	\$ 28.0
Express II Enterprise	-	16.5	16.5
Land Enterprise	-	0.9	0.9
Forest Products	-	.7	.7
Operating grants and contributions	36.3	-	36.3
Other charges for services	12.3	-	12.3
General:			
Investment income	2.2	.5	2.7
Other	3.5	-	3.5
Total revenues	<u>54.3</u>	<u>46.6</u>	<u>100.9</u>

Management's Discussion and Analysis (continued)

FINANCIAL HIGHLIGHTS (continued)

Changes in Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2007 Total
<i>Expenses:</i>			
Primary governmental expenses:			
General government	\$ 18.3	\$ -	\$ 18.3
Health and welfare	12.5	-	12.5
Settlement costs	-	-	-
Gaming commission	0.5	-	0.5
Natural resources	19.5	-	19.5
Education	2.8	-	2.8
Enterprise operating expenses	-	36.5	36.5
Public safety	1.2	-	1.2
Interest	0.8	0.8	1.6
Other	-	0.1	0.1
Total expenses	<u>55.6</u>	<u>37.4</u>	<u>93.0</u>
(Deficit) excess before transfers	(1.3)	9.2	7.9
Transfers	<u>3.6</u>	<u>(3.9)</u>	<u>(.3)</u>
Increase in net assets	<u>\$ 2.3</u>	<u>\$ 5.3</u>	<u>\$ 7.6</u>



## Management's Discussion and Analysis (continued)

### FINANCIAL HIGHLIGHTS (continued)

Total revenues for 2006 were \$100.3 million compared with expenses of \$93.7 million. The following table summarizes the Tribe's change in net assets for the year.

Changes in Net Assets (in millions of dollars)	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	2006 <u>Total</u>
<b>Revenues:</b>			
Program:			
Gaming	\$ -	\$ 26.1	\$ 26.1
Express II Enterprise	-	15.6	15.6
Land Enterprise	-	0.9	0.9
Forest Products	-	1.2	1.2
Operating grants and contributions	40.2	-	40.2
Other charges for services	11.2	-	11.2
General:			
Investment income	1.1	.4	1.5
Other	<u>3.6</u>	<u>-</u>	<u>3.6</u>
Total revenues	<u>56.1</u>	<u>44.2</u>	<u>100.3</u>
<b>Expenses:</b>			
Primary governmental expenses:			
General government	16.1	-	16.1
Health and welfare	13.3	-	13.3
Legal costs	3.7	-	3.7
Gaming commission	.5	-	.5
Natural resources	21.0	-	21.0
Education	3.2	-	3.2
Enterprise operating expenses	-	33.5	33.5
Public safety	1.5	-	1.5
Interest	.3	.5	.8
Other	<u>-</u>	<u>.1</u>	<u>.1</u>
Total expenses	<u>59.8</u>	<u>34.1</u>	<u>93.7</u>
(Deficit) excess before transfers	(3.5)	10.1	6.6
Transfers	<u>3.1</u>	<u>(3.1)</u>	<u>-</u>
Increase in net assets	\$ (.4)	\$ 7.0	\$ 6.6

## Management's Discussion and Analysis (continued)

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### FINANCIAL HIGHLIGHTS (continued)

The annual report consists of two parts - Management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Tribe.

The first two statements, the statement of net assets and the statement of activities, are Tribe-wide financial statements that provide both long-term and short-term information about the Tribe's overall financial status. The remaining statements are fund financial statements that focus on the individual parts of the Tribe, reporting operations in more detail than the Tribe-wide statements.

Fund financial statements include:

- Governmental fund financial statements that tell how general governmental services were financed in the short-term as well as what remains of future spending.
- Proprietary fund financial statements that offer short and long-term financial information on the Tribe's businesses such as the gaming enterprise.

The financial statements also include notes that explain some of the information in the financial statements and provide more detail.

### TRIBE-WIDE STATEMENTS

The Tribe-wide financial statements are designed to provide readers with a broad overview of the Tribe's finances, in a manner similar to the private sector business.

