



**SHEE ATIKÁ**  
Incorporated



2020 ANNUAL REPORT



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Sitka photos by Dan Evans  
 Most Portraits by Keith Fredrickson

**SHEE ATIKÁ**  
 Incorporated  
 AND AFFILIATES

2020 ANNUAL REPORTS OF  
 SHEE ATIKÁ INC.  
 SHEE ATIKÁ INVESTMENTS, LLC  
 SHEE ATIKÁ FUND ENDOWMENT  
 SHEE ATIKÁ BENEFITS TRUST

## SHEE ATIKÁ BOARD OF DIRECTORS



Board Members, left to right

**Top Row**

Robert Allen, Jr., Chairman of the Board

Roxanne Drake-Burkhart, Vice Chairman; Laurence Garrity, Secretary

**Middle Row**

Norma J. Perkins, Treasurer; James Craig, Director; Alysha Guthrie, Director

**Bottom Row**

Gillian Havrilla, Director; Dr. Pamela Steffes, Director; G. Ken Truitt, Director

## LETTER FROM THE CHAIRMAN OF THE BOARD

Dear Shareholders:

I am honored to have been chosen to be your Shee Atiká Chair by my fellow board members in September. In what has been an unimaginable year of uncertainty, social and business upheaval, isolation and sadness for all of us, I am relieved to see our new normal coming closer every day. We are pleased to present our 2020 Annual Report showing that Shee Atiká has weathered the stormy seas of the pandemic economy. Our corporation has had an impressive year financially and is poised for continued growth and success.

You have elected new members to the board every year at the past several Annual Meetings. The culture of our corporation has changed as a result. The current board is developing as a highly functional team in partnership with our new CEO, Karl Potts, and his cadre of professional staff in our growing number of subsidiaries. With new governance and leadership in place, we are working on a strategic plan for the next three to five years. This joint effort by board and staff will affirm our values, mission, and goals, and provide a map to ensure the success of our businesses and increased support for shareholders, including dividends, cultural investments, scholarships and educational support, funeral benefits, and continued growth of our trust fund. It is rewarding to work on this plan with so many exciting opportunities ahead of us.

As the road to our lands in Katlian Bay becomes a reality on the ground, I know that you have questions. What is Shee Atiká going to do with over 3,000 acres of land that will soon be accessible? A past board designated the Katlian Bay lands as a long term landbank and not to be sold. After recent discussions at the start of our



strategic planning process, I want to assure you that today's board intends to retain that designation. I expect that the strategic plan will address the process for evaluating the cultural and business opportunities for future activities in Katlian Bay. Our values will guide us as we look at potential activities and partnerships, while safeguarding the Katlian Bay land for future generations.

This board is striving to be fully engaged in the governance of the corporation beyond our regularly held meetings. To increase involvement, we have created three new board committees:

- Finance and Audit Committee
- Governance Committee
- Shareholder Relations Committee

The committees will allow for more work, and more interaction between board members and staff on the issues facing our corporation. Transparency in how your corporation and the board works is of utmost importance to me. The committees

will play a key role in building this value into our corporate culture. I am enthusiastic about the benefits that the board and shareholders will see from this transformation in our way of doing business.

I ran for the board three years ago because I was so concerned about the financial state and direction of Shee Atiká. With the changes in board members, a new CEO, and our recent successes in government contracting, I am now confident and excited by our financial position and developing businesses. The future is bright for Shee Atiká, and my expectation is that financial benefits to all of our shareholders will increase. As we move past the social distancing requirements of the COVID pandemic, I look forward to meeting with shareholders in person on a frequent basis to connect over our mutual relationship with Shee Atiká.

To those of you who are struggling with health or economic impacts of COVID, or who have lost loved ones to the pandemic, we send our healing thoughts and prayers. Our ancestors survived unimaginable hardships and challenges. May their strength and sacrifices guide us in creating a better future for our grandchildren. Gunalchéesh.

Rob Allen  
Chairman of the Board

## LETTER FROM THE PRESIDENT/CEO

To the Shareholders of Shee Atiká, Inc.,  
**T**oday, as I write to you, we are a few weeks past the end of 2020, which was a traumatic and wild ride to say the least.

Our nation, the State of Alaska and our respective communities are still struggling with the COVID-19 pandemic and its impacts on our personal and public health and economic vitality. Despite these challenges and others facing Shee Atiká, Inc. (“SAI”), we concluded the year much stronger and financially sound than at the beginning of 2020.

Three important measures by which we assess the performance of Shee Atiká are Shareholder Benefits, Revenue & Profitability, and Shareholder Equity. Of paramount importance are the benefits we provide to SAI shareholders. In 2020, we increased scholarship and funeral benefit payments by 27% and shareholder distributions by 25% for a total Shareholder Benefit increase of over 25%. Revenue from Operations (excluding the Cube Cove land sale) increased by over 800% and Total Profitability swung from negative in 2019 to positive in 2020, increasing by 270%. Shareholder Equity increased by over 14%. In almost every important financial category, SAI significantly improved its year over year performance.

Importantly, the changes made in 2020 to our businesses created a strong foundation to build upon to continue our successes. SAI’s future looks very bright. As I reflect upon these successes, I am reminded of the Aesop Fable, “The Goose that Laid the Golden Eggs.” We should not be short-sighted and disregard those attributes of our great company (the Goose) that created our financial turn-



around which are our operating companies, both government contracting and real estate (the Golden Eggs). Our key strengths are our talented employees and the financial strength of SAI. Our employees, whether executive management or support staff, have exhibited the experience, knowledge and capabilities to chart an upward path for SAI companies and steer the company in the right direction. A second key strength is our financial stability. We have the resources to invest in our companies, for the short and the long term, and to properly balance the need to provide meaningful shareholder benefits with continued growth in our business lines.

SAI continues to place paramount importance to providing benefits to its Shareholders consistently and in accordance with our cultural values. The accompanying charts describe how Shee Atiká has translated its financial success over the years into benefits for our shareholders. If you have owned 100 shares since our corporation was formed in April, 1974, you have received a total of \$40,045 in distributions, which is \$400.45/per share. In addition to these distributions (which have come from both

Shee Atiká and SAFE), over \$854,000 has been paid out in funeral and educational benefits. It is important to note that Shee Atiká, as an Urban Corporation, has never received any of the distributions under ANCSA 7(j) that Alaska Native Village Corporations receive each year. For some ANCSA Village Corporations, they have received millions of dollars in 7(j) distributions. This lack of capital resource is an enormous disadvantage for us when compared to other ANC Village Corporations. Every dollar we invest in the company and pay out in benefits comes from earnings generated by our operations or original ANCSA assets.

SAI has three core business lines, consisting of a collection of businesses, which we actively manage. These lines are Commercial/Government Contracting, Real Estate/Land Management, and Management of SAFE/SAIL Investment portfolios.

The Commercial/Government Contracting business was tremendously successful last year. Revenues increased by over 1500% while operating gross profits increased by almost 1300%. These results are extraordinary by any measure. While we expect our operations to continue to be successful, such high rates of growth in terms of revenue and profitability will probably not be seen year over year. At the end of 2020, our operating company portfolio consisted of American Marine and Technical Services, LLC (“AMTS”), Alaska Northstar Resources, LLC (“ANR”) and Shee Atiká Enterprises, LLC (“SAE”). We have realigned AMTS, which will focus on pursuing work in logistics and facility support services with targeted federal government agencies to take advantage of the knowledge and experience AMTS’ management has in

these market sectors. SAE began active operations in early 2020 and is pursuing federal business in life sciences, research/development and similar professional support service markets desired by key federal agencies. ANR will continue its successful growth and will focus on IT/cybersecurity sectors and expand into the newly created area of US Space Force and similar agencies. Our greatest competitive advantage is the talented people on staff at SAI and our subsidiary companies. Strategically, at this time SAI has committed to growing our portfolio of companies organically rather than through acquisition. Our longer-term strategic plan may include both approaches in order to continue driving long term sustainable positive revenue and profitability.

Our Real Estate/Land Management portfolio consists of three primary business lines – (1) Katlian Bay holdings, (2) the Commercial Real Estate division and (3) the Real Estate Development division. With regard to Katlian Bay, the State of Alaska is constructing the Katlian Bay Road and estimates project completion in early 2023. The road will provide public access from the northern end of Halibut Point Road, extending along the south shoreline of Katlian Bay, crossing the

Katlian River, and ending four miles east of the Katlian estuary at the boundary between Shee Atiká and US Forest Service lands. This State-funded project opens up future opportunities for SAI to generate revenue from tourism-related business as well as through natural resource development. As always, SAI will pursue business lines compatible with shareholder values and balancing subsistence and cultural activities with revenue opportunity. Our Commercial Real Estate division continues to perform well. Our rental properties have historically maintained a high occupancy rate, particularly the Colorado Springs property which is fully leased to MITRE through 2024. The Real Estate Development division is seeing a resurgence of activity in the Sitka area on Alice and Charcoal Island as the local economy recovers from COVID-19 and the proposed SEARHC hospital expansion gains traction. SAI is evaluating other tourism development opportunities in the Sitka region to take advantage of SAI’s successful development history and the immense growth opportunities in tourism in SE Alaska we anticipate beginning in 2022.

Our last primary business line, SAFE/SAIL Investment Portfolio

Management, finished 2020 on an upbeat note. The advisory-managed funds are conservatively invested and weighted toward income yield and a value-investment orientation. Markets have improved dramatically after the early declines in 2020 and the uncertainty in the political climate. SAFE/SAIL investment portfolios generally performed better than expected as a result of key changes to asset classes to address US and global economic market dynamics.

In closing, I want to emphasize how well-positioned Shee Atiká is for the present and the future. The hard work and dedication of our employees and the Shee Atiká Board of Directors in recent years has turned SAI into a company to be admired by our Shareholders and a staunch competitor in the markets we choose to pursue. Many of the uncertainties which we faced last year as individuals, a nation and of course Shee Atiká remain with us in the present. I want to share my optimism that Shee Atiká businesses are on the right track and positioned well for future success. There remains much to be done financially and we will continue to improve our sales and operations to perform effectively and efficiently. We will continue to look for appropriate opportunities for revenue/profitability growth and make certain the Goose and the Golden Eggs grow strong and plentiful.

