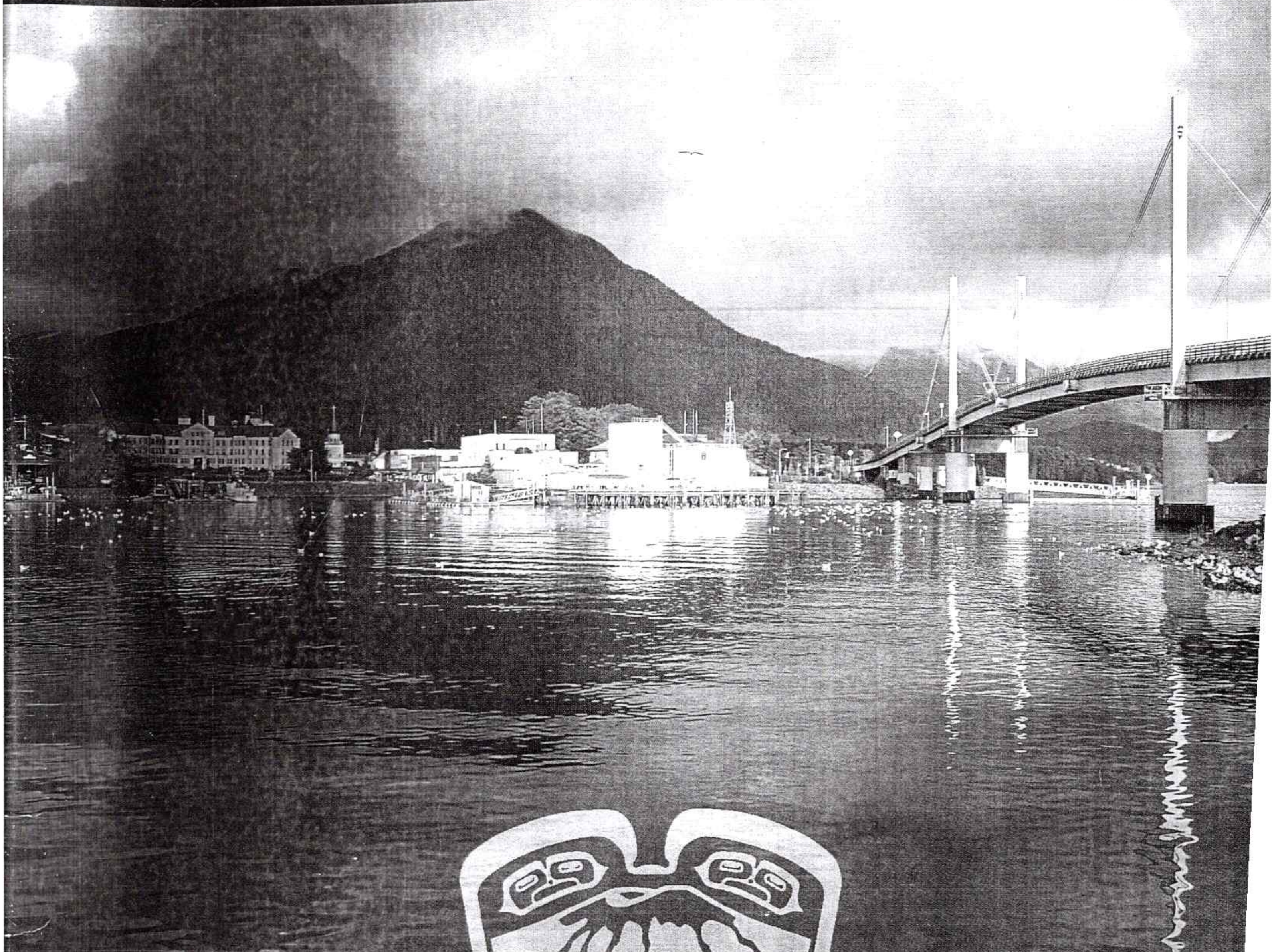


SHEE ATIKÁ
INCORPORATED

AND AFFILIATES

2009 ANNUAL REPORT

CORPORATE INFORMATION

SENIOR MANAGEMENT

Kenneth M. Cameron
President & Chief Executive Officer

David Malone
Vice President - Operations

STAFF

Ptarmica McConnell
Controller

Lauren Burkhart Estes
Director of Human Resources

Lillian Nielsen Young
Shareholder Services Manager

Kay D. Simmons
Executive Assistant

Alicia Williams
Administrative Assistant

Kathleen Baird
Accounts Receivable Technician/
Shareholder Records Clerk

Miranda Whitson
Accounts Payable Technician

CORPORATE OFFICE

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

INDEPENDENT AUDITORS

Peterson Sullivan PLLC
601 Union Street, Ste. 2300
Seattle, WA 98101

CORPORATE COUNSEL

Sorensen & Edwards, P.S.
1201 Third Avenue, Suite 2900
Seattle, WA 98101-3025

STOCK TRANSFERS

Shee Atiká, Incorporated
Attn: Shareholder Services

INSPECTOR OF ELECTIONS

Dapcevich Accounting Service
221 Lincoln Street
Sitka, Alaska 99835

SHEE ATIKÁ BENEFITS TRUST SCHOLARSHIP COMMITTEE

Brian James, Chairman • Sitka, AK
Joshua Horan, Vice Chairman • Sitka, AK
Rhonda Bowen • Port Angeles, WA - Lower 48 seat
Crystal Duncan • Sitka, AK
Suzanne Armstrong • Anchorage, AK - Northern Alaska seat
Kristina Randolph • Juneau, AK

CONTENTS

Shareholder artwork featured in this report includes:

Model canoe on this page by Willis Osbakken

Mask on pages 4 & 5 donated by Doug Gray in appreciation for his cultural & heritage scholarship

Detail of beaded Shee Atiká logo on page 7 from a button blanket made by Ethel Makinen

Raven/Eagle panel on page 8 was purchased from Gary Moy Sr.

Grease Bowl on page 44 purchased from Donald S. Didrickson

SHEE ATIKÁ INCORPORATED

AND AFFILIATES

2009 ANNUAL REPORTS OF

SHEE ATIKÁ, INCORPORATED

SHEE ATIKÁ FUND ENDOWMENT

SHEE ATIKÁ BENEFITS TRUST

SHEE ATIKÁ INVESTMENTS, LLC

BOARD OF DIRECTORS

Board Members, standing, left to right:

Pamela Steffes, Vice-Chairman; Shirley Yocum; Gene Bartolaba; Harold Donnelly Jr.; Francine Eddy Jones, Treasurer; Kenneth Cameron, Chairman

Seated, left to right:

Loretta J. Ness, Secretary; Marion Williams Berry; Marta Ryman

LETTER FROM THE VICE-CHAIRMAN

Greetings fellow shareholders,

As Vice Chairman of the Shee Atiká Inc. (SAI) Board of Directors it is my pleasure to provide you with an overview of the changes, growth and challenges your board addressed in 2009.

We said good-bye to our President/ CEO Bob Loiselle who had served our corporation for the past 10 years. Preparing for his departure, the board began a nationwide search for our next President/ CEO and hired Elliott "Chuck" Wimberly from the Southern Ute Tribe in Colorado. In early 2010 the board determined that Mr. Wimberly was not the right CEO for our corporation. Effective February 2010, Dr. Kenneth Cameron, Chairman of the Board, assumed his role as SAI's President/ CEO.

SAI has several subsidiary companies, including ANC 8(a) companies. Shee Atiká Languages (SAL) which primarily provides linguist services started out the year as an ANC 8(a), but withdrew from the 8(a) program when SAL's revenues doubled from the previous year to approximately $140 million in 2009. SAL continues to operate as a Small Minority Owned Business and has plans for continued growth. For each Shee Atiká company, our management staff and board strive to ensure each will develop and/or expand their business while producing profits for Shee Atiká Inc. and always, acting with the highest integrity.