The statement of net assets presents information on all of the Tribe's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the Tribe is improving or deteriorating.

The statement of activities presents information showing how the Tribe's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods when actually received or paid.



## Management's Discussion and Analysis (continued)

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### TRIBE-WIDE STATEMENTS (continued)

In the statement of net assets and the statement of activities, we divided the Tribe into two kinds of activities:

- **Government Activities** – Most of the Tribe's basic services are reported here, such as community and social services, general government, and education. These activities are financed primarily through transfers from business-type activities, investment income, stumpage revenues, land lease revenues, and taxes and licenses. The Tribe's health services (the Nimiipuu Health Clinic) is reported here as are all programs funded by federal and state grants and contracts. This would include the fisheries programs, natural resources (cultural, wildlife, forestry, and environmental), social services, and early childhood development programs.
- **Business-Type Activities** – The Tribe operates a gaming enterprise with two casino/bingo facilities, and a fuel/convenience store with a deli. The Land Enterprise acquires reservation lands and then leases these lands for farming and grazing. The Tribe also operates a forest products business to log and maintain the Tribe's timber reserve. All these activities are included in these statements.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the Tribe as a whole. The Tribe establishes funds to help it control and manage money for a particular purpose, or in order to demonstrate that it is meeting legal responsibilities for using certain grants and other money. The two fund types, governmental and proprietary, use different accounting approaches.

- **Governmental Funds** – Most of the Tribe's basic services are reported in governmental funds. Governmental funds focus on how cash and other financial assets flow in and out and the balances that are left at year end and are available for spending. Consequently, the governmental funds provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Tribe's programs. Because this information does not encompass the additional long-term focus of the Tribe-wide statements, we provide additional information at the bottom of the governmental funds statement, or on a subsequent page, that explains the relationship (or differences) between governmental and business-type activities and balances reported in the statement of net assets and the statement of activities and governmental funds statements.

## Management's Discussion and Analysis (continued)

### FUND FINANCIAL STATEMENTS (continued)

- **Proprietary Funds** – When the Tribe receives revenues for the services provided by the various Tribal enterprises, these services are generally reported in proprietary funds, which is reported the same way that all activities are reported in the statement of net assets and the statement of activities. In fact, these funds present the same information as the business-type activities reported in the Tribe-wide statements but provide more detail and additional information, such as cash flows.

### FINANCIAL ANALYSIS OF THE TRIBE AS A WHOLE

**Net Assets** – The Tribe's total net assets increased from approximately \$90 million to approximately \$97.8 million. Governmental net assets increased by \$2.3 million and net assets of business activities increased by \$5.4 million. The following table summarizes the Tribe's net assets allocated between its governmental and business-type activities for 2007 as compared to 2006 (page 12):

Net Assets (in millions of dollars)	Governmental Activities	Business- Type Activities	2007 Total
<b>Assets:</b>			
Current and other assets	\$ 40.5	\$ 15.9	\$ 56.4
Capital assets	<u>39.3</u>	<u>40.3</u>	<u>79.6</u>
Total assets	<u>\$ 79.8</u>	<u>\$ 56.2</u>	<u>\$ 136.0</u>
<b>Liabilities:</b>			
Long-term debt	\$ 5.6	\$ 20.5	\$ 26.1
Other liabilities	<u>9.4</u>	<u>2.7</u>	<u>12.1</u>
Total liabilities	<u>15.0</u>	<u>23.2</u>	<u>38.2</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	39.3	19.9	59.2
Restricted	11.9	.5	12.4
Unrestricted	<u>13.6</u>	<u>12.6</u>	<u>26.2</u>
Total net assets	<u>64.8</u>	<u>33.0</u>	<u>97.8</u>
Total liabilities and nets assets	<u>\$ 79.8</u>	<u>\$ 56.2</u>	<u>\$ 136.0</u>



## Management's Discussion and Analysis (continued)

### FINANCIAL ANALYSIS OF THE TRIBE AS A WHOLE (continued)

The following table summarizes the Tribe's net assets allocated between its governmental and business-type activities for 2006:

Net Assets (in millions of dollars)	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	2006 <u>Total</u>
<b>Assets:</b>			
Current and other assets	\$ 39	\$ 11	\$ 50
Capital assets	<u>49</u>	<u>28</u>	<u>77</u>
Total assets	\$ 88	\$ 39	\$ 127
	<u>=====</u>	<u>=====</u>	<u>=====</u>
<b>Liabilities:</b>			
Long-term debt	\$ 16	\$ 6	\$ 22
Other liabilities	<u>10</u>	<u>5</u>	<u>15</u>
Total liabilities	<u>26</u>	<u>11</u>	<u>37</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	49	20	69
Restricted	11	1	11.5
Unrestricted	<u>2</u>	<u>7</u>	<u>9</u>
Total net assets	<u>62</u>	<u>28</u>	<u>90</u>
Total liabilities and nets assets	\$ 88	\$ 39	\$ 127
	<u>=====</u>	<u>=====</u>	<u>=====</u>

Allocations from the profits of the Tribe's business activities are transferred to the general fund so they can be appropriated based on the overall need of the Tribe. During the year, this resulted in transfers of \$3.9 million from business activities to governmental activities.

In 2007, governmental activities represented 66% of total net assets (\$64.8 million) and business-type activities 34% (\$33 million). In 2006, governmental activities represented 69% of the total net assets (\$62 million) and business-type activities 31% (\$28 million).

## Management's Discussion and Analysis (continued)

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### FINANCIAL ANALYSIS OF THE TRIBE AS A WHOLE (continued)

Net assets in the amount of \$12.4 and \$11.5 million, respectively, have restrictions placed on their usage for 2007 and 2006. The funds are restricted by the terms of the Idaho Power Settlement, and other restrictions for health, mitigation, repayment of long-term debt, and other activities.

Governmental fund revenues and other financing sources (page 19) were \$2.3 million more than expenditures for the year. General fund expenditures (\$21.1 million) stayed within general fund revenue and other financing resources (\$22.8 million) by \$1.7 million. Nimiipuu Health expenditures (\$11.3 million) exceeded revenues and fund transfers (\$11.3 million) by \$40 thousand. Mitigation fund revenues (\$1.1 million) exceeded expenditures (\$0.3 million) by \$0.7 million. Other governmental fund expenditures (\$27.9 million) exceeded revenues (\$27.8 million) by \$0.1 million.

### BUSINESS-TYPE ACTIVITIES

The Tribe operates a gaming enterprise consisting of two full service casinos with bingo and video lottery gaming. Operating revenue of \$28.3 million exceeded operating expenses of \$20.5 million, in addition to operating transfers of \$3.3 million made to the Tribe, resulting in net income of \$4.5 million.

Nez Perce Express II includes a convenience store, gas station, and deli. The Enterprise had net income of approximately \$467 thousand for the year from gross revenues of \$16.5 million.

The Forest Products Enterprise had net loss of approximately \$85 thousand generated from gross revenues of \$719 thousand from timber sales.

The Land Enterprise acquires reservation lands and leases these lands for farming and grazing. Revenues of \$876 thousand exceeded expenses of \$96 thousand by \$780 thousand, with \$261,000 of net nonoperating expenses, resulting in net income of \$467 thousand.

### FINANCIAL ANALYSIS OF THE TRIBE'S FUNDS

Governmental fund balances increased by \$2.3 million during the year. General fund revenues exceeded expenditures and other financing sources by approximately \$1.7 million. Mitigation fund revenues exceeded expenditures and other financing sources by approximately \$770 thousand. Nimiipuu Health expenditures and transfers related to building construction exceeded revenues by approximately \$40 thousand.



## Management's Discussion and Analysis (continued)

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### CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – At September 30, 2007, the Tribe had \$79.6 million invested in a broad range of capital assets, including land, timber, buildings, and equipment. This is approximately \$2.6 million more than amounts reported in 2006. The most significant factor to this increase was the construction of the new casino and hotel.