Respectfully yours,

Karl Potts  
 President / Chief Executive Officer





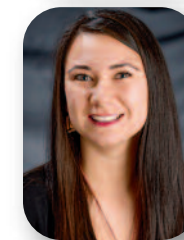
2020 ANNUAL REPORT  
**SHEE ATIKÁ STAFF**



Left to Right:  
 Karl Potts, President/CEO  
 Ptarmica McConnell, Chief Financial Officer  
 Timothy Castro, President, Shee Atiká Government Services, LLC



Lauren Estes, Director of Human Resources and Property Administrator  
 Kevin Mosher, Accountant  
 Faleene Worrell, Compliance Specialist



Kori Lindstrom, Executive Assistant  
 Haley LaDuke, Accounting Technician  
 Kathy Thomas, Accounting Technician



**CORPORATE INFORMATION**

**SENIOR MANAGEMENT**

Karl Potts  
 President/CEO  
 Ptarmica McConnell  
 Chief Financial Officer  
 Timothy Castro  
 President, Shee Atiká  
 Government Services, LLC

**STAFF**

Lauren Burkhart Estes  
 Director of Human Resources  
 Property Administrator  
 Kevin Mosher  
 Accountant  
 Faleene Worrell  
 Compliance Specialist

Kori Lindstrom  
 Executive Assistant

Haley LaDuke  
 Accounting Technician

Kathy Thomas  
 Accounting Technician

Tracy Orona  
 Janitorial

**CORPORATE OFFICE**

315 Lincoln Street, Suite 300  
 Sitka, Alaska 99835  
 907-747-3534  
 800-478-3534 (shareholder line)

**INDEPENDENT AUDITORS**

BDO USA, LLP  
 601 Union Street, Ste. 2300  
 Seattle, WA 98101

**CORPORATE COUNSEL**

Sorensen & Edwards, P.S.  
 701 Fifth Avenue, Suite 3300  
 Seattle, WA 98104

**STOCK TRANSFERS**

Shee Atiká, Incorporated  
 Attn: Stock Transfers

**INSPECTOR OF ELECTIONS**

Sramek Hightower  
 Certified Public Accountants  
 2525 C Street, Suite 100  
 Anchorage, AK 99503

**SHEE ATIKÁ SCHOLARSHIP COMMITTEE**

Brian James: Seattle, WA  
 Katherine Staton: Eugene, OR  
 Chuck Miller: Sitka, AK

## INDEPENDENT AUDITOR'S REPORT



Board of Directors and Shareholders  
Shee Atiká, Incorporated  
Sitka, Alaska

**Opinion**

We have audited the consolidated financial statements of Shee Atiká, Incorporated and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*BDO USA, LLP*

March 26, 2021

## CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 10,854,785	\$ 6,464,657
Accounts receivable	3,627,873	140,564
Income tax receivable	-	114,491
Prepaid expenses and other	151,533	81,883
Total Current Assets	14,634,191	6,801,595
Leased commercial properties, net	4,357,277	4,482,113
Property and equipment, net	964,109	990,903
Cube Cove Land	-	198,326
Katlian Bay Land	810,000	810,000
Deferred selling costs related to Cube Cove property	-	1,729,981
Deferred tax asset	899,000	1,966,000
Total Assets	\$ 21,664,577	\$ 16,978,918
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,306,744	\$ 522,911
Current portion of long-term debt	523,489	77,676
Deferred revenue	551,145	37,026
Total Current Liabilities	3,381,378	637,613
Long-term debt, less current portion	301,528	523,684
Total Liabilities	3,682,906	1,161,297
Equity		
Shee Atiká, Incorporated shareholders' equity		
Common stock, no par or stated value, 250,000 shares authorized:		
Class A, voting, 179,124 and 179,669 shares issued and outstanding for 2020 and 2019, respectively	-	-
Class B, nonvoting, 6,076 and 5,531 shares issued and outstanding for 2020 and 2019, respectively	-	-
Contributed capital	5,956,000	5,956,000
Retained earnings	11,991,106	9,718,305
Total Shee Atiká, Incorporated Shareholders' Equity	17,947,106	15,674,305
Noncontrolling interest	34,565	143,316
Total Equity	17,981,671	15,817,621
Total Liabilities and Equity	\$ 21,664,577	\$ 16,978,918

See accompanying notes to consolidated financial statements

## CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Contracts	\$ 14,399,302	\$ 892,950
Sales of Cube Cove parcels	5,185,308	-
Administrative fees from affiliated entities	1,209,830	1,587,062
Rentals from leased commercial properties	324,080	368,854
Sales of lots on Alice Island	-	351,298
Investment income	41,307	103,384
Other	36,261	54,177
Total Revenue	21,196,088	3,357,725
Costs and Expenses		
Direct contract expenses	9,734,728	554,870
General and administrative	5,671,752	3,510,908
Cost of Cube Cove parcels and direct selling costs	1,928,307	-
Scholarship and funeral benefit payments	309,600	243,833
Depreciation	296,445	312,520
Costs of Alice Island Lots and direct selling costs	-	197,812
Leased commercial properties	81,614	81,970
Other	80,793	123,683
Interest	38,399	42,276
Contributions	19,400	10,996
Total Costs and Expenses	18,161,038	5,078,868
Income (Loss) before Income Tax (Expense) Benefit	3,035,050	(1,721,143)
Income Tax (Expense) Benefit	(1,067,000)	382,000
Net Income (Loss)	1,968,050	(1,339,143)
Net Loss Attributable to Noncontrolling Interests	304,751	11,728
Net Income (Loss) Attributable to Shee Atiká, Incorporated	\$ 2,272,801	\$ (1,327,415)

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

	Shee Atiká, Incorporated Shareholders' Equity					Noncontrolling Interest	Total Equity
	Shares of Common Stock Class A	Shares of Common Stock Class B	Contributed Capital	Retained Earnings	Total		
Balances, December 31, 2018	179,860	5,340	\$ 5,956,000	\$11,025,777	\$16,981,777	\$204,987	\$17,186,764
Class transfer due to change in ownership	(191)	191	-	-	-	-	-
Distribution to SABT	-	-	-	(30,000)	(30,000)	-	(30,000)
Net loss for the year	-	-	-	(1,277,472)	(1,277,472)	(61,671)	(1,339,143)
Balances, December 31, 2019	179,669	5,531	5,956,000	9,718,305	15,674,305	143,316	15,817,621
Class transfer due to change in ownership	(545)	545	-	-	-	-	-
Contributions	-	-	-	-	-	196,000	196,000
Net income (loss) for the year	-	-	-	2,272,801	2,272,801	(304,751)	1,968,050
Balances, December 31, 2020	179,124	6,076	5,956,000	\$11,991,106	\$17,947,106	\$ 34,565	\$17,981,671

See accompanying notes to consolidated financial statements

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from (for) Operating Activities		
Cash received from		
Contracts	\$ 11,426,112	\$ 785,007
Sales of Cube Cove parcels	5,185,308	-
Administrative and other fees from affiliated entities	1,209,830	1,587,062
Rentals from leased commercial properties	324,080	348,987
Income taxes received	114,491	173,359
Interest income and other	77,568	157,561
Sales of developed lots	-	351,298
Cash paid to/for		
Contractors and suppliers	(9,820,251)	(2,230,359)
Salaries, including related taxes and benefits	(4,043,627)	(1,961,991)
Scholarship and funeral benefit payments	(309,600)	(243,833)
Interest	(38,399)	(42,276)
Net Cash Flows from (for) Operating Activities	4,125,512	(1,075,185)
Cash Flows for Investing Activities		
Proceeds from sale of property and equipment	6,750	-
Purchases of property and equipment	(161,791)	(31,912)
Payment for deferred selling costs related to the Cube Cove property	-	(152,116)
Net Cash Flows for Investing Activities	(155,041)	(184,028)
Cash Flows from (for) Financing Activities		
Distribution to SABT	-	(30,000)
Contributions received from noncontrolling interests	196,000	-
Proceeds from Paycheck Protection Program loans	301,528	-
Principal repayments on long-term debt	(77,871)	(73,340)
Net Cash Flows from (for) Financing Activities	419,657	(103,340)
Net Change in Cash and Cash Equivalents	4,390,128	(1,362,553)
Cash and Cash Equivalents, beginning of year	6,464,657	7,827,210
Cash and Cash Equivalents, end of year	\$ 10,854,785	\$ 6,464,657
Reconciliation of Net Income (Loss) to Net Cash Flows from (for) Operating Activities		
Net income (loss)	\$ 1,968,050	\$ (1,339,143)
Adjustments to reconcile net income (loss) to net cash flows from (for) operating activities:		
Depreciation	296,445	312,520
Cost of Cube Cove parcels sold	1,928,307	-
Cost of developed lots sold	-	197,812
Loss on sale of property and equipment	10,226	-
Deferred income tax expense (benefit)	1,067,000	(382,000)
Changes in operating assets and liabilities		
Income tax receivable	114,491	173,359
Accounts receivable	(3,487,309)	(127,810)
Prepaid expenses and other assets	(69,650)	(45,011)
Accounts payable, accrued expenses, and deferred revenue	2,297,952	135,088
Net Cash Flows from (for) Operating Activities	\$ 4,125,512	\$ (1,075,185)

See accompanying notes to consolidated financial statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### ORGANIZATION

Shee Atiká, Incorporated (Shee Atiká) is an urban corporation organized pursuant to the Alaska Native Claims Settlement Act (ANCSA). ANCSA also created regional corporations that represent geographic areas. Shee Atiká is located in the Sealaska Corporation region. Pursuant to ANCSA, Shee Atiká received the surface estate of approximately 23,000 acres of property located on Admiralty Island (Cube Cove), 3,000 acres at Katlian Bay, and 30 acres on Alice and Charcoal Islands located near Sitka, Alaska, as well as \$250,000 in cash. The subsurface estate in this land was conveyed to Sealaska Corporation under ANCSA.

Pursuant to ANCSA, 100 shares of Shee Atiká's voting common stock were issued to each Native person enrolled. Nonvoting common stock is issued to any person who acquires Shee Atiká's stock and is not a "Native" or "Descendant of a Native" within the meaning of ANCSA. Shee Atiká has 3,446 shareholders as of December 31, 2020.

Shee Atiká owned a large tract of land known as Cube Cove. The property was divided into 13 parcels in order to be sold to the U.S. Forest Service as funds became available. As discussed in Note 2, the last three parcels were sold in 2020. No parcels were sold in 2019.

In addition to Cube Cove property, Shee Atiká owns Alice Island which has been divided into various lots. Shee Atiká sold no lots in 2020, but sold three developed lots in 2019. In addition, Shee Atiká leases commercial properties that it owns, which are located in Sitka, Alaska.

Shee Atiká (through its wholly owned subsidiary, Alaska Northstar Resources LLC (ANR) and its majority owned subsidiary Shee Atiká Enterprises LLC (SAE)) provides contract services to the United States government under the U.S. Small Business Administration's 8(a) Business Development Program (Section 8(a)). ANR and SAE, are certified under the Section 8(a) program, and this certification gives them preference in obtaining contracts with the United States government.