Throughout 2009 the ANC 8(a) sole source advantage made the news and was a topic of legislative inquiry which we closely monitored. Unfortunately, neither the news nor the hearings focused on the benefits to shareholders from the ANC 8(a) revenue. As a result of the inquiries, a Defense Appropriations Bill was passed that basically caps the sole source contract awards at $20 million. Our subsidiary companies have used the ANC 8(a) sole source advantage in the past and will continue to utilize the advantage with the newly imposed limits. As we plan and evaluate our companies we are mindful that each company should be prepared for future changes in legislation.

We have worked diligently in 2009 to extend section 646 of the tax code which is set to expire on Dec. 31, 2010. This provision allows our Shee Atiká Fund Endowment (SAFE) settlement trust to pay out tax-free distributions at substantial savings to each of us as individual shareholders. In addition, 646 allows SAFE and Shee Atiká Benefit Trust (SABT) funds to grow more rapidly since the tax rate on reinvestments, currently at 10%, will increase to 40% when 646 expires. Your board will continue to focus our efforts and energy on seeing this through, while also planning for the challenges we will face should it expire.

Thank you for allowing me to reflect on 2009. Ours is a very dynamic company and your board continues to work in the best interests of Shee Atiká consistent with our mission statement. We look forward to seeing those who can join us for the Annual Meeting on June 12th (misprinted in our calendar for June 5th) in Sitka.

Warm Regards,

PSteffes

Pamela M. Steffes

Vice-Chairman

LETTER FROM THE CEO

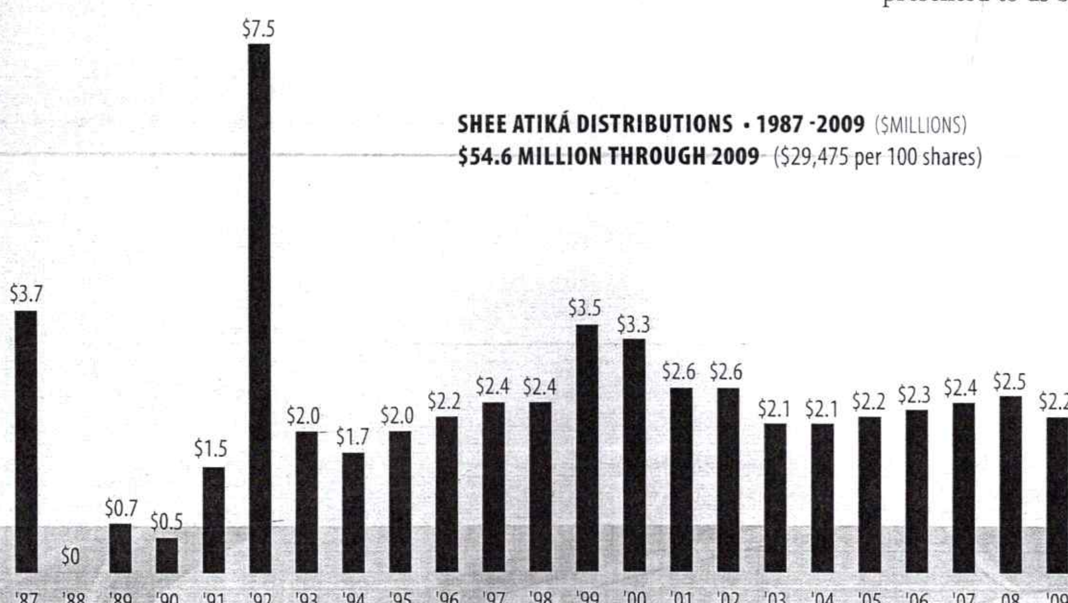
Dear fellow shareholders:

My name is Kenneth Cameron, and I am the President/CEO of Shee Atika, Incorporated. I am pleased to report to you on the 2009 operations of Shee Atika, Incorporated and its subsidiaries and affiliates.

As you review the enclosed financial reports, you will see that our corporation has fully become again an operating company. I say "again", because during our first years, Shee Atika spent considerable amounts to become an operating timber company relative to the timber at Cube Cove as well as to build and operate the Shee Atika Lodge in Sitka. In those days, many groups opposed us, and our efforts to operate our businesses almost bankrupted our corporation in the mid-1980s. Fortunately, for all of us who are shareholders, Shee Atika did not have to file bankruptcy. We emerged from the experience with a decision to become a passive company – one that relied upon its financial assets to provide benefits to its shareholders in the form of scholarships, death benefits, and direct cash distributions. Since the 1980s, Shee Atika has provided $54,587,227 in outright cash distributions, and equally important, a further $3,466,415 in educational benefits.

Since 2005, Shee Atika has been evolving away from the passive model, as the opportunities presented to us by 8(a) were

SHEE ATIKÁ DISTRIBUTIONS • 1987 -2009 ($MILLIONS)
$54.6 MILLION THROUGH 2009 ($29,475 per 100 shares)



significant. The growth in our 8(a) business is solid, and our 8(a) business puts us in a better position to provide significant benefits for multiple generations of Shee Atika shareholders.

We are pleased with this success, but we will not rest with where we are today. First, it is absolutely necessary for Shee Atika to manage the risks that come from these operating businesses – we cannot go backwards. Second, we must maximize the return to our shareholders from these businesses by being vigilant on expenses and avoiding involvement with businesses that cannot produce the consistent returns that we have a right to expect for our investment. Third, we must be alert for new business opportunities to replace those that have wound down due to changes in government policy.

At the same time, we must maximize returns from all of our assets, including our passive assets that are invested through SAIL. The Board's decision in late 2008 to reduce exposure to the equity markets and to move mostly to cash holdings allowed us to continue our SAFE distribution even in these extremely challenging markets. While the strategy was successful in terms of risk exposure, the challenge now is to begin the careful redeployment into assets that will yield us a better return than cash. These efforts began in earnest in 2009, and are well under way as I write this report.

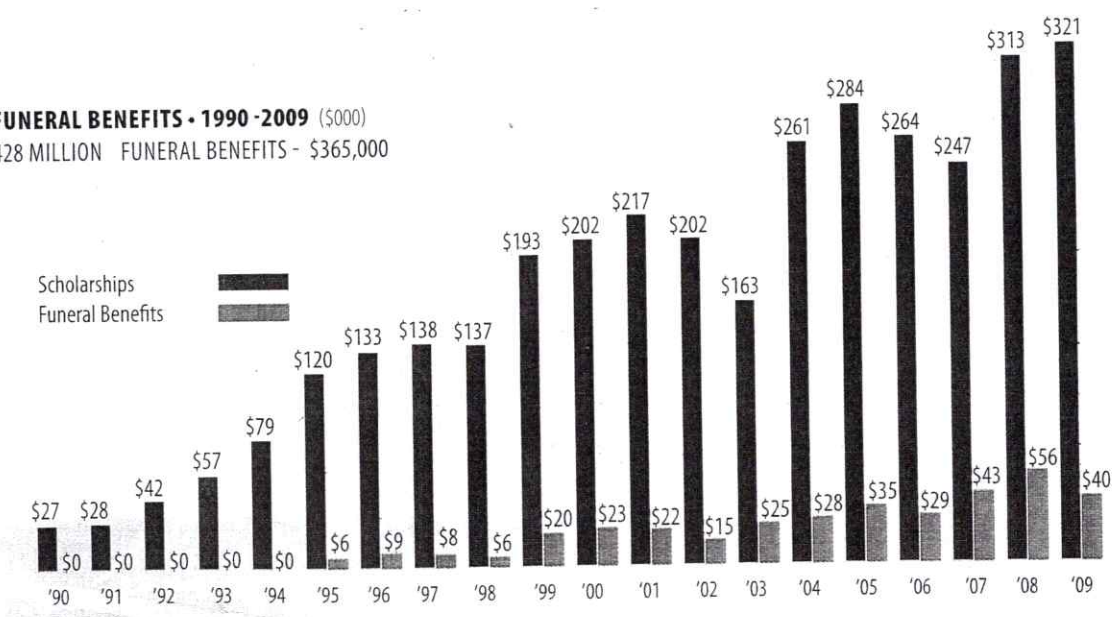
Let me close by thanking you for the honor of serving our corporation and you the shareholders.