Debt Administration – At year end, the Tribe has loans and notes payable of approximately \$26.1 million. Current maturities on these notes are \$2.7 million with \$23.4 million classified as due after one year. Within the above \$26.1 million, governmental activities account for \$5.6 million and business-type activities account for \$20.5 million.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

NPTEC has considered many factors when setting the fiscal year 2008 budget. The most significant factors are the depressed economy, the tightening of federal and state grants because of the continuing wars overseas, and the start up of a new hotel/casino facility. These factors were taken into account when adopting the government funds and business-type activities budgets.

### CONTACTING THE TRIBE'S FINANCIAL MANAGEMENT

This financial report is designed to provide Tribal members, customers, investors, and creditors with a general overview of the Tribe's finances and to demonstrate the Tribe's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Tribe' Executive Director or the Tribe's Finance Manager at the Tribal Offices in Lapwai, Idaho.

# Nez Perce Tribe

## Statement of Net Assets

	Primary Government		<u>Totals</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 6,438,871	\$ 14,721,019	\$ 21,159,890
Restricted cash, current	3,966,337	-	3,966,337
Investments, at market	5,501,583	-	5,501,583
Investments, restricted, at market	8,549,454	-	8,549,454
Due from government agencies	3,590,273	-	3,590,273
Receivables, net	526,264	189,081	715,345
Inventories	-	441,632	441,632
Internal balances	51,277	(39,204)	12,073
Prepaid expenses and other assets	-	569,174	569,174
Settlement receivable	11,878,650	-	11,878,650
	<u>40,502,709</u>	<u>15,881,702</u>	<u>56,384,411</u>
Capital assets:			
Land and timber	21,078,014	-	21,078,014
Buildings and equipment, net of accumulated depreciation	18,258,036	40,349,276	58,607,312
	<u>39,336,050</u>	<u>40,349,276</u>	<u>79,685,326</u>
 Total assets	 <u>\$ 79,838,759</u>	 <u>\$ 56,230,978</u>	 <u>\$ 136,069,737</u>

See accompanying notes to financial statements.



	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 3,554,042	\$ 2,692,565	\$ 6,246,607
Due to governmental agencies	752,430	-	752,430
Deferred revenue	5,100,302	-	5,100,302
	<u>9,406,774</u>	<u>2,692,565</u>	<u>12,099,339</u>
Long-term liabilities, including compensated absences and other payables:			
Due within one year	1,966,516	769,363	2,735,879
Due in more than one year	3,667,409	19,719,834	23,387,243
	<u>5,633,925</u>	<u>20,489,197</u>	<u>26,123,122</u>
Total liabilities	<u>\$ 15,040,699</u>	<u>\$ 23,181,762</u>	<u>\$ 38,222,461</u>

## COMMITMENTS AND CONTINGENCIES

**Net Assets**

Invested in capital assets, net of related debt	\$ 39,336,050	\$ 19,860,079	\$ 59,196,129
Restricted for:			
Reforestation	446,046	-	446,046
Trust fund activities	2,708,801	-	2,708,801
Mitigation activities	8,746,272	-	8,746,272
Debt repayment	-	541,996	541,996
Unrestricted	<u>13,560,891</u>	<u>12,647,141</u>	<u>26,208,032</u>
Total net assets	<u>\$ 64,798,060</u>	<u>\$ 33,049,216</u>	<u>\$ 97,847,276</u>