The sale of developed lots is subject to geographic risks (all are located in Sitka). Commercial leasing operations are also subject to geographic risks (all activities are also in Sitka) as well as the financial viability of the lessees. Shee Atiká's service contract activities are subject to competitive factors, program continuation, and appropriate contract management.

During 2020, Shee Atiká created a new wholly owned subsidiary, INDHA Health Solutions, LLC, which specializes in tailoring healthcare solutions with clients to create healthy lifestyles by improving population healthcare. The services provided are discussed later in these footnotes.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Shee Atiká and its wholly owned and majority owned subsidiaries. All the subsidiaries are organized as limited liability companies (the LLCs). All material transactions between these entities have been eliminated in the consolidation. The LLCs limit Shee Atiká's financial exposure to the amount of Shee Atiká's investment in them. Shee Atiká's various subsidiaries are summarized as follows:

- ANR is wholly owned with an indefinite life. ANR was formed in 2017 for the purpose of providing information technology services to the United States government (primarily the United States Air Force). As previously noted, ANR holds certification under the Section 8(a) program, and this certification gives it preference in obtaining contracts with the United States government.
- Balanced Accounting Solutions LLC (BAS) is majority owned (51% interest) with an indefinite life; a related entity owns the minority interest – Shee Atiká Fund Endowment (SAFE). BAS currently provides accounting services for Shee Atiká and all of its subsidiaries as well as for Shee Atiká Investments, LLC (SAIL), SAFE, and Shee Atiká Benefits Trust (SABT).
- Shee Atiká Holdings Alice Island LLC (Alice Island) is wholly owned with a termination date of 2027. Alice Island owns and leases real property in Sitka, Alaska. Alice Island is also in the process of developing lots on owned property to be sold or leased. There were no lots sold in 2020, but three lots were sold in 2019. There was one lot remaining for sale related to Alice Island, which was sold in February 2021. Note that Shee Atiká, Incorporated owns five other lots on Alice Island. In total, there are five lots remaining on Alice Island to be sold.

• Shee Atiká Holdings Lincoln Street LLC (Lincoln Street) is wholly owned with a termination date of 2022. Lincoln Street owns and leases real property in Sitka, Alaska.

• American Marine and Technical Services LLC (AMTS) is majority owned (51% interest) with an indefinite life; the related entity SAFE holds a 39% interest, and an unrelated entity owns a 10% interest. In December 2020, SAI entered into an agreement to purchase the 10% interest from the unrelated entity; however, the ownership change will not go into effect until the SBA approves it. AMTS holds certification under Section 8(a). AMTS was formed in 2017 for the purpose of partnering with the 10% owner to provide contract services in the future. It did not have any significant operations during 2020 or 2019.

• SAE is majority owned (51% interest) with an indefinite life; a related entity owns the minority interest – SAFE. As previously noted, SAE holds certification under Section 8(a). During 2020, SAE entered into a contract with the National Institute of Health to provide contract services and develop digital health solutions to address the COVID 19 pandemic and enable new research into using digital health technologies to advance the public health response. SAE did not have any significant operations during 2019.

• INDHA Health Solutions LLC (INDHA) is wholly owned with an indefinite life unless dissolved in accordance with the Operating Agreement. INDHA provides a technology based service platform to businesses for their employees to track health data and help reduce healthcare premiums. It did not have any significant operations during 2020.

• Shee Atiká Commercial Services LLC (SACS) was majority owned (51% interest) with an indefinite life; a related entity owned the minority interest – SAFE. SACS held certification under Section 8(a). SACS was dissolved as an entity during the year ended December 31, 2019, because its 8(a) program ended and Shee Atiká had no future plans to expand business within SACS' NAICS Code. SACS did not have any significant operations for the year ended December 31, 2019.

• Shee Atiká Languages LLC (SAL) was a majority owned subsidiary that was dissolved in 2012. The effective date of dissolution of SAL was January 28, 2012. As part of the winding up of SAL under Alaska law, certain claims, rights, and causes of action of SAL were assigned to the Shee Atiká Languages, LLC Liquidating Trust (the Liquidating Trust) in order to allow for those claims, rights, and causes of action to be pursued. Those claims, rights, and causes of action have been pursued and are now concluded.

#### USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Shee Atiká considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Shee Atiká has cash and cash equivalent balances in excess of federally insured limits. Shee Atiká believes it is not exposed to any significant credit risk on cash.

#### LEASED COMMERCIAL PROPERTIES/PROPERTY AND EQUIPMENT/CUBE COVE LAND/KATLIAN BAY LAND

The estimated value of the land, including structures, along with cash received under ANCSA was recorded as contributed capital. The surface resources associated with ANCSA land were not recorded based on uncertainties associated with the valuation of these resources. Other land, buildings, and equipment (including leased commercial properties) are stated at cost.

Depreciation is computed using the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to seven years.

#### REVENUE RECOGNITION

Shee Atiká generates revenue from the sale of Cube Cove parcels, sale of lots on Alice island, administrative fees from affiliates, contract fees for information technology (IT) and digital health solution services with government agencies and leasing of commercial properties.

Shee Atiká owned a large tract of land known as Cube Cove. The property was divided into 13 parcels in order to be sold to the U.S. Forest Service as funds are available. Each parcel sale is considered one performance obligation, as the sales price has been individually negotiated. Revenue is recognized at time of the sale closing, adequate funding has been received, and title has passed to the purchaser. In essence,



when the control has passed to the buyer. Shee Atiká does not finance the lot sales. Costs associated with the sale of the parcels primarily consisted of legal and lobbying fees. These costs were amortized pro rata over the parcel sales.

In addition to the Cube Cove property, Shee Atiká sells lots on Alice Island. Similar to the sale of Cube Cove revenue recognition, each lot is sold individually. The sale of a lot is considered one performance obligation and the sales price of each lot is individually negotiated. Revenue is recognized at time of the sale closing, adequate funding has been received, and title has passed to the purchaser. In essence, when the control has passed to the buyer. Shee Atiká does not finance the lot sales and does not have any material expenses to obtain the contract other than standard real estate closing costs, and these costs are expensed as incurred.

Administrative fees from affiliates are charges associated with the time that management spends to run the affiliated entity operations. Revenue is recognized on a monthly basis based on time incurred in which the fees are recognized using the input method. Fees are based on budgeted time allocations reviewed for reasonableness on a regular basis. Price charged is based on the actual salaries of employees and overhead expenses multiplied by time spent on the affiliate.

As previously mentioned, ANR provides IT services to the U.S. government (primarily the United States Air Force). Contracts consist of various contract line items (referred to as CLINs) and each CLIN has its own fixed price (except for the CLIN for travel, which is based on costs incurred plus a fee). Each CLIN typically lasts three or four months and involves ANR staff working on site over the three or four month CLIN term. Costs are incurred relatively evenly over the term of the CLIN, so revenue is recognized ratably over the CLIN term (and revenue is recognized over time as the services are rendered using the input method). Revenue at SAE is recognized in a manner similar to ANR.

Accounts receivable includes \$3,452,268 and \$103,341 for amounts due under contracts as of December 31, 2020 and 2019, respectively. Based on its assessment of the current status of individual accounts (receivables are primarily due from the United States Air Force), Shee Atiká believes it is probable that all amounts recorded as of December 31, 2020 and 2019, will be collected, so it has not recorded an allowance for any uncollectible receivable balances.

Deferred revenue includes \$521,149 for amounts received under contracts which have been paid in advance of performance of a CLIN and are contract liabilities as of December 31, 2020. There are no contract liabilities in 2019.

Change orders related to ANR contracts can occur and are treated as a contract modification (as opposed to a separate contract) as the change order is inherent to the original contract (and the change order does not result in additional distinct services promised to the customer but are part of the existing performance obligation). Change orders are not recognized until approved by all parties. There is no significant variable consideration.

As of and for the year ended December 31, 2020, contracts with three divisions of the U.S. government represent 96% of contract revenue and contracts with two divisions of the U.S. government represent 93% of accounts receivable. As of and for the year ended December 31, 2019, a contract with one division of the U.S. government represents 100% of contract revenue and accounts receivable.

Revenue is disaggregated between revenue recognized when the performance obligation is satisfied over time (contract revenue and administrative fees) and revenue where the performance obligation is satisfied at a point in time (Cube Cove land sales and Alice Island lot sales), and is broken out on the face of the consolidated statements of operations.

Revenue from rentals of leased commercial properties is recognized ratably over the life of the lease. Lease payments received in advance of the period to which they relate are deferred.

#### INCOME TAXES

Shee Atiká accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in Shee Atiká's consolidated financial statements or income tax returns. In estimating future tax consequences, Shee Atiká generally considers all expected future events other than enactments of changes in income tax laws or rates.

Shee Atiká reports a liability, if any, for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties, if any, are recorded as a component of interest expense and other expense, respectively. No liability has been recorded for uncertain tax positions or related interest or penalties as of December 31, 2020 or 2019.

#### SCHOLARSHIP AND FUNERAL BENEFIT PAYMENTS

Shee Atiká recognizes benefits paid to shareholders for scholarship and funeral benefits as expenses when a shareholder has applied to receive such benefits and the related benefit application has been approved. Scholarship benefit applications are reviewed and approved by Shee Atiká's scholarship committee while funeral benefit applications are reviewed and approved by management. During the year ended December 31, 2020 and 2019, Shee Atiká recognized expenses of \$309,600 and \$243,833 respectively, related to these benefits.

#### SUBSEQUENT EVENTS

Shee Atiká has evaluated subsequent events through the date these consolidated financial statements were available to be issued, which was March 26, 2021.

## 2 CUBE COVE AND DEFERRED COSTS RELATED TO CUBE COVE

The Cube Cove property recorded on the consolidated balance sheet as of December 31, 2019, related to land on Admiralty Island. For several years, Shee Atiká has been in negotiations with the U.S. Forest Service to sell a portion or all of this land. During the year ended December 31, 2020, the last three parcels were sold for total proceeds of \$5,185,308. No parcels were sold during the year ended December 31, 2019.

In relation to the efforts to sell the land to the U.S. Forest Service, Shee Atiká has incurred significant legal and other professional fees that are direct and incremental to the transaction. These costs (those not recognized as costs in prior years) amounted to \$1,729,981 as of December 31, 2019. No additional costs were incurred in 2020. These costs were capitalized and included in deferred selling costs related to Cube Cove property on the consolidated balance sheets. As sales of Cube Cove parcels occur, Shee Atiká allocates a portion of the capitalized costs against the gross proceeds received on the sale on a pro rata basis in proportion to the fair value of each parcel sold. All remaining capitalized costs were recognized as a cost of the sale of the final Cube Cove Parcels in 2020.