Kenneth M. Cameron

President and CEO

SCHOLARSHIPS & FUNERAL BENEFITS • 1990 -2009 ($000)

SCHOLARSHIPS - $3,428 MILLION FUNERAL BENEFITS - $365,000



SHEE ATIKÁ STAFF

left to right:


Kenneth M. Cameron
President and CEO

David Malone
Vice-President - Operations



Ptarmica McConnell, Accountant

Lauren Burkhart Estes, Director of Human Resources

Lillian Nielsen Young, Shareholder Services Manager




Kay D. Simmons, Executive Assistant

Alicia Williams, Administrative Assistant

Kathleen Baird, Accounts Receivable Technician/
Shareholder Records Clerk

Miranda Whitson, Accounts Payable Technician

SHEE ATIKÁ TOTEM SQUARE INN AND SHEE ATIKÁ COMMERCIAL SERVICES MANAGEMENT AND STAFF

left to right:

Arnie Johnson, General Manager Shee Atiká TSI

Dan Berlad, Front Desk Supervisor Shee Atiká TSI

Ellen Littlefield, Front Desk Associate Shee Atiká TSI

Sheila Lawson, Front Desk Associate Shee Atiká TSI

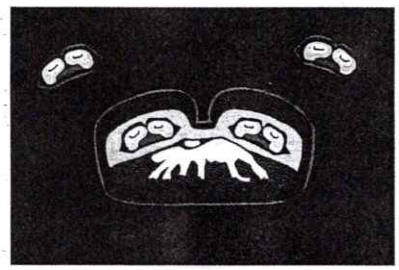
Silvia Malone, General Manager Shee Atiká SCS

Janice Meabon

Martha Ramey, Night Auditor Shee Atiká TSI

Dave Meabon, Maintenance Technician Shee Atiká SCS

Ron James, Maintenance Technician Shee Atiká SCS



FINANCIAL REPORTS

DECEMBER 31, 2009

INDEPENDENT AUDITORS' REPORT

PETERSON SULLIVAN LLP

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

We have audited the accompanying consolidated balance sheet of Shee Atiká, Incorporated and Subsidiaries ("Shee Atiká") as of December 31, 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Shee Atiká's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The 2008 consolidated financial statements of Shee Atiká were audited by other auditors whose report dated March 13, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shee Atiká, Incorporated and Subsidiaries as of December 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Peterson Sullivan L.L.P.

April 2, 2010

CONSOLIDATED BALANCE SHEETS

December 31, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 9,743,681	$ 7,710,523
Accounts receivable	26,975,640	26,272,880
Investments	4,474,183	1,232,372
Deferred tax asset	730,000	884,000
Prepaid expenses and other	1,013,031	648,412
Total current assets	42,936,535	36,748,187
Leased Commercial Properties, net	9,019,350	16,742,664
Property and Equipment, net	2,227,595	2,038,786
Deferred Tax Asset	437,000	190,000
Other Assets	225,759	–
Total assets	$ 54,846,239	$ 55,719,637
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 14,295,385	$ 13,856,101
Loan payable to related party	5,295,553	–
Loan payable	4,598,157	6,294,047
Current portion of long-term debt	74,896	225,733
Other liabilities	6,861	84,002
Total current liabilities	24,270,852	20,459,883
Long-Term Debt, less current portion	767,903	5,397,439
Total liabilities	25,038,755	25,857,322
Equity		
Shee Atiká, Incorporated shareholders' equity		
Common stock, no par or stated value, authorized 250,000 shares		
Class A, voting, issued and outstanding 180,978 and 181,061 shares in 2009 and 2008, respectively		
Class B, nonvoting, issued and outstanding 4,222 and 4,139 shares in 2009 and 2008, respectively		
Contributed capital	5,956,000	5,956,000
Retained earnings	16,570,116	19,580,200
Total Shee Atiká, Incorporated shareholders' equity	22,526,116	25,536,200
Noncontrolling interest	7,281,368	4,326,115
Total equity	29,807,484	29,862,315
Total liabilities and equity	$ 54,846,239	$ 55,719,637

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Contracts		
8(a) contracts	$ 144,585,950	$80,720,299
Non-8(a) contracts	2,111,705	926,485
Hotel	1,074,126	1,335,123
Rentals from leased commercial properties	941,443	1,747,469
Investment income	158,400	106,419
Unrealized loss on investments	(1,972,143)	-
Gain on sale of land and building	-	1,654,761
Administrative fees from affiliated entities	-	516,145
Loss on distribution of property	-	(228,339)
Other	163,738	190,594
Total revenue	147,063,219	86,968,956
Costs and expenses		
Contracts	123,213,197	67,113,034
Hotel	1,071,204	1,161,400
Leased commercial properties	461,891	378,675
General and administrative	13,863,295	8,384,228
Depreciation	347,462	622,384
Interest	1,209,011	824,483
Other	297,520	36,144
Total costs and expenses	140,463,580	78,520,348
Income before income tax expense	6,599,639	8,448,608
Income tax expense	(441,811)	(1,564,453)
Net income	6,157,828	6,884,155
Net income attributable to noncontrolling interests	(6,122,479)	(4,202,979)
Net income attributable to Shee Atiká, Incorporated	$ 35,349	$ 2,681,176

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2009 and 2008

	Shares of Common Stock Class A	Class B	Contributed Capital	Retained Earnings	Total	Noncontrolling Interests	Total Equity
Balances, December 31, 2007	181,261	3,939	$5,956,000	$ 20,329,846	$ 26,285,846	$ 2,089,965	$28,375,811
Net transfers from voting to nonvoting shares	(200)	200					
Net income for the year				2,681,176	2,681,176	4,202,979	6,884,155
Distributions to noncontrolling interests						(1,966,829)	(1,966,829)
Distribution of cash to Shee Atiká Benefits Trust				(250,000)	(250,000)		(250,000)
Distribution of property and equipment to Shee Atiká Benefits Trust				(3,180,822)	(3,180,822		(3,180,822)
Balances, December 31, 2008	181,061	4,139	5,956,000	19,580,200	25,536,200	4,326,115	29,862,315
Net income for the year				35,349	35,349	6,122,479	6,157,828
Net transfers from voting to nonvoting shares	(83)	83					
Contributions by noncontrolling interests						4,900	4,900
Distributions to noncontrolling interest						(3,172,126)	(3,172,126)
Distribution of cash to Shee Atiká Benefits Trust				(90,000)	(90,000)		(90,000)
Transfer of property from Shee Atiká Benefits Trust				63,562	63,562		63,562
Distribution of interest in an LLC subsidiary to Shee Atiká Fund Endowment				(3,018,995)	(3,018,995)		(3,018,995)
Balances, December 31, 2009	180,978	4,222	$5,956,000	$ 16,570,116	$ 22,526,116	$ 7,281,368	$29,807,484