# Nez Perce Tribe

## Statement of Activities

Function/Programs	Expenses	Revenues
		Operating Grants and Contributions
Governmental activities:		
General government	\$ 18,282	\$ 3,525,015
Health and welfare, including		
Nimiipuu Health	12,494	9,694,526
Settlement legal costs	24	-
Gaming Commission	500	-
Natural resources	19,496	19,685,453
Public safety	1,199	1,147,675
Education	2,764	2,224,553
Interest	878	-
Total governmental activities	<u>55,640</u>	<u>36,277,222</u>
Business-type activities:		
Gaming	19,994	-
Land Enterprise	96	-
Express II Enterprise	15,625	-
Other (Forest Products)	807	-
	<u>36,524</u>	<u>-</u>
Total primary government	<u>\$ 92,164</u>	<u>\$ 36,277,222</u>
General revenues:		
Timber revenues		
Interest and investment income		
Fuel and tobacco tax revenue		
Other income (expense)		
Settlements		
Transfer, Gaming allocations		
Total general revenues and transfers		
Change in net assets		
Net assets, beginning of year		
Net assets, end of year		

See accompanying notes to financial statements.



Net Revenues (Expenses) and  
Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (6,670,664)	\$ -	\$ (6,670,664)
(194,790)	-	(194,790)
(24,386)	-	(24,386)
188,961	-	188,961
502,101	-	502,101
11,193	-	11,193
(86,674)	-	(86,674)
(878,033)	(832,398)	(1,710,431)
<u>(7,152,292)</u>	<u>(832,398)</u>	<u>(7,984,690)</u>
-	8,020,938	8,020,938
-	779,568	779,568
-	873,492	873,492
-	(88,502)	(88,502)
<u>-</u>	<u>9,585,496</u>	<u>9,585,496</u>
<u>(7,152,292)</u>	<u>8,753,098</u>	<u>1,600,806</u>
202,160	-	202,160
2,210,697	500,814	2,711,511
2,522,403	-	2,522,403
-	(20,223)	(20,223)
650,636	-	650,636
3,853,747	(3,853,747)	-
<u>9,439,643</u>	<u>(3,373,156)</u>	<u>6,066,487</u>
2,287,351	5,379,942	7,667,293
<u>62,510,709</u>	<u>27,669,274</u>	<u>90,179,983</u>
\$ <u>64,798,060</u>	\$ <u>33,049,216</u>	\$ <u>97,847,276</u>

# **HISTORIC FINANCIAL: Nez Perce Tribe Information Systems**

	<b>FY 2008</b>	<b>FY 2009</b>
<b>REVENUES</b>		
Broadband Service	\$19,435	\$51,413
Network Access	\$997,214	\$1,242,951
<b>TOTAL</b>	<b>\$1,016,649</b>	<b>\$1,294,364</b>
<b>EXPENSES</b>		
Backhaul	\$350,960	\$305,303
Equipment	\$69,100	\$142,300
Netowrk Maintenance	\$124,500	\$240,886
Supplies	\$50,200	\$153,000
Staff	\$387,529	\$392,162
Travel	\$14,925	\$9,300
<b>TOTAL</b>	<b>\$997,214</b>	<b>\$1,242,951</b>
<b>Net Income</b>	<b>\$19,435</b>	<b>\$51,413</b>



**BTOP CCI Service Area Template**

Title: 

Nez Perce Reservation Broadband Enhancement

Easy Grants ID: 

5022

Service Area Name	Tract or Block Group #
Nez Perce Reservation	160690990101
Nez Perce Reservation	160690990102
Nez Perce Reservation	160690990103
Nez Perce Reservation	160690990105
Nez Perce Reservation	160350970201
Nez Perce Reservation	160350972005
Nez Perce Reservation	160350970207
Nez Perce Reservation	160350972008

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[illegible]



## BTOP CCI Community Anchor Institutions Detail Template

Title: **Nez Perce Reservation Broadband Enhancement**  
 Easy Grants ID: **5022**