## 3 LEASED COMMERCIAL PROPERTIES

Leased commercial properties consist of properties that are held for lease and consist of the following at December 31:

	2020	2019
Buildings	\$ 6,322,933	\$ 6,168,411
Leasehold improvements	527,739	527,739
	<u>6,850,672</u>	<u>6,696,150</u>
Less: Accumulated depreciation and amortization	(3,502,589)	(3,220,790)
	<u>3,348,083</u>	<u>3,475,360</u>
Land and land improvements	1,009,194	1,006,753
	<u>\$ 4,357,277</u>	<u>\$ 4,482,113</u>

Depreciation expense for leased commercial properties amounted to \$281,799 and \$293,030 in 2020 and 2019, respectively.

The commercial buildings are leased under various operating leases expiring in various years through 2026. The approximate minimum future lease payments to be received on noncancelable operating leases are as follows:

2021	\$ 249,203
2022	171,925
2023	157,309
2024	161,199
2025 and thereafter	102,194
	<u>\$ 841,830</u>

#### 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2020	2019
Furniture and equipment	\$ 541,574	\$ 543,706
Other	160,092	173,918
	<u>701,666</u>	<u>717,624</u>
Less: Accumulated depreciation	(695,431)	(684,385)
	6,235	33,239
Land (primarily land at Alice Island)	957,874	957,664
	<u>\$ 964,109</u>	<u>\$ 990,903</u>

Depreciation expense for property and equipment amounted to \$14,646 and \$19,490 in 2020 and 2019, respectively.

#### 5 LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2020	2019
Note payable to a bank in monthly installments of \$9,635, including interest at 6.5%; due in full May 1, 2021; secured by commercial property in Sitka, Alaska.	\$ 523,489	\$ 601,360
PPP Loan under CARES Act (see Note 11). Unless forgiven, Shee Atiká will begin monthly payments of \$9,630 at an interest rate of 1.0% starting in 2021 and ending May 5, 2022.	180,698	-
PPP Loan under CARES Act (see Note 11). Unless forgiven, Shee Atiká will begin monthly payments of \$6,439 at an interest rate of 1.0% starting in 2021 and ending May 6, 2022.	120,830	-
	<u>825,017</u>	<u>601,360</u>
Less: Current portion	(523,489)	(77,676)
Total Long-Term Debt	<u>\$ 301,528</u>	<u>\$ 523,684</u>

Principal payments on long-term debt are as follows at December 31:

2021	\$ 523,489
	<u>\$ 523,489</u>

Subsequent to December 31, 2020, Shee Atiká received notification that the PPP loans had been forgiven by the Small Business Administration (SBA) (see Note 12). Therefore, they are not included in the principal payments schedule above.

At December 31, 2020, the net carrying value of the commercial property pledged as security for the first note above was \$2,632,545.

During 2020, Shee Atiká entered into a revolving line of credit agreement with a bank allowing borrowings up to \$2,000,000. The agreement provides for interest at a variable interest rate based on the prime rate of interest but never less than 3.25%. There was no amount drawn on the line of credit during 2020.

#### 6 INCOME TAXES

Income taxes consist of the following for the years ended December 31:

	2020	2019
Current Tax Expense (Benefit)	\$ -	\$ -
Deferred Tax Expense (Benefit)		
Federal	800,000	(382,000)
State	267,000	-
Income Tax Expense (Benefit)	<u>\$ 1,067,000</u>	<u>\$ (382,000)</u>

The significant components of the net deferred tax asset are as follows at December 31:

	2020	2019
Deferred tax assets		
Net operating loss	\$ 659,000	\$ 1,632,000
Deferred costs	50,000	157,000
Excess of tax basis in buildings and equipment	168,000	142,000
Accrued compensation	23,000	24,000
Other	(1,000)	11,000
Deferred Tax Asset	<u>\$ 899,000</u>	<u>\$ 1,966,000</u>

As of December 31, 2020 and 2019, Shee Atiká has federal net operating tax loss carryforwards of approximately \$2,272,000 and \$5,746,000, respectively. At December 31, 2020, \$760,000 of these operating tax loss carryforwards expire in 2035 and \$1,512,000 have no expiration date.

Shee Atiká's effective tax rate for 2020 and 2019 is higher than the United States federal statutory rates due to book and tax differences primarily related to scholarships, funeral benefits and lobbying expenses recorded in the consolidated financial statements, but not deductible for income tax purposes.

Based on management's assessment of available positive and negative evidence that included, among other things, Shee Atiká's recent results of operations and expected future profitability, a valuation allowance was not considered necessary as of December 31, 2020 or 2019.

#### 7 SETTLEMENT TRUSTS

Shee Atiká established two settlement trusts that are entities authorized by ANCSA and organized under the laws of Alaska to provide benefits to Shee Atiká's shareholders. However, the trusts are separate from Shee Atiká even though the trustees are the same people who are members of Shee Atiká's Board of Directors. The trustees are responsible for investing the assets of the trusts, determining the appropriate use of income to accomplish the trusts' primary purpose, and making distributions to unit holders who are also Shee Atiká shareholders. Further, the trusts are prohibited by ANCSA from operating a business.

The first settlement trust, SAFE, was established to maintain assets and pay distributions from its income to SAFE's beneficiaries. SAFE has net assets of approximately \$41 million and \$40 million at December 31, 2020 and 2019, respectively.

The second settlement trust, SABT, was established to provide scholarships and funeral benefits to Shee Atiká's shareholders who are also beneficiaries of the trust. SABT had net assets of approximately \$18,000 and \$27,000 at December 31, 2020 and 2019, respectively. Shee Atiká transferred \$30,000 to SABT in 2019 to help it pay operating costs. There were no contributions to SABT in 2020. In November 2013, the Board of Directors of Shee Atiká, Inc. decided that beginning January 1, 2014, scholarship and funeral benefits would be paid by Shee Atiká, Inc. instead of SABT. The Board of Directors of SABT is determining the future of SABT.

During 2003, Shee Atiká formed SAIL to pool cash and certain investments with the above settlement trusts. Management believed that pooling investments at SAIL permitted greater diversification, thereby reducing risk and enhancing returns. The board members of Shee Atiká are the same people who are SAIL's board members. SAFE and SABT are the only members/owners of SAIL.

**8 RELATED PARTY TRANSACTIONS**

Related party transactions for the years ended December 31, 2020 and 2019, are as follows:

- Shee Atiká provides administrative services to SAFE, SABT, and SAIL. In 2020 and 2019, Shee Atiká charged administrative fees of \$1,209,830 and \$1,587,062, respectively, to SAFE and SAIL. There were no administrative fees charged to SABT during 2020 or 2019.

**9 401(K) PLAN**

Shee Atiká sponsors a 401(k) plan for the benefit of its employees. In general, employees are eligible to participate in the plan after reaching age 21 and six months of employment. Employer contributions totaled \$80,973 and \$27,864 in 2020 and 2019, respectively.

**10 CONTINGENCIES**

From time to time, Shee Atiká (and its subsidiaries) may be involved in litigation. One of Shee Atiká's subsidiaries is involved with litigation regarding federal contracting from a prior year. Management intends to vigorously defend any such litigation. The ultimate outcome of such litigation and any potential range of loss currently cannot be determined, but management does not expect it to materially affect Shee Atiká's operations.

**11 COVID 19 AND THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT****COVID 19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID 19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID 19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID 19 outbreak continues to evolve as of the date of this report. While many businesses have been shut down, Shee Atiká continues to operate during the outbreak and, as of this report date, has not experienced significant impacts to its financial condition or liquidity. However, given the daily evolution of the COVID 19 outbreak and the global responses to curb its spread, Shee Atiká is not able to estimate the effects of the pandemic on its future operations, financial condition or liquidity for fiscal year 2021. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, supplies, industry, and workforce.

**THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT**

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act, among other things, includes provision relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to the tax depreciation methods for qualified improvement property. It also appropriated funds for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business and nonprofits harmed by COVID 19. As discussed in Note 5, Shee Atiká applied for and received two PPP loans during 2020, \$180,698 for Shee Atiká and \$120,830 for ANR.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID 19 related relief including additional PPP funds and expansion of the Employment Retention Credit. Shee Atiká continues to examine the impact that the CARES Act and Consolidated Appropriations Act will have on its financial condition, results of operations, and liquidity.

**12 SUBSEQUENT EVENTS**

Effective February 23, 2021, the SBA has forgiven both PPP loans received by Shee Atiká. This forgiveness was recognized as a gain in 2021.

Subsequent to year end Shee Atiká sold two developed lots located on Alice Island for total proceeds of \$1,057,119.

On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. Shee Atiká continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors and Shareholders  
Shee Atiká, Incorporated  
Sitka, Alaska

We have audited the consolidated financial statements of Shee Atiká, Incorporated as of and for the year ended December 31, 2020, and have issued our report thereon dated March 26, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating income statement is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, LLP*