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities		
Cash received from:		
Contracts	$ 145,077,085	$ 63,697,114
Rentals from leased commercial properties	917,250	1,697,309
Hotel operations	1,074,126	1,335,123
Administrative fees from affiliated entities	516,145	–
Interest	158,400	106,419
Other	576,237	(91,359)
Cash paid to/for:		
Contractors, suppliers and employers	(138,903,262)	(67,021,463)
Interest	(913,458)	(824,483)
Income taxes	(799,911)	(73,185)
Net cash flows from operating activities	7,702,612	(1,174,525)
Cash Flows from Investing Activities		
Purchases of investments	(5,135,704)	–
Sale of leased commercial properties	–	7,806,142
Purchases of property and equipment	(413,455)	(246,402)
Other	(78,250)	(218,725)
Net cash flows from investing activities	(5,627,409)	7,341,015
Cash Flows from Financing Activities		
Proceeds from (repayments on) loan payable, net	(1,695,890)	6,294,047
Principal repayments on long-term debt	(88,929)	(3,187,782)
Proceeds from loan with related party	5,000,000	–
Principal repayments on line of credit	–	(586,139)
Distributions to noncontrolling interests	(3,172,126)	(1,966,828)
Capital contributions from noncontrolling interests	4,900	–
Distribution of cash to Shee Atiká Benefits Trust	(90,000)	(250,000)
Net cash flows from financing activities	(42,045)	303,298
Net change in cash and cash equivalents	2,033,158	6,469,788
Cash and cash equivalents, beginning of year	7,710,523	1,240,735
Cash and cash equivalents, end of year	$ 9,743,681	$ 7,710,523
Reconciliation of net income to net cash flows from operating activities:		
Net income	$ 6,157,828	$ 6,884,155
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	347,462	622,384
Unrealized holding loss on investments	1,972,143	–
Gain on sale of land and building	–	(1,654,761)
Loss on distribution of property	–	228,339
Deferred income tax benefit	(93,000)	1,535,000
Changes in operating assets and liabilities, net of transfers to Shee Atiká Fund Endowment		
Accounts receivable	(716,119)	(18,820,012)
Prepaid expenses and other assets	(710,772)	(405,212)
Accounts payable and accrued expenses	449,244	10,501,398
Accrual of interest on loan payable to related party	295,553	–
Other current liabilities	273	(22,084)
Income tax payable	–	(43,732)
Net cash flows from operating activities	$ 7,702,61	$ (1,174,525)
Supplemental cash flow disclosures:		
Non-cash investing and financing activities:		
Distribution of interest in an LLC subsidiary to Shee Atiká Fund Endowment	$ 3,018,995	$ –
Distribution of property and equipment to Shee Atiká Benefits Trust	$ –	$ 3,180,822
Transfer of property from Shee Atiká Benefits Trust	$ 63,562	$ –

See 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 which 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 timberland located on Admiralty Island, 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.

One hundred shares of Shee Atiká's voting common stock were issued pursuant to ANCSA 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 approximately 3,000 shareholders.

Shee Atiká's primary operations are services (primarily related to linguistics and aeronautical engineering) provided under contracts with the United States Government and companies in the private sector. These services are provided by three of Shee Atiká's majority-owned subsidiaries that have received certification under the U.S. Small Business Administration's 8(a) Business Development Program ("Section 8(a)"). This certification gives the subsidiaries preference in obtaining contracts with the United States Government. The United States Department of Defense is the primary agency of the United States Government that Shee Atiká has contracts with and a substantial amount of services are provided in Iraq and Afghanistan. Services provided include customized language services, role players, regional subject matter experts, and cultural advisors as well as engineering, technical, and project management services. Shee Atiká also leases commercial properties it owns, which are located primarily in Alaska and operates a hotel in Sitka, Alaska.

Shee Atiká's commercial leasing operations are subject to geographic risks as well as the financial viability of leases. Section 8(a) activities are subject to competitive factors, program continuation, and appropriate contract management. Hotel operations are affected by tourism and business travel in the Sitka area.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Shee Atiká and its seven wholly-owned and majority-owned subsidiaries at December 31, 2009. 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. Two LLCs are scheduled to terminate in 2022, one in 2027, and the rest have indefinite lives.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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 regularly has cash and cash equivalent balances in excess of federally insured limits.

INVESTMENTS

Investments are classified as trading securities and are stated at fair value based on the following:

- Investments in corporate bonds are carried at a value based on the applicable market price on an exchange on the last trading day of the year. These investment securities are traded on various United States exchanges and are, therefore, subject to the market volatility in those exchanges.

- Investments in partnerships are carried at a value determined by the entity managing the investment because no formal organized trading market exists for these securities. This value is typically based on the most recently determined net asset value per unit of the partnership. The value of the investments reflects Shee Atiká's proportionate interest in the net assets of the investment. Sale of investment units can only be done through redemption by the entity managing the investment. Units can only be redeemed at certain times, and with varying amounts of notice. Due to the lack of an organized trading market and the restrictions associated with investment redemption, liquidity for these investments may be impaired under certain market conditions.

The difference between cost and fair value of securities held at year-end represents unrealized holding gains or losses 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.

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 which 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 the 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.

The following tables present information about Shee Atiká's assets that have been measured at fair value on a recurring basis as of December 31, 2009 and 2008, and indicates the classification by level of input within the fair value hierarchy:

Fair Value Measurements at December 31, 2009, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2009
Investments	$ 454,500	$ –	$ 4,019,683	$ 4,474,183

Fair Value Measurements at December 31, 2008, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2008
Investments	$ 4,500	$ –	$ 1,227,872	$ 1,232,372

The following is a reconciliation of investments for which significant unobservable inputs were used in determining fair value for the year ended December 31, 2009 (there were no changes during the year ended December 31, 2008).

Balance, December 31, 2008	$ 1,227,872
Purchases	4,685,704
Unrealized holding loss	(1,972,143)
Other	78,250
Balance, December 31, 2009	$ 4,019,683

ACCOUNTS RECEIVABLE

Accounts receivable are primarily from service contracts with the United States Government and are stated at their principal amounts. Management believes all amounts outstanding at December 31, 2009 and 2008, will be collected (based on prior payment history) and, accordingly, no allowance is considered necessary. If an account was considered uncollectible, an allowance would be established. After appropriate collection efforts, the bad debt would be written off against the allowance. Receivables are generally unsecured and payment terms can vary.

Billing practices related to service contracts are governed by the contract terms for each project. When billings on contracts are less than the recognized revenue, the difference is recorded as unbilled accounts receivable. Unbilled work is usually billed during the next normal billing process following completion of work or achievement of contractual requirements.

PROPERTY AND EQUIPMENT

The estimated value of the land, including structures, along with cash received under ANCSA were 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 are stated at cost.

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

REVENUE RECOGNITION

Revenue on fixed price service contracts is recognized systematically over the term of the contract, as services are performed, or based on the specific terms of the contracts. Revenue from time and material contracts is recognized as follows:

- For time, revenue is recognized as hours are worked multiplied by billable rates provided for in the contract.
- For materials, revenue is recognized when the applicable expense is incurred.

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. All other revenues are recognized as earned.

Two contracts with the United States Department of Defense (one of which is with Shee Atiká as a subcontractor to a third-party company that has the contract with the United States Department of Defense) accounted for 95% and 88% of 8(a) contract revenue for 2009 and 2008, respectively. Three companies accounted for 78% of non 8(a) contract revenue for 2009. Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 75% and 18%, respectively, of revenue in 2009. Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 68% and 20%, respectively, of revenue in 2008.

One customer accounted for 25% and 53% of total rental revenue from leased commercial properties in 2009 and 2008, respectively.

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, 2009 and 2008. The tax years 2006 through 2009 remain open to examination by federal authorities.

SUBSEQUENT EVENTS

Shee Atiká has evaluated subsequent events through the date of the auditors' report, which was the date these financial statements were available to be issued.

RECLASSIFICATIONS

Certain amounts in the 2008 consolidated financial statements have been reclassified to conform to the current year presentation.

2 INVESTMENTS

Investments are summarized as follows at December 31:

	2009	2008
Corporate bonds	$ 450,000	$ –
Other	4,500	4,500
Partnerships:		
Clarion Lion Properties Fund, LLC	2,713,561	–
INVESCO Partnership Fund IV	1,306,122	1,227,872
	$ 4,474,183	$ 1,232,372

Partnerships are summarized as follows:

- Clarion Lion Properties Fund, LLC – This is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States.
- INVESCO Partnership Fund IV, L.P. – This is a limited partnership investing in other partnerships. These partnerships invest in other collective investment funds investing in alternative assets.

3 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2009	2008
Amounts billed under contracts	$ 22,591,103	$ 24,698,904
Unbilled revenue	4,287,323	827,366
Other accounts receivable	97,214	746,610
	$ 26,975,640	$ 26,272,880

Substantially all billed and unbilled accounts receivable are from contracts with the United States Government (including contracts where Shee Atiká is a subcontractor to third-party companies that have the contract with the United States Government) at both December 31, 2009 and 2008.