Facility Name	Organization	Address Line 1	City	State	Zip	Facility Type	Minority Serving Institution Type	Project Role
Lapwai Culdesac QRU	Vets Buildign 102 Bever Grade	Main St	Lapwai	ID	83540	Public Safety Entity	N/A	First response, public safety
Wincheter VFD	Vets Buildign 102 Bever Grade	Lawyer At	Winchester	ID	83555	Public Safety Entity	N/A	Fire protection
ID State Police	Vets Buildign 102 Bever Grade	NS Hwy	Lewiston	ID	83501	Public Safety Entity	N/A	Mobile access throughout region for first response, public safety
Nez Perce Tribal Police	Vets Buildign 102 Bever Grade	Bever Grade	Lapwai	ID	83540	Public Safety Entity	N/A	Tribal public safety
Big Canyon RFD	Rural Fire Dept	Main St	Peck	ID	83545	Public Safety Entity	N/A	Fire protection
Clearwater Co Sheriff	County Dispatch & law enforcement	Michigan Ave	Orofino	ID	83544	Public Safety Entity	N/A	Dispatch Ambulence, Search & Rescue, 8 Rural Fire Districts, 3 City Fire Dept
Lewis County Sheriff	County Dispatch & law enforcement	Oak St	Nezperce	ID	83543	Public Safety Entity	N/A	First response, public safety
Prairie River Library- Lapwai	Library District	Main St	Lapwai	ID	83540	Library	N/A	Education, Adoption, Access
Prairie River Library - Culdesac	Library District	Main St	Culdesac	ID	83524	Library	N/A	Education, Adoption, Access
Prairie River Library - Peck	Lapwai BioControl	Lapwai	ID	83540	116 49' 1.09"	46 23' 17.52"	Yes	Education, Adoption, Access
Prairie River Library - Kooskia	Library District	Main St	Kooskia	ID	83539	Library	N/A	Education, Adoption, Access
Northwest Indian Colege - Lapwai	Distance learning center	Bever Grade	Lapwai	ID	83540	Community College	Tribal College or University	Education, Adoption
Northwest Indian Colege - Kamiah	Distance learning center	Idaho St	Kamiah	ID	83536	Community College	Tribal College or University	Education, Adoption

## BTOP CCI Network Points of Interest Detail Template

Title: **Nez Perce Reservation Broadband Enhancement**  
 Easy Grants ID: **5022**

Facility Type	Address Line 1	City	State	Zip	Longitude	Latitude	Interconnection Available at this Location	Status in Proposed Network
Connection to Service Provider	Vets Buildign 102 Bever Grade	Lapwai	ID	83540			Yes	Existing - Applicant/Partner Owned
Connection to Service Provider	Vets Buildign 102 Bever Grade	Lapwai	ID	83540			Yes	Existing - Applicant/Partner Owned
Connection to Service Provider	Vets Buildign 102 Bever Grade	Lapwai	ID	83540			Yes	Existing - Applicant/Partner Owned
Connection to Service Provider	Vets Buildign 102 Bever Grade	Lapwai	ID	83540			Yes	New for Proposed Network
Tower (microwave link)	Bever Grade	Lapwai	ID	83540	116 49' 1.09"	46 23' 17.52"	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Teaken Butte	Southwick	ID	83544	116 23' 27.68"	46 35' 26.8"	Yes	Existing - Leased from Third Party
Tower (microwave link)	Gilbert Grade	Orofino	ID	83544	116 16' 40.09"	46 28' 9"	YEs	Existing - Leased from Third Party
Tower (microwave link)	Helgeson Hotel	Orofino	ID	83544	116 15' 14.81"	46 28' 46.24"	Yes	Existing - Leased from Third Party
Tower (microwave link)	Nezperce	Nezperce	ID	83543	116 14' 23.02"	46 14' 4.25"	YEs	Existing - Leased from Third Party
Tower (microwave link)	Lapwai BioControl	Lapwai	ID	83540	116 49' 1.09"	46 23' 17.52"	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Mason Butte	Winchester	ID	83555	116.56°	46.2°	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Winchester	Winchester	ID	83555	116.5955°	46.3409°	Yes	New for Proposed Network
Tower (microwave link)	Culdesac	Culdesac	ID	83524	116.6795°	46.3786°	Yes	New for Proposed Network
Tower (microwave link)	Stoney Point		ID		116 43' 22.83 '	46 30' 45.83 '	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Hunter	Lenore	ID	83541	116.4850°	46.5134°	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Peck	Peck	ID	83545	116 27' 31.44"	46 28' 36.29"	Yes	New for Proposed Network
Tower (microwave link)	TU 17 (Reubens)				116.5456°	46.3838°	Yes	New for Proposed Network
Tower (microwave link)	Teaken Butte				116 23 28.44"	46 35' 28.43"	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Gilbert				116 16' 39.98"	46 28' 9.24'	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Lauby Butte	Nezperce	ID	83543	116 12' 59"	46 22' 11"	Yes	Existing - Other
Tower (microwave link)	Greer Grade	Orofino	ID	83544	116.1677°	46.3799°	Yes	New for Proposed Network
Tower (microwave link)	Nuxoll	Kamiah	ID	83536	116.0531°	46.1931°	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Kamiah	Kamaiah	ID	83536	116.0°	46.2300°	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	Agee	Kooskia	ID	83539	115.9792°	46.1588°	Yes	Existing - Applicant/Partner Owned
Tower (microwave link)	TU 61 (Greer2)	Kamaiah	ID	83536	116.0869°	46.2481°	Yes	New for Proposed Network