March 26, 2021

**SUPPLEMENTAL CONSOLIDATING BALANCE SHEET** December 31, 2020

ASSETS	Total	Consolidating Entries	Shee Atiká Incorporated	Alaska Northstar Resources LLC	Balanced Accounting Solutions LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	American Marine and Technical Services LLC	Shee Atiká Enterprises LLC	INDHA Health Solution LLC
<b>Current Assets</b>										
Cash and cash equivalents	\$ 10,854,785	\$ -	\$ 7,348,771	\$ 2,283,790	\$ 201,140	\$ 350,945	\$ 199,363	\$ 142,410	\$ 325,671	\$ 2,695
Accounts receivable	3,627,873	(28,001)	161,527	3,062,324	36,717	5,362	-	-	389,944	-
Prepaid expenses and other	151,533	-	77,304	33,918	357	2,103	6,300	19,495	12,056	-
Total Current Assets	14,634,191	(28,001)	7,587,602	5,380,032	238,214	358,410	205,663	161,905	727,671	2,695
Leased commercial properties, net	4,357,277	-	557,808	-	-	1,166,924	2,632,545	-	-	-
Property and equipment, net	1,774,109	-	816,235	-	-	957,874	-	-	-	-
Deferred tax asset	899,000	-	899,000	-	-	-	-	-	-	-
Due from (to) related company	-	-	2,235,528	(1,251,295)	-	-	8,333	(211,931)	(780,635)	-
Equity in subsidiaries	-	(5,117,691)	5,117,691	-	-	-	-	-	-	-
Total Assets	\$ 21,664,577	\$ (5,145,692)	\$ 17,213,864	\$ 4,128,737	\$ 238,214	\$ 2,483,208	\$ 2,846,541	\$ (50,026)	\$ (52,964)	\$ 2,695
<b>LIABILITIES AND EQUITY</b>										
<b>Current Liabilities</b>										
Accounts payable and accrued expenses	\$ 2,306,744	\$ (28,001)	\$ 313,730	\$ 1,778,097	\$ 31,207	\$ 33,424	\$ 11,619	\$ 21,910	\$ 143,764	\$ 994
Current portion of long-term debt	523,489	-	-	-	-	-	523,489	-	-	-
Deferred revenue	551,145	-	161,608	521,149	-	-	-	-	(131,612)	-
Total Current Liabilities	3,381,378	(28,001)	475,338	2,299,246	31,207	33,424	535,108	21,910	12,152	994
Long-term debt, less current portion	301,528	-	180,698	120,830	-	-	-	-	-	-
Total Liabilities	3,682,906	(28,001)	656,036	2,420,076	31,207	33,424	535,108	21,910	12,152	994
<b>Equity</b>										
Shee Atiká, Incorporated shareholders' equity										
Contributed capital	5,956,000	(5,117,691)	5,956,000	(159,949)	71,282	2,589,447	2,285,615	138,589	142,707	50,000
Retained earnings (deficit)	11,991,106	-	10,601,828	1,868,610	34,292	(139,663)	25,818	(175,564)	(175,916)	(48,299)
Total Shee Atiká, Incorporated Shareholders' Equity	17,947,106	(5,117,691)	16,557,828	1,708,661	105,574	2,449,784	2,311,433	(36,975)	(33,209)	1,701
Noncontrolling interest	34,565	-	-	-	101,433	-	-	(34,961)	(31,907)	-
Total Equity	17,981,671	(5,117,691)	16,557,828	1,708,661	207,007	2,449,784	2,311,433	(71,936)	(65,116)	1,701
Total Liabilities and Equity	\$ 21,664,577	\$ (5,145,692)	\$ 17,213,864	\$ 4,128,737	\$ 238,214	\$ 2,483,208	\$ 2,846,541	\$ (50,026)	\$ (52,964)	\$ 2,695

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS** For the Year Ended December 31, 2020

	Total	Consolidating Entries	Shee Atiká Incorporated	Alaska Northstar Resources LLC	Balanced Accounting Solutions LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	American Marine and Technical Services LLC	Shee Atiká Enterprises LLC	INDHA Health Solutions LLC
<b>Revenue</b>										
Contracts	\$ 14,399,302	\$ (137,563)	\$ -	\$ 13,477,899	\$ 155,850	\$ -	\$ -	\$ 55,040	\$ 848,076	\$ -
Cube cove sales	5,185,308	-	5,185,308	-	-	-	-	-	-	-
Administrative fees from affiliated entities	1,209,830	(475,775)	1,685,605	-	-	-	-	-	-	-
Rentals from leased commercial properties	324,080	(100,000)	59,430	-	-	129,620	235,030	-	-	-
Investment Income	41,307	-	41,307	-	-	-	-	-	-	-
Other	36,261	(174,295)	200,556	-	-	-	10,000	-	-	-
Total Revenue	21,196,088	(887,633)	7,172,206	13,477,899	155,850	129,620	245,030	55,040	848,076	-
<b>Costs and Expenses</b>										
Contracts	9,734,728	(121,774)	-	9,063,608	88,611	-	-	-	704,283	-
General and administrative	5,671,752	(713,338)	2,899,850	2,460,649	-	94,249	-	397,257	484,786	48,299
Cost of Cube Cove parcels and direct selling costs	1,928,307	-	1,928,307	-	-	-	-	-	-	-
Scholarship and funeral benefit payments	309,600	-	309,600	-	-	-	-	-	-	-
Depreciation	296,445	-	14,646	-	-	174,977	106,822	-	-	-
Leased commercial properties	81,614	-	6,870	-	-	74,744	-	-	-	-
Other	80,793	-	42,996	37,684	-	57	-	-	56	-
Interest	38,399	(52,521)	14	47,348	-	-	37,646	2,027	3,885	-
Contributions	19,400	-	19,400	-	-	-	-	-	-	-
Total Costs and Expenses	18,161,038	(887,633)	5,221,683	11,609,289	88,611	269,283	219,212	399,284	1,193,010	48,299
<b>Income (Loss) before Income Tax Expense</b>	<b>3,035,050</b>	<b>-</b>	<b>1,950,523</b>	<b>1,868,610</b>	<b>67,239</b>	<b>(139,663)</b>	<b>25,818</b>	<b>(344,244)</b>	<b>(344,934)</b>	<b>(48,299)</b>
Income Tax Expense	(1,067,000)	-	(1,067,000)	-	-	-	-	-	-	-
Net Income (Loss)	1,968,050	-	883,523	1,868,610	67,239	(139,663)	25,818	(344,244)	(344,934)	(48,299)
Net Loss (Income) Attributable to Noncontrolling Interests	304,751	-	-	-	(32,947)	-	-	168,680	169,018	-
<b>Net Income (Loss) Attributable to</b>										
Shee Atiká, Incorporated	\$ 2,272,801	\$ -	\$ 883,523	\$ 1,868,610	\$ 34,292	\$ (139,663)	\$ 25,818	\$ (175,564)	\$ (175,916)	\$ (48,299)

## INDEPENDENT AUDITOR'S REPORT



Board of Directors and Members  
Shee Atiká Investments, LLC  
Sitka, Alaska

**Opinion**

We have audited the financial statements of Shee Atiká Investments, LLC (SAIL), which comprise the statements of assets and members' equity as of December 31, 2020 and 2019, and the related statements of revenue and expenses, and changes in members' equity (all on the modified income tax basis), for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and members' equity of SAIL as of December 31, 2020 and 2019, and its revenue, expenses, and changes in members' equity for the years then ended on the modified income tax basis of accounting described in Note 1.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAIL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared on the basis of accounting SAIL uses for income tax purposes, except that it adjusts its investment portfolio to fair value (investments are valued at cost on the basis of accounting SAIL uses for income tax purposes). This is referred to as "the modified income tax basis." The purpose of using the modified income tax basis of accounting is to make the statements easier to use for SAIL's members and their unit holders. The modified income tax basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements on the modified income tax basis of accounting described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SAIL's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SAIL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAIL's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BDO USA, LLP

March 26, 2021

## STATEMENTS OF ASSETS AND MEMBERS' EQUITY – MODIFIED INCOME TAX BASIS

December 31, 2020 and 2019

ASSETS	2020	2019
Investments, at fair value	\$ 36,208,812	\$ 33,110,954
Cash and cash equivalents	1,945,168	3,535,311
Dividends receivable	27,874	15,828
Total Assets	\$ 38,181,854	\$ 36,662,093
MEMBERS' EQUITY	\$ 38,181,854	\$ 36,662,093

## STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Dividends	\$ 595,317	\$ 841,280
Interest	1,011	61,617
Net realized gain on sales of investments	202,714	628,987
Total Revenue	799,042	1,531,884
Expenses		
Shee Atiká, Incorporated administrative fees	247,959	315,559
Professional fees	22,771	21,293
Investment management and custodian fees	107,736	108,539
Other	-	150
Total Expenses	378,466	445,541
Taxable Income	420,576	1,086,343
Adjustment to Fair Value of Investments	2,215,056	1,744,983
Net Income	\$ 2,635,632	\$ 2,831,326

## STATEMENTS OF CHANGES IN MEMBERS' EQUITY – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Members' Equity, beginning of year	\$ 36,662,093	\$ 35,102,271
Net income	2,635,632	2,831,326
Distributions	(1,115,871)	(1,271,504)
Members' Equity, end of year	\$ 38,181,854	\$ 36,662,093

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS

### 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### ORGANIZATION

Shee Atiká Investments, LLC (SAIL) exists to pool investment activity for its members, Shee Atiká Fund Endowment (SAFE) and Shee Atiká Benefits Trust (SABT), to the extent assets are transferred by these entities to SAIL. The members believe that the pooling of investments at SAIL permits greater diversification, thereby reducing risk and enhancing returns. SAIL, SAFE, and SABT are affiliated entities of Shee Atiká, Incorporated (SAI). The Board of Directors of SAI, the trustees of SAFE and SABT, and SAIL's Board of Directors consist of all the same people. SAIL is a limited liability company, and members' liability is limited to the amount of each member's investment in SAIL. SAIL is scheduled to terminate on December 31, 2023, but its members can vote to extend its existence.

SAI provides administrative services to SAIL. SAI charged administrative fees of \$247,959 and \$315,559 in 2020 and 2019, respectively.

#### BASIS OF ACCOUNTING

SAIL's policy is to prepare its financial statements on the income tax basis of accounting, except that it recognizes its investments at fair value rather than cost (modified income tax basis). Consequently, certain revenues are recognized when received (rather than when earned), and certain expenses are recognized when paid (rather than when the expense is incurred).

#### CASH AND CASH EQUIVALENTS

SAIL considers money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. SAIL has cash and investments in excess of government sponsored insurance limits.

#### FAIR VALUE MEASUREMENTS

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

#### INVESTMENTS, AT FAIR VALUE

Investments in mutual funds, exchange traded funds and equities are stated at fair value based on current market prices on active exchanges on the last trading day of the year (Level 1 inputs in aforementioned fair value hierarchy). These investment securities are traded on various United States exchanges and are subject to the market volatility in those exchanges. Certificates of deposit are stated at cost plus accrued interest (which approximates fair value).

The difference between cost and fair value of securities held at year end represents unrealized appreciation or depreciation on investments. Realized gains and losses from securities transactions are determined on the basis of the cost of the specific securities sold and are recorded on the trade date.

#### INCOME TAXES

SAIL is treated as a partnership for income tax reporting purposes. As such, no liability for income taxes is included in the financial statements.

#### USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### SUBSEQUENT EVENTS

SAIL has evaluated subsequent events through the date these financial statements were available to be issued, which was March 26, 2021.

### 2 INVESTMENTS

Investments consist of fixed income and equity mutual and exchange traded funds, equities, and certificates of deposit at December 31, 2020 and 2019. See the table that follows for a summary of SAIL's investments held at December 31, 2020 and 2019.

SAIL engages Mesirow Financial as its investment advisor. Most investment management and custodian fees were paid to Mesirow in 2020 and 2019.