4 LEASED COMMERCIAL PROPERTIES

Leased commercial properties consist of the following at December 31:

	2009	2008
Building and equipment - Alaska	$ 5,496,815	$ 5,339,556
Building - Colorado	8,524,787	–
Land	4,476,666	4,919,442
	9,973,481	18,783,785
Less: accumulated depreciation and amortization	(954,131)	(2,021,121)
	$ 9,019,350	$ 16,742,664

Depreciation expense for leased commercial properties amounted to $230,493 and $534,086 in 2009 and 2008, respectively.

During 2009, Shee Atiká transferred all of its ownership in one of its wholly-owned subsidiaries, Shee Atiká Holdings Colorado Springs, LLC ("SAHCS"), to an affiliate, Shee Atiká Fund Endowment ("SAFE"), as a contribution to the settlement trust. Included in the transfer was leased commercial property in Colorado Springs, Colorado, as well as outstanding debt on a note payable to a bank.

The commercial buildings are leased under various operating leases expiring in various years through 2014. The approximate minimum future lease payments to be received on noncancellable operating leases for years ending December 31 are as follows:

2010	$ 482,000
2011	331,000
2012	180,000
2013	108,000
2014	22,000
	$ 1,123,000

Leases of commercial properties in Alaska are with various lessees in the Sitka area.

5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2009	2008
Land	$ 1,884,989	$ 1,884,989
Equipment	615,176	451,510
Other	267,300	147,386
	2,767,465	2,483,885
Less: accumulated depreciation and amortization	(539,870)	(445,099)
	$ 2,227,595	$ 2,038,786

Depreciation expense for property and equipment amounted to $116,969 and $88,298 in 2009 and 2008, respectively.

6 LOAN AND LINE OF CREDIT ARRANGEMENT

In February 2009, Shee Atiká entered into a loan arrangement with an affiliate, Shee Atiká Investments, LLC ("SAIL"), under which it may borrow up to $5,000,000. The loan bears interest at 8%, is due in full December 31, 2010, and is secured by a first position security interest in Shee Atiká's equity interest in one of its wholly-owned subsidiaries, Shee Atiká Holdings Alice Island, LLC, and a first position security interest in approximately 3,000 acres of land owned by Shee Atiká at Katlian Bay, Alaska. The balance due of $5,295,553 at December 31, 2009, includes the unpaid principal balance as well as $295,553 of accrued interest.

Shee Atiká also has a line of credit arrangement with a bank under which it may borrow up to $1,000,000. The line is to expire November 15, 2010, bears interest at the prime rate of interest published in the Wall Street Journal plus 0.75% (resulting in a rate of 4.0% at December 31, 2009) with a floor of 4.75% and a ceiling of 9.00%, and is unsecured. There was no balance outstanding under this line at December 31, 2009 or 2008.

7 LOAN PAYABLE

One of Shee Atiká's majority-owned 8(a) subsidiaries has borrowed against certain accounts receivable through a loan with a bank. The loan agreement allows for this subsidiary to borrow up to 90% of eligible accounts receivable. The outstanding balance of this loan at December 31, 2009 and 2008, was

$4,598,157 and $6,294,047, respectively. The maximum amount of these certain accounts receivable that can be used as a borrowing base under this loan at any one time is $24 million. The loan bears interest at the bank's prime rate plus 3.5% (resulting in a rate of 6.75% at December 31, 2009) with a minimum charge of $30,000 monthly. The loan is fully collateralized by all of the subsidiary's assets and has a term through October 13, 2011, but is to be repaid as these certain accounts receivable of this subsidiary are collected. The loan agreement has early termination provisions available to the subsidiary.

8 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2009 and 2008:

	2009	2008
Note payable to a bank in monthly installments of $10,621 ncluding interest at 6.5%, due in full September 1, 2018, secured by commercial property in Alaska	$ 842,799	$ 923,615
Note payable to a bank in monthly installments of $30,704 including interest at 5.5%, due in full November 1, 2015, secured by commercial property in Colorado (transferred to SAFE during 2009).	-	4,699,557
	842,79	5,623,172
Less: current portion	(74,896)	(225,733)
	$ 767,903	$ 5,397,439

Principal payments on long-term debt for years ending December 31 are as follows:

2010	$ 74,896
2011	79,473
2012	84,668
2013	90,466
2014	96,525
Thereafter	416,771
	$ 842,799

9 INCOME TAXES

Income tax expense for the years ended December 31, 2009 and 2008, consists of:

	2009	2008
Current expense	$ (534,811)	$ (29,453)
Deferred benefit (expense)	93,000	(1,535,000)
	$ (441,811)	$ (1,564,453)

Shee Atiká's effective tax rate differs from statutory rates because a significant portion of its operations are performed by LLCs and Shee Atiká does not own the entire LLC interest.

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

	2009	2008
Deferred tax assets:		
Unrealized holding losses on investments	$ 730,000	$ -
Net operating loss carryforwards	-	704,000
Alternative minimum tax credit carryforwards	268,000	180,000
Excess of tax basis in buildings and equipment	169,000	177,000
Other	-	13,000
	$ 1,167,000	$ 1,074,000

The deferred tax assets are classified in the consolidated balance sheets as of December 31 as follows:

	2009	2008
Current	$ 730,000	$ 884,000
Long-term	437,000	190,000
	$ 1,167,000	$ 1,074,000

As of December 31, 2009, Shee Atiká has no net operating tax loss carryforwards and alternative minimum tax credit carryforwards of $268,000. The alternative minimum tax credit carryforwards do not expire. Management believes that it is more likely than not that the net deferred tax asset will be realized. Accordingly, no valuation allowance has been provided at December 31, 2009 or 2008.

10 SETTLEMENT TRUSTS

Shee Atiká established two settlement trusts which 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, 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 $56.5 million and $54.2 million at December 31, 2009 and 2008, respectively.

The second settlement trust, the Shee Atiká Benefits Trust ("SABT"), was established to provide scholarships and funeral benefits to Shee Atiká's shareholders who are also beneficiaries of the trust. Due to anticipated future distributions by SABT, it may require additional funding. Shee Atiká transferred $90,000 and $250,000 of cash in 2009 and 2008 to SABT, respectively. Shee Atiká is considering future transfers to SABT at times and amounts yet to be determined. SABT has net assets of approximately $4.0 million and $4.5 million at December 31, 2009 and 2008, respectively.

During 2008, Shee Atiká distributed the Shee Atiká Totem Square Inn and all property located at or used in conjunction with the property to SABT. The property had a book value of $3,409,161 and a fair market value of $3,180,822. A loss of $228,339 was recorded to adjust the book value of the property to the fair market value as a result of the property distribution to SABT. After the property distribution, one of Shee Atiká's wholly-owned subsidiaries, Shee Atiká Management, LLC ("SAM"), entered into an operating lease with SABT for the Shee Atiká Totem Square Complex. The lease is payable in monthly installments of $22,000 until September 30, 2013.

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. In 2006, SAIL reacquired Shee Atiká's entire interest leaving SAFE and SABT as the only members of SAIL.

11 RELATED PARTY TRANSACTIONS

Related party transactions for the years ended December 31, 2009 and 2008, are as follows:

- Included in general and administrative expenses in the consolidated statements of operations for 2009 and 2008 is $256,280 and $153,154, respectively, in costs paid to a company that is owned by one of the minority owners of a majority-owned subsidiary of Shee Atiká. These costs were paid under a shared services agreement in which other companies owned by the minority owners also participate. Services provided by this company include operational support for contract administration, human resources, accounting and finance, and security clearance.
- Included in contract costs and expenses in the consolidated statements of operations for 2009 and 2008 is $31,826,589 and $24,436,375, respectively, in costs paid to companies which are in

part owned by minority interest owners of certain majority-owned subsidiaries of Shee Atiká. In addition, Shee Atiká owed $4,627,437 and $2,768,478 to these companies at December 31, 2009 and 2008, respectively, which is included in accounts payable and accrued expenses in the consolidated balance sheets.