## Proposed Last Mile Service Offerings

Name of Service Tier	Advertised Speeds		Estimated Average Speeds		Average Latency @ End User CPE milliseconds	Pricing Plan (\$ per month)	Other Comments/Description/Features or Limitations
	Downstream Mbps	Upstream Mbps	Downstream Mbps	Upstream Mbps			
NPIS - Entry Level	3	1.5	3	1.5	< 10	\$20.00	Nez Perce Tribe IS Residential, Business or Institutional
NPIS - Maximum Level	20	20	20	20	< 100	\$500.00	Nez Perce Tribe IS Business or Institutional
WiMaxx	4	1	4	1	< 20	\$20.00	Inland Cellular Residential, Business
Voice	na	na			<1	\$49.00	Inland Cellular Residential, Business
FSI-1	0.8	0.128			<10	\$35.00	First Step Internet, set up fees extra
FSI-2	1.5	0.256			< 10	\$40.00	First Step Internet, set up fees extra
FSI-3	2	0.5			<10	\$50.00	First Step Internet, set up fees extra

### Explanation of Average Speed Calculations:

With the limited density of subscribers and depth of the backbone we anticipate full delivery of telecommunication network capacity will be available. Hub speeds will be upgraded to meet demands of the future.





### Proposed Middle Mile Service Offerings

Name of Service Offering	Distance Band or Point to Point	Minimum Peak Load Network Bandwidth Capacity (Mbps)	Monthly/Yearly Pricing (\$)	Other Comments/Description/Features or Limitations

Details unavailable unless placing an order

Details unavailable unless placing an order

# Competitor Data

## Competitor Data - Last Mile Service Providers

Service Provider	Service Areas Where ESRvice Available	Technology Platform	Service Tiers	Downstream Speed	Monthly Pricing	Other Comments/Description/Features or Limitations
NPIS - Entry Level	Lapwai, Culdesac, Craigmont, Nezperce, Kamiah, Kooskia	Wireless	Residential, Business	1.5 Mbps	20	Nez Perce Tribe IS Residential, Business or Institutional
NPIS - Maximum Level	Lapwai, Culdesac, Craigmont, Nezperce, Kamiah, Kooskia	Wireless	Residential	1.5 Mbps	200	Nez Perce Tribe IS Business or Institutional
FSI-1	0.8	0.128	Residential or Business	1.5 Mbps	35	First Step Internet, set up fees extra
QRO Idaho	Kooskia, Kamiah, Orofino, Peck	Wireless	Ultimate	768 kbps	79.99	Plus installation costs
Suddenlink	Ahsahka, Orofino, Peck, Winchester, Kamiah	Cable	Preferred	1.5 Mbps	70	TV subscribership required, speeds dependent upon location
			Premium	5 Mbps	75	TV subscribership required, speeds dependent upon location