Investments are summarized in the following table at December 31:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
<b>Fixed Income Mutual and Exchange Traded Funds</b>				
Pimco Investment Grade Credit Bond Fund	\$ 2,359,396	\$ 2,197,502	\$2,193,729	\$2,111,896
Doubleline Total Return Bond Fund	2,055,284	2,136,783	1,973,188	2,067,783
iShares TIPS Bond ETF	2,041,284	1,814,289	1,603,175	1,541,874
Guggenheim Total Return Bond Fund	1,998,614	1,856,654	1,735,870	1,760,579
Artisan High Income Fund Advisor Shares	1,983,231	1,846,141	-	-
BBH Limited Duration I	1,924,476	1,894,990	2,367,348	2,346,949
Templeton Global Bond Fund Class R6	1,183,824	1,410,651	1,758,741	1,931,671
Vanguard ST Inflation-Protected Secs Index Fund	1,011,238	1,006,627	-	-
DFA Short-Term Extended Quality I	-	-	2,644,445	2,615,158
DFA Five-Year Global Fixed-Income I	-	-	2,125,497	2,140,556
Vanguard Inflation-Protected Secs Adm	-	-	1,607,242	1,567,600
Other	-	-	504,044	494,135
<b>Equity Mutual and Exchange Traded Funds</b>				
T Rowe Price Capital Appreciation	3,596,810	3,093,378	3,040,205	2,824,782
FPA Crescent Fund	3,376,276	3,223,195	2,721,166	2,772,485
First Eagle Global Class I	3,284,209	3,159,228	2,731,138	2,775,720
Vanguard Global Wellington Fund	3,124,550	2,887,498	-	-
Oakmark Equity & Income Investor	2,676,850	2,712,122	2,752,902	2,924,434
American Funds EuroPacific Growth Fund	695,588	652,809	-	-
Akre Focus Fund Institutional Class	671,846	650,005	-	-
Driehaus Small Cap Growth Fund Institutional Class	670,117	640,788	-	-
VanEck Vectors Morningstar Wide Moat ETF	662,296	659,290	-	-
IVA Worldwide Fund Class I	-	-	2,597,110	2,873,275
<b>Other Exchange Traded Funds</b>				
SPDR Gold Shares	1,421,708	1,299,943	-	-
<b>Equities</b>				
Berkshire Hathaway Inc. Common Stock	1,471,215	1,248,843	-	-
<b>Certificates of Deposit</b>				
Bank Leumi USA New York	-	-	252,433	249,943
Beal Bank USA Las Vegas Nevada	-	-	252,417	249,968
Bank of the Ozarks	-	-	250,304	249,943
	<u>\$ 36,208,812</u>	<u>\$ 34,390,736</u>	<u>\$ 33,110,954</u>	<u>\$ 33,498,751</u>

### 3 COVID 19 AND THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT/AMERICAN RESCUE PLAN ACT COVID 19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID 19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID 19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and volatility in financial markets across the world. Depending on the severity and length of the outbreak, this pandemic could present material uncertainty and risk with respect to SAIL, including its performance, the liquidity of its investments, collectibility of amounts due from others, and on its overall financial condition. The rapid development and fluidity of this situation precludes management from making a reasonable estimate as to the ultimate impact of the pandemic on SAIL's results of operations, financial condition, and liquidity for fiscal year 2021.

### THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT/AMERICAN RESCUE PLAN ACT

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act". The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Payroll Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses and nonprofits harmed by COVID 19.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID 19 related relief including additional PPP funds and expansion of the Employment Retention Credit. SAIL continues to examine the impact that the CARES Act and Consolidated Appropriations Act will have on its financial condition, results of operation, and liquidity.

On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. SAIL continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.



## INDEPENDENT AUDITOR'S REPORT



Board of Trustees and Unit Holders  
Shee Atiká Fund Endowment  
Sitka, Alaska

**Opinion**

We have audited the financial statements of Shee Atiká Fund Endowment (SAFE), which comprise the statements of net assets as of December 31, 2020 and 2019, and the related statements of revenue and expenses, and changes in net assets (all on the modified income tax basis), for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets of SAFE as of December 31, 2020 and 2019, and its revenue, expenses, and changes in net assets for the years then ended on the modified income tax basis of accounting described in Note 1.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAFE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared on the basis of accounting SAFE uses for income tax purposes, except that it adjusts its investments to fair value (investments are valued at cost on the basis of accounting SAFE uses for income tax purposes). This is referred to as "the modified income tax basis." The purpose of using the modified income tax basis of accounting is to make the statements easier to use for SAFE's unit holders. The modified income tax basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements on the modified income tax basis of accounting described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SAFE's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SAFE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SAFE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BDO USA, LLP

March 26, 2021

## STATEMENTS OF NET ASSETS – MODIFIED INCOME TAX BASIS

December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Investment in Shee Atiká Investments, LLC	\$ 38,176,404	\$ 36,657,020
Investment in Shee Atiká Enterprises, LLC	(28,824)	42,194
Investment in American Marine & Technical Services, LLC	(28,055)	28,200
Investment in Balanced Accounting Solutions, LLC	101,433	68,486
Leased commercial property, net	6,380,315	6,655,061
Cash and cash equivalents	410,787	545,959
Income tax receivable		30,184
<b>Total Assets</b>	<b>\$ 45,012,060</b>	<b>\$ 44,027,104</b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 2,231
Long term debt	3,391,659	3,490,240
Distributions payable	289,528	275,975
<b>Total Liabilities</b>	<b>3,681,187</b>	<b>3,768,446</b>
<b>Net Assets</b>	<b>\$ 41,330,873</b>	<b>\$ 40,258,658</b>

## STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Revenue</b>		
Equity share in Shee Atiká Investments, LLC taxable income	\$ 391,244	\$ 1,086,153
Equity share in Shee Atiká Enterprises, LLC taxable loss	(169,018)	(1,127)
Equity share in American Marine & Technical Services, LLC taxable loss	(134,256)	(8,764)
Equity share in Balanced Accounting Solutions, LLC taxable income	32,947	411
Rentals from leased commercial property	1,078,589	898,706
Other income	869	4,623
<b>Total Revenue</b>	<b>1,200,375</b>	<b>1,980,002</b>
<b>Expenses</b>		
Shee Atiká, Incorporated administrative fees	961,871	1,271,504
Depreciation	274,746	274,747
Interest	155,679	159,826
Leased commercial property expenses	5,481	8,957
Professional and custodian fees	17,300	22,237
Other administrative expenses	1,823	3,166
<b>Total Expenses</b>	<b>1,416,900</b>	<b>1,740,437</b>
Taxable (loss) income and change in net assets before adjusting investments in Shee Atiká Investments, LLC to fair value	(216,525)	239,565
Adjustment to fair value of investment in Shee Atiká Investments, LLC	2,214,740	1,744,742
<b>Change in Net Assets</b>	<b>\$ 1,998,215</b>	<b>\$ 1,984,307</b>

See accompanying notes to financial statements



## STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Change in Net Assets	\$ 1,998,215	\$ 1,984,307
Distributions to Unit Holders	(926,000)	(740,800)
<b>Total Increase in Net Assets</b>	<b>1,072,215</b>	<b>1,243,507</b>
Net Assets, beginning of year	40,258,658	39,015,151
Net Assets, end of year	\$ 41,330,873	\$ 40,258,658

See accompanying notes to financial statements

### NOTES TO FINANCIAL STATEMENTS

#### 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

##### ORGANIZATION

Shee Atiká Fund Endowment (SAFE) is an irrevocable settlement trust formed by Shee Atiká, Incorporated (SAI) under Alaska statute. SAFE was established to maintain assets and pay distributions to unit holders who are also shareholders of SAI. Members of the Board of Directors of SAI act as the SAFE trustees. Shee Atiká Holdings Colorado Springs, LLC (COL) is a wholly owned subsidiary of SAFE and is a disregarded entity under the modified income tax basis of accounting. Therefore, the activity and holdings from COL flows through directly into SAFE.

SAFE's Class A trust units are issued to SAI's shareholders in direct proportion to their shares of SAI voting common stock. Class B trust units are issued to any person who acquires SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of the Alaska Native Claims Settlement Act (ANCSA) in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2020, there were 185,200 trust units (of which 179,124 were Class A and 6,076 were Class B) held by 3,446 beneficiaries.

The Settlement Trust Agreement requires that a minimum of 75% and a maximum of 100% of annual net cash income, as defined, is to be distributed to beneficiaries. The amount of distributions (\$5.00 and \$4.00 per trust unit in 2020 and 2019, respectively) is ultimately determined by the Board of Trustees but must be between the minimum and maximum amounts. The trust document calls for distributions to be made at the time or times determined by the trustees. Distributions are pro rata based on the number of trust units owned.

After the fifteenth anniversary of SAFE and each subsequent 15 year period measured from the fifteenth anniversary (the next modification date is January 4, 2023), the trustees may modify the terms of the trust agreement with unit holder approval. The modifications may include changing the percentage of net cash income that is distributed, modifying the principal distribution provisions, or terminating SAFE and distributing all principal and accrued income to the beneficiaries.

##### BASIS OF ACCOUNTING

SAFE's policy is to prepare its financial statements on the income tax basis of accounting, except that it recognizes its investment in Shee Atiká Investments, LLC (SAIL) at fair value rather than cost (modified income tax basis). Consequently, certain revenues are recognized when received (rather than when earned), and certain expenses are recognized when paid (rather than when the expense is incurred).

##### RELATED PARTY TRANSACTIONS

For 2020, SAI charged administrative fees of \$961,871 to SAFE. For 2019, SAI charged administrative fees of \$1,271,504 to SAFE. SAFE paid these fees in full during both years. As noted above, expenses are generally recognized when paid.

##### INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value using the net asset value (NAV), which is determined by management of SAIL and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets (primarily investments), less any liabilities, and then divided by the number of units outstanding. There are no funding commitments to SAIL or restrictions on redemptions from SAIL.

SAIL's investments are all primarily in fixed income and equity mutual and exchange traded funds, equities, and certificates of deposit at December 31, 2020 and 2019. See Note 2 for a summary of SAIL's investments held at December 31, 2020 and 2019.

##### INVESTMENT IN SHEE ATIKÁ ENTERPRISES, LLC

SAFE has a 49% ownership interest in Shee Atiká Enterprises, LLC (SAE). SAE holds certification under the U.S. Small Business Administration's 8(a) Business Development Program (Section 8(a)). SAE did not have any significant operations during the year ended December 31, 2019. However during the year ended December 31, 2020, SAE began providing services under contracts with the United States government. SAI owns 51% of SAE. The investment in SAE is recorded at its tax basis, which is accounted for by increasing the investment for contributions made, decreasing the investment for distributions received, and adjusting the investment for SAFE's share of taxable income or loss each year.