- As further discussed in Note 4, in January 2009, the board of directors of Shee Atiká, passed a resolution to transfer all of its ownership in SAHCS to SAFE.
- As further discussed in Note 6, in February 2009, SAIL provided a $5,000,000 loan to Shee Atiká which accrues interest at 8% and is due in December 2010.
- In February 2009, Shee Atiká purchased SAIL's ownership in the Clarion Lion Properties Fund investment for cash of $4,685,704.
- In 2009 and 2008, Shee Atiká incurred $264,000 and $66,000, respectively, in lease expense to SABT related to the lease SAM has for the Totem Square Complex.
- Included in accounts receivable in the consolidated balance sheet is $325,117 owed to Shee Atiká or to a subsidiary of Shee Atiká by companies which are in part owned by one of the minority interest owners of a majority-owned subsidiary of Shee Atika at December 31, 2008.
- Shee Atiká provides administrative services to SAIL, SAFE, and SABT. Administrative fees earned and included in the consolidated statement of operations for the year ended December 31, 2008, were as follows:

Shee Atiká Investments LLC	$ 74,382
Shee Atiká Fund Endowment	227,507
Shee Atiká Benefits Trust	214,256
	$ 516,145

  In 2009, Shee Atiká discontinued its policy of charging administrative fees to SAIL, SAFE and SABT.

- Shee Atiká has had other transactions with shareholders for purchases of artwork and janitorial and other services.

12 401(K) PLAN

The Company provides a 401(k) plan for the benefit of its employees. Employees are eligible to participate in the plan after reaching age 21 and after being with the company for at least 6 months. Employer contributions made totaled $268,839 and $387,538 in 2009 and 2008, respectively.

13 CONTINGENCIES

CONTRACT AUDITS

During 2009 and 2008, most of Shee Atiká's contracts were with the federal government. The United States Government has the right to audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of these contracts. In 2010, the United States Government commenced an audit of the activity associated with Shee Atiká's largest contract. Shee Atiká believes that if due to this audit or another such audit, any costs were determined to be unallowable, the amount of the unallowable costs would be insignificant.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

PETERSON SULLIVAN LLP

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

Our report on our audit of the basic consolidated financial statements of Shee Atiká, Incorporated and Subsidiaries for 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information presented in the following section of this report (pages 21 through 23) is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Peterson Sullivan L.L.P.

April 2, 2010

SUPPLEMENTAL SCHEDULE OF CONTRACT EXPENSES

For the Years Ended December 31, 2009 and 2008

	2009	2008
Labor	$ 87,272,107	$ 35,455,025
Subcontractors	32,931,681	28,579,635
Transportation	2,169,827	1,839,651
Other job expenses	839,582	1,238,723
	$ 123,213,197	$67,113,034

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET December 31, 2009

ASSETS	Shee Atiká Incorporated	Shee Atiká Holdings Colorado LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC
Current Assets				
Cash and cash equivalents	$ 4,511,08	$ –	$ 22,466	$ 14,443
Accounts receivable	1,646	–	4,108	20,429
Investments	4,024,183	–	–	–
Deferred tax asset	730,000	–	–	–
Prepaid expenses and other	309,409	–	1,676	5,769
Total current assets	9,576,319	–	28,250	40,641
Leased Commercial Properties, net	1,266,870	–	4,695,257	2,877,074
Property and Equipment, net	2,007,680	–	–	–
Deferred Tax Asset	437,000	–	–	–
Other Assets	175,000	–	–	–
Due from (to) Related Company	78,799	–	44,032	(71,334)
Equity in Subsidiaries	8,257,130	–	–	
Total assets	$ 21,798,798	$ –	$ 4,767,539	$ 2,846,381
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	$ 285,234	$ –	$ 7,992	$ 19,710
Line of credit payable to related party	5,295,553	–	–	–
Loan payable	–	–	–	–
Current portion of long-term debt	–	–	–	74,896
Other liabilities	6,290	–	–	–
Total current liabilities	5,587,077	–	7,992	94,606
Long-Term Debt, less current portion		–	–	767,903
Total liabilities	5,587,077		7,992	862,509
Equity				
Shee Atiká, Incorporated shareholders' equity				
Contributed capital	5,956,000	–	4,763,316	1,971,968
Retained earnings (deficit)	10,255,721	–	(3,769)	11,904
Total Shee Atiká, Incorporated shareholders' equity	16,211,721	–	4,759,547	1,983,872
Noncontrolling interests		–	–	–
Total equity	16,211,721	–	4,759,547	1,983,872
Total liabilities and equity	$ 21,798,798	$ –	$ 4,767,539	$ 2,846,381

SUPPLEMENTAL CONSOLIDATED STATEMENT OF OPERATIONS For the Year Ended December 31, 2009

Revenues	Shee Atiká Incorporated	Shee Atiká Holdings Colorado LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC
Contracts:				
8(a) contracts	$ –	$ –	$ –	$ –
Non 8(a) contracts	–	–	–	–
Hotel	–	–	–	–
Rentals from leased commercial properties	90,580	232,242	178,453	263,423
Administrative fees from affiliated entities	98,723	–	–	–
Investment income	150,347	–	–	–
Equity earnings in subsidiaries	93,582	–	–	–
Unrealized holding loss on investments	(1,972,143)	–	–	–
Other	130,361	13	1,777	1,386
Total revenue	(1,408,550)	232,255	180,230	264,809
Costs and expenses				
Contracts				
Hotel				
Leased commercial properties	25,372	15,12	107,027	94,433
General and administrative	4,008,041	–	–	–
Depreciation	58,726	59,235	58,572	77,987
Interest	360,548	64,315		57,260
Other	8,950	–	–	–
Total costs and expenses	4,461,637	138,673	165,599	229,680
Income (loss) before income tax expense	(5,870,187)	93,582	14,631	35,129
Income tax expense	(441,811)	–	–	
Net income (loss)	(6,311,998)	93,582	14,631	35,129
Net income attributable to noncontrolling interests	–	–	–	–
Net income (loss) attributable to Shee Atiká, Incorporated	$ (6,311,998)	$ 93,582	$ 14,631	$ 35,129

Shee Atiká Commercial Services LLC	Shee Atiká Management LLC	Shee Atiká Services LLC	Shee Atiká Technologies LLC	Shee Atiká Languages LLC	Eliminations	Total
$ 4,944	$ 37,909	$ 48,070	$ 226,322	$ 4,878,446	$ –	$ 9,743,681
29,358	16,520	281,722	1,528,435	25,189,866	(96,444)	26,975,640
–	–	–	450,000	–	–	4,474,183
–	–	–	–	–	–	730,000
–	19,886	2,000	43,635	630,656	–	1,013,031
34,302	74,315	331,792	2,248,392	30,698,968	(96,444)	42,936,535
–	180,149	–	–	–	–	9,019,350
–	–	1,246	218,669	–	–	2,227,595
–	–	–	–	–	–	437,000
–	–	–	–	50,759	–	225,759
(1,895)	171,336	(164,289)	(46,808)	(9,841)	–	–
–	–	–	–	–	(8,257,130)	–
$ 32,407	$ 425,800	$ 168,749	$ 2,201,584	$ 30,958,555	$ (8,353,574)	$ 54,846,239
$ 11,429	$ 85,686	$ 62,409	$ 405,899	$ 13,513,470	$ (96,444)	$ 14,295,385
–		–	–	–	–	5,295,553
–	–	–	–	4,598,157	–	4,598,157
–	–	–	–	–	–	74,896
–	571	–	–	–	–	6,861
11,429	86,257	62,409	405,899	18,111,627	(96,444)	24,270,852
–	–	–	–	–	–	767,903
11,429	86,257	62,409	405,899	18,111,627	(96,444)	25,038,755
5,100	209,247	204,000	25,500	184,620	(7,363,751)	5,956,000
5,599	130,296	(149,767)	890,372	6,323,140	(893,380)	16,570,116
10,699	339,543	54,233	915,872	6,507,760	(8,257,131)	22,526,116
10,279	–	–	52,107	879,813	6,339,169	7,281,368
20,978	339,543	106,340	1,795,685	12,846,929	(8,257,131)	29,807,484
$ 32,407	$ 425,800	$ 168,749	$ 2,201,584	$ 30,958,556	$ (8,353,575)	$ 54,846,239