## Competitor Data - Middle Mile Service Providers



Service Provider	Service Areas Where Service Available	Technology Platform	Service Tiers	Distance Band or Point-to-Point	Minimum Peak Load Network Bandwidth Capacity	Pricing	Other Comments/Description/Features or Limitations
Qwest	Lapwai, Culdesac, Winchester, Craigmont, Nezperce, Kamaih, Kooskia	Fiber to CO, NORTEL DMS 10					Details unavailable unless placing an order
Verizon	Ahsahka, Greer, Orofino, Peck	Fiber to CO, NORTEL DMS 10					Details unavailable unless placing an order

## Broadband Subscriber Estimates

Name of Service Offering	Customer Type	Year 0	Cumulative/ Net Add	Year 1				Year 2				Year 3				Year 4	
				Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Nez Perce Broadband	Residential/Individual	130	Cumulative			60	60	60	30	60	60	60	90	30	30	30	45
			Net Add														
Nez Perce Broadband	Business	0	Cumulative														
			Net Add			10	10	10	5	5	5	5	5	5	10	20	5
Nez Perce Broadband	Community Anchor Inst.	2	Cumulative														
			Net Add			4	5							5	4		
			Cumulative														
			Net Add														
			Cumulative														
			Net Add														
Cumulative Totals (excluding Indirect)	Residential/Individual		Total			190	250	310	340	400	460	520	610	640	670	700	745
	Business		Total			10	20	30	35	40	45	50	55	60	70	90	95
	Community Anchor Inst.		Total			4	9							14	18		
	Third Party Service Provider		Total														
Cumulative Totals (including Indirect)	Residential/Individual		Total														
	Business		Total														
	Community Anchor Inst.		Total														

### Table of Customer Types

Residential/Individual  
Business  
Community Anchor Inst.  
Third Party Service Provider  
Indirect - Res./Ind.  
Indirect - Business  
Indirect - Com. Anchor Inst.

**Explanation of Methodology:** The project build out assumes 35% capture of the total number of businesses and residences in the last mile service areas within the Reservation and uptake by all identified community anchor institutions. Subscribership timeline is based on the build out on first existing partners' infrastructure and where network linkages are reliant only on antenna/radio installation. Out year new tower construction and last mile delivery dependent on middle mile build out is expected to take place by Year 3, 4th quarter, when again we see a boost of subscribership.

Name of Service Offering	Customer Type	Year 4		Year 5				Year 6				Year 7				Year 8		
		Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3
Nez Perce Broadband	Residential/Individual	20	12	12	8	8	8	8	8	8	8	8	8	8	8	8	8	8
Nez Perce Broadband	Business																	
Nez Perce Broadband	Community Anchor Inst.	5	0	0	5	5	0	0	5	5	0	0	0	5	5	5	0	5
Nez Perce Broadband																		
Cumulative Totals (excluding Indirect)	Residential/Individual	765	777	789	797	805	813	821	829	837	845	853	861	869	877	885	895	901
	Business	100	100	100	105	110	110	110	115	120	120	120	120	125	130	135	135	140
	Community Anchor Inst.																	
	Third Party Service Provider																	
Cumulative Totals (including Indirect)	Residential/Individual																	
	Business																	
	Community Anchor Inst.																	

**Table of Customer Types**

Residential/Individual  
Business  
Community Anchor Inst.  
Third Party Service Provider  
Indirect - Res./Ind.  
Indirect - Business  
Indirect - Com. Anchor Inst.



Name of Service Offering	Customer Type	Qtr 4
Nez Perce Broadband	Residential/Individual	8
Nez Perce Broadband	Business	5
Nez Perce Broadband	Community Anchor Inst.	
Cumulative Totals (excluding Indirect)	Residential/Individual	909
	Business	145
	Community Anchor Inst.	
	Third Party Service Provider	
Cumulative Totals (including Indirect)	Residential/Individual	
	Business	
	Community Anchor Inst.	

Table of Customer Types

Residential/Individual
Business
Community Anchor Inst.
Third Party Service Provider
Indirect - Res./Ind.
Indirect - Business
Indirect - Com. Anchor Inst.