##### INVESTMENT IN AMERICAN MARINE & TECHNICAL SERVICES, LLC

SAFE has a 39% ownership interest in American Marine & Technical Services, LLC (AMTS). AMTS was formed in 2017 for the purpose of partnering with the 10% owner discussed below to provide contract services in the future. AMTS did not have any significant operations during the years ended December 31, 2020 or 2019. SAI owns 51% of AMTS, and another entity owns 10%. The investment in AMTS is recorded at its tax basis, which is accounted for by increasing the investment for contributions made, decreasing the investment for distributions received, and adjusting the investment for SAFE's share of taxable income or loss each year.

##### INVESTMENT IN BALANCED ACCOUNTING SOLUTIONS, LLC

SAFE has a 49% ownership interest in Balanced Accounting Solutions, LLC (BAS). BAS was formed during 2017 to provide a wide array of accounting services to businesses primarily located in Sitka, Alaska. SAI owns 51% of BAS. The investment in BAS is recorded at its tax basis, which is accounted for by increasing the investment for contributions made, decreasing the investment for distributions received, and adjusting the investment for SAFE's share of taxable income or loss each year.

##### LEASED COMMERCIAL PROPERTY

The leased commercial property is located in Colorado Springs, Colorado, and is stated at cost. Depreciation is provided on the straight line method and is recognized over the estimated useful lives of the assets.

Revenue from rental of leased commercial property is recognized as received. All rental revenue in both 2020 and 2019 was from one lessee.

##### CASH AND CASH EQUIVALENTS

SAFE considers money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. SAFE has cash balances in excess of government sponsored insurance limits.

##### INCOME TAXES

SAFE has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received and currently a lower tax rate on long term capital gains) as allowed by the Internal Revenue Code. SAFE cannot carry non capital taxable losses back to previous years or forward to future years to offset taxable income. SAFE can carry capital losses realized on sales of investments forward to future years to offset capital gains (capital losses cannot be carried back to previous years). At December 31, 2020, SAFE had approximately \$12,150,000 in capital loss carryforwards available, which, under current tax law, can be carried forward indefinitely and can be used to offset future capital gains.

With respect to the limited liability companies, SAFE's share of its net taxable income or loss is passed through to SAFE. Also, certain partnerships and similar investments held by SAIL can require SAFE to pay state income taxes. These taxes were not significant in either 2020 or 2019.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS**

SAFE has evaluated subsequent events through the date these financial statements were available to be issued, which was March 26, 2021.

**2 INVESTMENT IN SAIL**

SAIL exists to pool investment activity of SAFE and Shee Atiká Benefits Trust (SABT). SABT is also a settlement trust with the same unit holders and trustees as SAFE. SAIL's Board of Directors consists of the same people who are the trustees and board members of SAFE, SAI, and SABT. SAFE's trustees believe that pooling investments at SAIL permits greater diversification, thereby reducing risk and enhancing returns. As an LLC, SAIL limits SAFE's liability exposure to the amount of the investment in SAIL. SAIL is scheduled to terminate on December 31, 2023.

A summary of SAIL's financial position and operating results is as follows as of December 31:

	2020	2019
Investments, at fair value		
Fixed income mutual and exchange-traded funds	\$ 15,219,643	\$ 18,513,279
Equity mutual and exchange-traded funds	19,517,954	13,842,521
Certificates of deposit	-	755,154
Equities (Berkshire Hathaway common stock)	1,471,215	-
Total investments at fair value	<u>36,208,812</u>	<u>33,110,954</u>
Cash and cash equivalents	1,945,168	3,535,311
Other assets	27,874	15,828
Members' equity	38,181,854	36,662,093
Gain on investment activity, including adjustment to fair value	3,014,098	3,276,867
Net income	<u>\$ 2,635,632</u>	<u>\$ 2,831,326</u>

SAFE's ownership interest in SAIL was 99.99% of SAIL's total equity at December 31, 2020 and 2019. At December 31, 2020 and 2019, SAFE and SABT are the only members of SAIL.

**3 LEASED COMMERCIAL PROPERTY**

Leased commercial property is located in Colorado Springs, Colorado, and consists of the following at December 31:

	2020	2019
Building	\$ 6,975,574	\$ 6,975,574
Land improvements	571,772	571,772
Leasehold improvements	725,264	725,264
Land	722,000	722,000
	<u>8,994,610</u>	<u>8,994,610</u>
Less: Accumulated depreciation	<u>(2,614,295)</u>	<u>(2,339,549)</u>
	<u>\$ 6,380,315</u>	<u>\$ 6,655,061</u>

SAFE leases the commercial building in Colorado under a noncancelable operating lease expiring on June 30, 2024. The minimum future lease payments scheduled to be received on this noncancelable operating lease are as follows for the years ending December 31:

2021	\$ 925,582
2022	1,024,224
2023	1,039,584
2024	523,662
	<u>\$ 3,513,052</u>

**4 LONG-TERM DEBT**

SAFE has a note payable to a bank due in monthly installments of \$14,034, including interest, with a final payment due on August 3, 2022. The note bears interest at the one month LIBOR rate plus 1.9% (resulting in an interest rate of 2.06% at December 31, 2020). However, SAFE has an interest rate swap in place that effectively fixes the interest rate of the loan over its term at 4.4%. The swap has a settlement value (not in SAFE's favor) of approximately \$7,648 and \$178 at December 31, 2020 and 2019, respectively. This amount is not recognized in the financial statements under the modified income tax basis of accounting.

Future principal payments are as follows for the years ending December 31::

2021	\$ 109,846
2022	3,281,813
	<u>\$ 3,391,659</u>

**5 COVID 19 AND THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT/AMERICAN RESCUE PLAN ACT****COVID 19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID 19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID 19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID 19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on SAFE's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID 19 outbreak and the global responses to curb its spread, SAFE is not able to estimate the effects of the COVID 19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

**THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT/AMERICAN RESCUE PLAN ACT**

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. It also appropriated funds for the Small Business Administration (SBA) Payroll Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses and nonprofits harmed by COVID 19.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID 19 related relief including additional PPP funds and expansion of the Employment Retention Credit. SAFE continues to examine the impact that the CARES Act and Consolidated Appropriations Act will have on its financial condition, results of operation, and liquidity.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. SAFE continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.



## INDEPENDENT AUDITOR'S REPORT



Board of Trustees and Unit Holders  
Shee Atiká Benefits Trust  
Sitka, Alaska

### Opinion

We have audited the financial statements of Shee Atiká Benefits Trust (SABT), which comprise the statements of net assets as of December 31, 2020 and 2019, and the related statements of revenue and expenses, and changes in net assets (all on the modified income tax basis), for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets of SABT as of December 31, 2020 and 2019, and its revenue, expenses, and changes in net assets for the years then ended on the modified income tax basis of accounting described in Note 1.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SABT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared on the basis of accounting SABT uses for income tax purposes, except that it adjusts its investments to fair value (investments are valued at cost on the basis of accounting SABT uses for income tax purposes). This is referred to as "the modified income tax basis." The purpose of using the modified income tax basis of accounting is to make the statements easier to use for SABT's unit holders. The modified income tax basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements on the modified income tax basis of accounting described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SABT's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SABT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SABT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*BDO USA, LLP*

March 26, 2021

## STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Investment in Shee Atiká Investments, LLC	\$ 5,441	\$ 5,065
Cash and cash equivalents	13,002	22,252
Total Assets	\$ 18,443	\$ 27,317
Net Assets	\$ 18,443	\$ 27,317

## STATEMENTS OF REVENUE AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income	\$ 60	\$ 150
Expenses		
Administrative expenses	9,250	7,901
Taxable loss and change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	(9,190)	(7,751)
Adjustment to fair value of investment in Shee Atiká Investments, LLC	316	241
Change in Net Assets	\$ (8,874)	\$ (7,510)

## STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>Change in Net Assets</b>	<b>\$ (8,874)</b>	<b>\$ (7,510)</b>
Contribution from SAI	-	30,000
Total (Decrease) Increase in Net Assets	(8,874)	22,490
Net Assets, beginning of year	27,317	4,827
Net Assets, end of year	\$ 18,443	\$ 27,317

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS

### 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### ORGANIZATION AND FUTURE PLANS

Shee Atiká Benefits Trust (SABT) is an irrevocable settlement trust formed by Shee Atiká, Incorporated (SAI) under Alaska statute. SABT was established to provide educational and funeral benefits to unit holders who are also shareholders of SAI. Members of the Board of Directors of SAI act as the SABT trustees.

SABT's Class A trust units are issued to SAI's shareholders in direct proportion to their shares of SAI voting common stock. Class B trust units are issued to any person who acquires SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of the Alaska Native Claims Settlement Act (ANCSA) in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2020, there were 185,200 trust units (of which 179,124 were Class A and 6,076 were Class B) held by 3,446 beneficiaries.

The Settlement Trust Agreement allows annual distributions of up to 100% of net cash income, as defined, and up to 20% of principal, to provide educational and funeral benefits. There is no minimum required distribution.

After the tenth anniversary of SABT and each subsequent ten year period measured from the tenth anniversary (the next modification date is November 8, 2027), the trustees may modify the terms of the trust agreement with unit holder approval. The modifications may include changing the percentage of net cash income that may be used to provide benefits, modifying the principal distribution provisions, or terminating SABT and distributing all principal and accrued income to the beneficiaries.

In November 2013, the Board of Directors of SAI decided that beginning January 1, 2014, scholarship and funeral benefits would be distributed by SAI instead of SABT. The Board of Directors of SAI is determining whether SAI will fund SABT in the future in order to allow it to resume paying funeral and scholarship benefits.

#### BASIS OF ACCOUNTING

SABT's policy is to prepare its financial statements on the income tax basis of accounting, except that it recognizes its investment in Shee Atiká Investments, LLC (SAIL) at fair value rather than cost (modified income tax basis). Consequently, certain revenues are recognized when received (rather than when earned), and certain expenses are recognized when paid (rather than when the expense is incurred).

#### RELATED PARTY TRANSACTIONS

From time to time, SAI provides administrative services to SABT. SAI did not charge SABT administrative fees for 2020 or 2019.

During 2019, SAI contributed \$30,000 to SABT.

#### INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value using the net asset value (NAV), which is determined by management of SAIL and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets (primarily investments), less any liabilities, and then divided by the number of units outstanding. There are no funding commitments to SAIL or restrictions on redemptions from SAIL.

SAIL's investments are all primarily in fixed income and equity mutual and exchange traded funds, equities, and certificates of deposit at December 31, 2020 and 2019. See Note 2 for a summary of SAIL's investments held at December 31, 2020 and 2019.