Shee Atiká Commercial Services LLC	Shee Atiká Management LLC	Shee Atiká Services LLC	Shee Atiká Technologies LLC	Shee Atiká Languages LLC	Eliminations	Consolidated
$ –	$ –	$ 1,048,011	$ 3,229,695	$140,813,651	$ (505,407)	$ 144,585,950
–	–	145,865	1,965,840	–	–	2,111,705
–	1,074,126	–	–	–	–	1,074,126
–	325,781	–	–	–	(149,036)	941,443
–	–	–	–	–	(98,723)	–
–	–	–	8,053	–		– 158,400
–	–	–	–	–	(93,582)	–
–	–	–	–	–	–	(1,972,143)
98,467	14,396	90	–	15,090	(97,842)	163,738
98,467	1,414,303	1,193,966	5,203,588	140,828,741	(944,590)	147,063,219
		787,940	2,390,928	120,539,736	(505,407)	123,213,197
–	1,167,631				(96,427)	1,071,204
–	304,596				(84,660)	461,891
–		379,844	1,894,455	7,745,469	(164,514)	13,863,295
–	17,010	3,269	–	72,663	–	347,462
–	–	13,876	–	713,012	–	1,209,011
87,489	–	–	–	201,081	–	297,520
87,489	1,489,237	1,184,929	4,285,383	129,271,961	(851,008)	140,463,580
10,978	(74,934)	9,037	918,205	11,556,780	(93,582)	6,599,639
–	–	–	–	–	–	(441,811)
10,978	(74,934)	9,037	918,205	11,556,780	(93,582)	6,157,828
(5,379)	–	(4,427)	(449,851)	5,662,822)	–	(6,122,479)
$ 5,599	$ (74,934)	$ 4,610	$ 468,354	$ 5,893,958	$ (93,582)	$ 35,349

INDEPENDENT AUDITORS' REPORT

PETERSON SULLIVAN LLP

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

We have audited the accompanying statement of net assets – modified income tax basis of Shee Atiká Fund Endowment ("SAFE") as of December 31, 2009, and the related statements of revenue and expenses – modified income tax basis and changes in net assets – modified income tax basis for the year then ended. These financial statements are the responsibility of SAFE's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2008 financial statements of SAFE were audited by other auditors whose report dated March 28, 2009, expressed an unqualified opinion on those statements. As discussed in Note 2, SAFE has restated its 2008 financial statements during the current year to adjust its investment in Shee Atiká Investments, LLC to its proper fair value and to remove an accrual for management fees. The other auditors reported on the 2008 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these 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.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the net assets of Shee Atiká Fund Endowment as of December 31, 2009, and its revenue and expenses and changes in net assets for the year then ended, on the modified income tax basis of accounting as described in Note 1.

We also audited the adjustments described in Note 2 that were applied to restate the 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Peterson Sullivan L.L.P.

April 2, 2010

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2009 and 2008

	2009	2008
ASSETS		
Investment in Shee Atiká Investments, LLC	$ 52,950,968	$ 53,826,532
Cash and cash equivalents	263,540	155,643
Income tax receivable	293,756	330,976
Leased commercial property, net	7,539,140	–
Other assets	244,558	789
Total assets	61,291,962	54,313,940
LIABILITIES		
Long-term debt	4,605,724	119,606
Distributions payable	120,581	–
Other	4,309	–
Total liabilities	4,730,614	119,606
Net Assets	$ 56,561,348	$ 54,194,334

See Notes to Financial Statements

SHEE ATIKÁ FUND ENDOWMENT

STATEMENTS OF REVENUES AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 1,181,639	$ 520,181
Rentals from leased commercial property	704,783	–
Interest	176	87,493
Other income	13,195	6,158
	1,899,793	613,832
Expenses		
Management, custodian, and professional fees	252,269	48,261
Interest	190,619	–
Depreciation	124,921	–
Other	16,209	2,325
	584,018	50,586
Taxable income	1,315,775	563,246
Income tax expense	142,441	33,564
Change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	1,173,334	529,682
Adjustment to fair value of investment in Shee Atiká Investments, LLC	378,565	(14,160,385)
Change in net assets	$ 1,551,899	$(13,630,703)

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

	2009	2008
Change in net assets	$ 1,551,899	$(13,630,703)
Transfer of property and assignment of related debt from Shee Atiká, Incorporated	3,018,995	–
Distributions to unit holders	(2,203,880)	(2,537,240)
Total increase (decrease)	2,367,014	(16,167,943)
Net assets, beginning of year	54,194,334	70,362,277
Net assets, end of year	$ 56,561,348	$ 54,194,334

See 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 trustees.

SAI is an Urban Corporation organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA, as amended, authorizes the conveyance of assets by a Native corporation to a settlement trust.

While semi-annual distributions have been the normal practice, the trust document actually calls for them to be made at the time or times determined by the trustees. 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 ANCSA, in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2009, there were 185,200 trust units (of which 180,978 were Class A and 4,222 were Class B) held by approximately 3,000 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 ($11.90 per unit in 2009 and $13.70 per unit in 2008) is ultimately determined by the Board of Trustees, but must be between the minimum and maximum amounts. Distributions are pro rata based on the number of trust units owned. SAFE has adopted a goal whereby it is to distribute approximately 4% of net assets (based on a five-year rolling average) each year, not to exceed the limits discussed above. In meeting this goal, realized gains were allocated to net cash income in 2009 and 2008 and distributed to beneficiaries.

After the fifteenth anniversary of SAFE and each subsequent fifteen year period measured from the fifteenth anniversary (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.

SAI provides administrative services to SAFE. In 2008, SAI charged administrative fees of $227,507 to SAFE. These fees were not paid by SAFE until 2009 and, thus, are included in management, custodian, and professional fees on the statement of revenue and expenses - modified income tax basis for 2009. No such fees are being charged for 2009 as SAI discontinued charging administrative fees to SAFE.

During 2009, SAI transferred all of its membership units (100% of the ownership) in Shee Atika Holdings Colorado Springs, LLC ("SACHS") to SAFE, as a contribution to the settlement trust. Included in the transfer was a building and land in Colorado Springs, Colorado, as well as outstanding debt.

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 ("the 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).

INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value and represents SAFE's ownership interest in SAIL's net assets. SAIL's basis of accounting is identical to SAFE's in that it also uses the modified income tax method. Accordingly, its investments are stated at fair value. For all of SAIL's other assets and liabilities, carrying value approximates fair value. As a result, net assets of SAIL are stated at fair value. SAIL's investments are subject to various market, liquidity, and credit risks. The difference between cost and the fair value of the investment in SAIL at year-end represents unrealized appreciation or depreciation on the investment.

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 regularly has cash balances in excess of government sponsored insurance limits.

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 2009 was from one customer.

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 which 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 the 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.

The investment in SAIL is the only asset or liability of SAFE which is measured at fair value on a recurring basis as of December 31, 2009 and 2008. Fair value of the investment in SAIL is determined using Level 3 inputs within the fair value hierarchy.

INCOME TAXES

SAFE has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received) as defined in the Internal Revenue Code ("IRC"). The section of the IRC under which this election has been made is set to expire December 31, 2010. Efforts are being taken to extend the applicability of this section of the IRC. However, if it is not extended, SAFE will be taxed at a much higher rate on its undistributed taxable income in the future. In addition, beneficiaries may be taxed on distributions if this IRC section is not extended.

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. At December 31, 2009, SAFE had $8,300,000 capital loss carryforwards available which can be used to offset future capital gains.

Because SAIL is a limited liability company, 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 2009 or 2008.

Tax years 2006 through 2009 are open to examination.

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 of the auditors' report, which was the date these financial statements were available to be issued.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the current year presentation.