#### CASH AND CASH EQUIVALENTS

SABT considers money market funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Occasionally, SABT has cash balances in excess of government sponsored insurance limits.

**INCOME TAXES**

SABT has elected to be taxed at a rate of 10% on taxable income (with no tax on certain dividends received and currently a lower tax rate on long term capital gains) as allowed by the Internal Revenue Code. SABT cannot carry non capital taxable losses back to previous years or forward to future years to offset taxable income. SABT can carry capital losses realized on sales of investments forward to future years to offset capital gains (capital losses cannot be carried back to previous years). At December 31, 2020, SABT had approximately \$175,000 in capital loss carryforwards available, which, under current tax law, can be carried forward indefinitely and can be used to offset future capital gains.

Because SAIL is a limited liability company, SAIL's share of its taxable income or loss is passed through to SABT. Also, certain partnerships and similar investments held by SAIL can require SABT to pay state income taxes. These taxes were not significant in either 2020 or 2019.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**SUBSEQUENT EVENTS**

SABT has evaluated subsequent events through the date these financial statements were available to be issued, which was March 26, 2021.

**2 INVESTMENT IN SAIL**

SAIL exists to pool investment activity for SABT and Shee Atiká Fund Endowment (SAFE). SAFE is also a settlement trust with the same unit holders and trustees as SABT. SAIL's Board of Directors consists of the same people who are the trustees and board members of SABT, SAI, and SAFE. SABT's trustees believe that pooling investments at SAIL permits greater diversification, thereby reducing risk and enhancing returns. As an LLC, SAIL limits SABT's liability exposure to the amount of the investment in SAIL. SAIL is scheduled to terminate on December 31, 2023.

A summary of SAIL's financial position and operating results is as follows:

	2020	2019
Investments, at fair value		
Fixed income mutual and exchange-traded funds	\$ 15,219,643	\$ 18,513,279
Equity mutual and exchange-traded funds	19,517,954	13,842,521
Certificates of deposit	-	755,154
Equities (Berkshire Hathaway common stock)	1,471,215	-
Total Investments, at fair value	36,208,812	33,110,954
Cash and cash equivalents	1,945,168	3,535,311
Other assets	27,874	15,828
Members' equity	38,181,854	36,662,093
Gain on investment activity, including adjustment to fair value	3,014,098	3,276,867
Net income	2,635,632	2,831,326

SABT's ownership interest in SAIL was 0.01% of SAIL's total equity at December 31, 2020 and 2019. At December 31, 2020 and 2019, SABT and SAFE were the only members of SAIL.

**3 COVID 19 AND THE CARES ACT/CONSOLIDATED APPROPRIATIONS ACT/AMERICAN RESCUE PLAN ACT****COVID 19**

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The full impact of the COVID 19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on SABT's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID 19 outbreak and the global responses to curb its spread, SABT is not able to estimate the effects of the COVID 19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

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On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. SABT continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.

## DEFINITIONS

**8(a) Companies** — The Small Business Administration's 8(a) Business Development Program is designed to use federal prime contracts to help minority owned companies grow, mature, and become competitive with similar firms. ANCSA corporations like Shee Atiká are eligible to qualify subsidiaries under this program. Our 8(a) companies, each a limited liability corporation (LLC), are: American Marine and Technical Services, Alaska Northstar Resources, Shee Atiká Commercial Services (SACS) and Shee Atiká Enterprises.

**Class A Shareholder** — a shareholder who is Alaska Native, as defined by the Alaska Native Claims Settlement Act, or their legal descendants. Only Class A shareholders can vote in ANCSA corporate elections.

**Class B Shareholder** — a non-Native who has inherited shares. While Class B shareholders cannot vote in ANCSA corporate elections, they receive the same benefits as Class A shareholders.

**Deferred Tax Assets** — Deferred tax assets are tax benefits (such as unused net operating tax losses, or NOLs) that are expected to be used in the future. Deferred tax liabilities are the result of income being recognized in the financial statements, but not yet in the tax return (such as increases in the market value of investments, where income taxes aren't paid until the investment is sold). The changes in deferred tax assets and liabilities between years are reflected in the income statement as a deferred tax benefit or a deferred tax provision.

**Equity Investment** — Any investment that gives the investor an ownership position in something. A share of stock is our primary example. When we purchase stock we buy an ownership share in a corporation. We buy it because we believe that its value will increase. Some stocks pay dividends and some do not.

**Fixed Income Investment** — Usually called a bond, which is the most common type of fixed income investment. A fixed income investment is any investment that is in the form of a loan. When a bond is purchased, the investor is loaning his money. A Treasury note, bill, or bond is a loan to the U.S. Government. A corporate bond is a loan to the corporation issuing the bond.

**Federal Reserve** — The central banking system of the U.S., composed of the Federal Reserve Board, the 12 Federal Reserve Banks, and the national and state member banks. Its primary purpose is to regulate the flow of money and credit in the country. The Federal Reserve's monetary policies have a powerful effect on interest rates.

**Gifted Shares** — an option provided through the so-called "1991 Amendments" to ANCSA that allows a shareholder to give shares to legal descendants. An amendment was necessary to allow such a transaction since shares cannot be sold, and prior to the 1991 amendments, the only way shares could be passed on to descendants was through inheritance following a death.

**LLC: Limited Liability Company** — A business structure that is a hybrid of a partnership and a corporation. Its owners are shielded from personal liability and all profits and losses pass directly to the owners without taxation of the entity itself. Shee Atiká's LLCs are consolidated with Shee Atiká, Incorporated for financial statement and tax reporting. The Shee Atiká President/CEO is also the Manager of the LLCs.

**Money Market Fund** — An investment fund with the objective to earn interest for shareholders while maintaining a net asset value of \$1 per share. Typically, cash is invested in a money market fund short-term while managers wait for the opportunity to move it into higher-yield investments.

**Mutual Fund** — An investment vehicle that is made up of a pool of funds collected from many investors. The pooled funds are used to purchase securities such as stocks, bonds, money market instruments and similar assets. A mutual fund is operated by money managers who make investments for the purpose of producing capital gains and income for the investors.

**Net Asset Value** — This is the "net worth" or the "equity value" of a trust. The net asset value is equal to the market value of all assets less the liabilities of the trust.

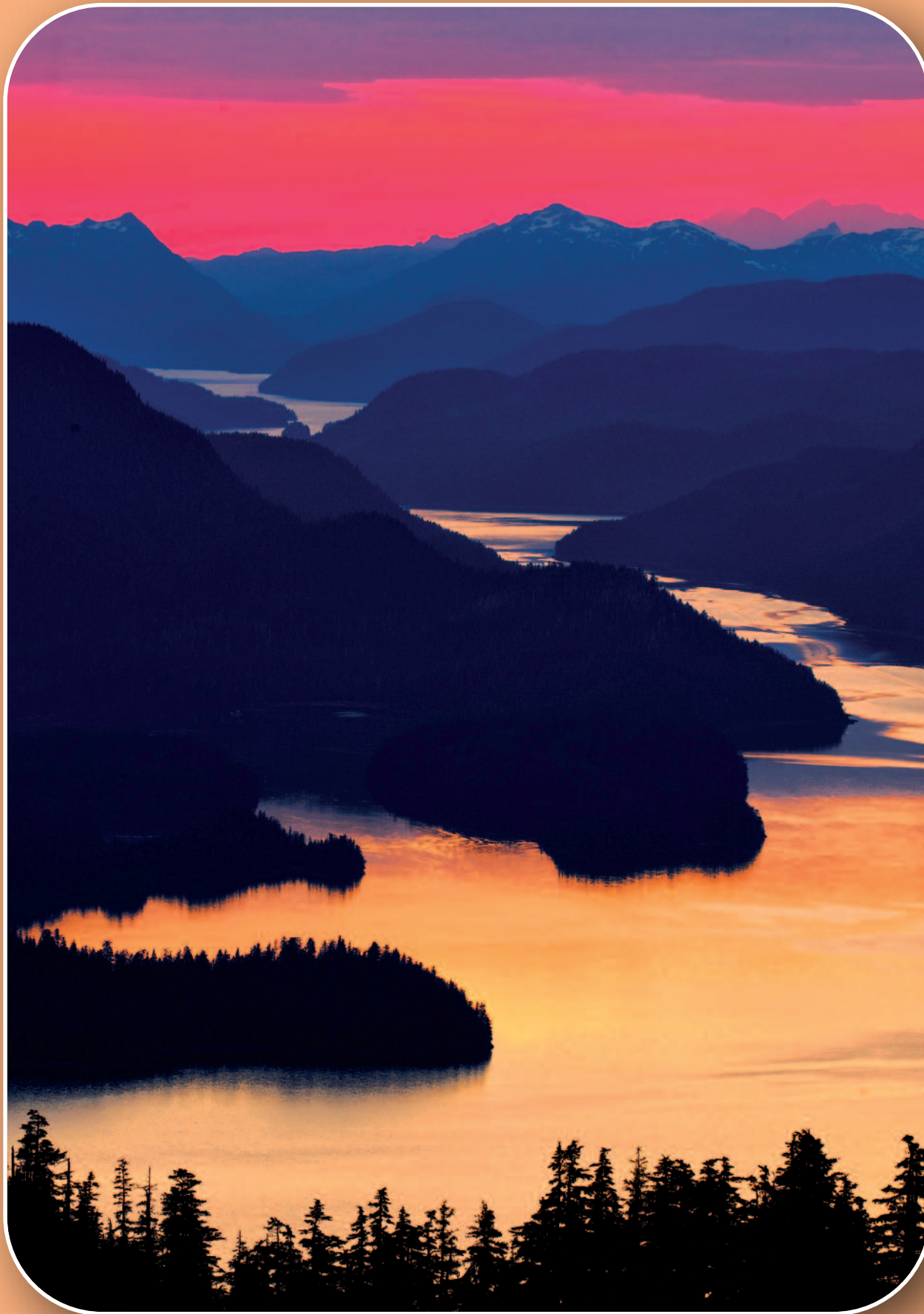
**Non-controlling interest** — Non-controlling interests represent the portion of the financial activity attributable to minority owners of a business. Usually, the 8(a) Companies have non-controlling interests that are highlighted when these companies are combined with their parent company (in this case, Shee Atiká, Incorporated).

**Real Return Fund** — A fund that preserves purchasing power by combined investments in inflation-protected instruments such as Treasury Inflation-Protected Securities (TIPS), bonds, currencies, and non-U.S. debt.

**ROI: Return on Investment** — Earnings from an investment expressed as a percentage of the amount invested.

**S&P 500** — An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities.

**Unrealized gain or loss** — These represent gains or losses in investments that are still owned. The gains or losses are not "realized" until the investment is sold.





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