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

SAFE has restated its statement of net assets - modified income tax basis as of December 31, 2008, and the related statements of revenue and expenses - modified income tax basis and changes in net assets - modified income tax basis for the year ended December 31, 2008. SAFE has corrected for errors as follows:

- SAFE had to properly adjust its investment in SAIL to fair value at December 31, 2008 and 2007.
- SAFE had to remove an accrual for management fees because, under the modified income tax basis, expenses are generally recorded when paid (rather than when incurred).

The effect of the restatement is to decrease SAFE's investment in SAIL by $1,103,711 and to decrease SAFE's net assets by $876,204 at December 31, 2008. In addition, SAFE had to decrease the 2008 change in net assets by $949,554.

The following table presents the effects of the restatement adjustment on SAFE's previously reported statements of net assets, revenue and expenses, and changes in net assets as of and for the year ended December 31, 2008:

	AS PREVIOUSLY REPORTED	AS RESTATED
Statement of Net Assets		
Investment in Shee Atiká Investments, LLC	$ 54,930,243	$ 53,826,532
Total assets	55,417,651	54,313,940
Accounts payable	227,507	–
Total liabilities	347,113	119,606
Net assets	55,070,538	54,194,334
Statement of Revenue and Expenses		
Management, custodian, and professional fees	275,768	48,261
Taxable income	335,739	563,246
Adjustment to fair value on investment in Shee Atiká Investments, LLC	(12,983,324)	(14,160,385)
Change in net assets	(12,681,149)	(13,630,703)
Statement of Changes in Net Assets		
Change in net assets	(12,681,149)	(13,630,703)
Net assets, beginning of year	70,288,927	70,362,277
Net assets, end of year	55,070,538	54,194,334

3 INVESTMENT IN SAIL

SAI formed SAIL in 2003 to pool cash and certain investments owned by SAFE, SAI, 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. 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 as of December 31 follows:

	2009	2008
Investments, at fair value	$ 17,531,055	$ 26,786,902
Cash and cash equivalents	31,222,662	28,401,051
Other assets	5,295,553	–
Members' equity	54,049,270	55,113,572
Revenue	(4,898,346)	802,764
Net income (loss)	1,588,461	(13,912,843)

Activity related to SAFE's investment in SAIL for 2009 and 2008 is summarized as follows:

Balance, December 31, 2007	$ 65,966,736
Share in taxable income	520,181
Contributions	1,900,000
Distributions	(400,000)
Adjustment to fair value	(14,160,385)
Balance, December 31, 2008	53,826,532
Share in taxable loss	1,181,639
Distributions	(2,435,768)
Adjustment to fair value	378,565
Balance, December 31, 2009	$ 52,950,968

SAFE's ownership interest in SAIL was 98.39% and 98.04% of SAIL's total equity at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, SAFE and SABT are the only members of SAIL.

4 LEASED COMMERCIAL PROPERTY

Leased commercial property consists of the following at December 31, 2009:

Building	$ 6,942,061
Land	722,000
	7,664,061
Less: accumulated depreciation	(124,921)
	$ 7,539,140

SAFE leases the commercial building in Colorado under a non-cancelable operating lease expiring on June 30, 2015. The minimum future lease payments scheduled to be received on this non-cancelable operating lease for years ending December 31 are as follows:

2010	$ 950,949
2011	965,079
2012	979,418
2013	993,975
2014	1,008,746
2015	507,468
	$ 5,405,635

5 LONG-TERM DEBT

SAFE has a note payable to a bank with an outstanding principal balance of $4,605,724 at December 31, 2009. The note is payable to a bank in monthly installments of $30,704 (including interest at 5.50%), is due in full on November 1, 2015, and is secured by the leased commercial property in Colorado Springs, Colorado.

Principal payments on long-term debt for years ending December 31 are as follows:

2010	$ 142,247
2011	126,109
2012	133,222
2013	140,737
2014	148,676
Thereafter	3,914,733
	$ 4,605,724

INDEPENDENT AUDITORS' REPORT

PETERSON SULLIVAN LLP

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

We have audited the accompanying statement of net assets - modified income tax basis of Shee Atiká Benefits Trust ("SABT") as of December 31, 2009, and the related statements of revenue and expenses - modified income tax basis and changes in net assets - modified income tax basis for the year then ended. These financial statements are the responsibility of SABT's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2008 financial statements of SABT were audited by other auditors whose report dated February 20, 2009, expressed an unqualified opinion on those statements. As discussed in Note 2, SABT has restated its 2008 financial statements during the current year to adjust its investment in Shee Atiká Investments, LLC to its proper fair value and to remove an accrual for management fees. The other auditors reported on the 2008 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these 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.

In our opinion, the financial statements referred above present fairly, in all material respects, the net assets of Shee Atiká Benefits Trust as of December 31, 2009, and its revenue and expenses and changes in net assets for the year then ended, on the modified income tax basis of accounting as described in Note 1.

We also audited the adjustments described in Note 2 that were applied to restate the 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Peterson Sullivan LLP

April 2, 2010

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2009 and 2008

ASSETS	2009	2008
Investment in Shee Atiká Investments, LLC	$ 1,098,299	$ 1,287,039
Cash and cash equivalents	11,930	39,188
Leased commercial property, net	2,885,873	3,131,939
Other assets	–	5,023
Total assets	3,996,102	4,463,189
LIABILITIES		
Other liabilities	284	–
Net assets	$ 3,995,818	$ 4,463,189

STATEMENTS OF REVENUES AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 19,586	$ 10,397
Rentals from leased commercial property	264,000	66,000
Interest and dividends	186	2,927
	283,772	79,324
Expenses		
Depreciation	182,501	48,883
Administrative expenses	242,900	24,615
	425,401	73,498
Taxable income (loss)	(141,629)	5,826
Adjustment to fair value of investment in Shee Atiká Investments, LLC	9,131	(283,035)
Change in net assets	$ (132,498)	$ (277,209)

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

	2009	2008
Change in net assets	$ (132,498)	$ (277,209)
Transfer of property from (to) Shee Atiká, Incorporated	(63,562)	3,180,822
Transfer of cash from Shee Atiká, Incorporated	90,000	250,000
Distributions to unit holders		
Scholarships	(321,249)	(313,253)
Funeral benefits	(40,062)	(56,004)
Total distributions	(361,311)	(369,257)
Total increase (decrease)	(467,371)	2,784,356
Net assets, beginning of year	4,463,189	1,678,833
Net assets, end of year	$ 3,995,818	$ 4,463,189

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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 trustees.

SAI is an Urban Corporation organized pursuant to the Alaska Native Claims Settlement Act ("ANCSA"). ANCSA, as amended, authorizes the conveyance of assets by a Native corporation to a settlement trust.

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 ANCSA, in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2009, there were 185,200 trust units (of which 180,978 were Class A and 4,222 were Class B) held by approximately 3,000 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 (November 8, 2017), the trustees may modify the terms of the trust agreement with the 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.

SAI provides administrative services to SABT. In 2008, SAI charged administrative fees of $214,256 to SABT. These fees were not paid by SABT until 2009 and, thus, are included in administrative expenses on the statement of revenues and expenses - modified income tax basis for 2009. No such fees are being charged for 2009 as SAI discontinued charging administrative fees to SABT.

Due to anticipated future distributions of SABT, SAI transferred $90,000 and $250,000 to SABT in 2009 and 2008, respectively, and is considering future transfers to SABT at similar dollar amounts over the next few years. During 2008, SAI distributed the Shee Atiká Totem Square Inn and all property located at or used in conjunction with the property to SABT, as a contribution to the settlement trust. After the property distribution, a wholly-owned subsidiary of SAI, Shee Atiká Management, LLC ("SAM"), entered into an operating lease with SABT for the Shee Atiká Totem Square Inn. All rental revenue in 2009 was from SAM.

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 ("the 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).

INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value and represents SABT's ownership interest in SAIL's net assets. SAIL's basis of accounting is identical to SABT's in that it also uses the modified income tax method. Accordingly, its investments are stated at fair value. For all of SAIL's other assets and liabilities, carrying value is equal to fair value. As a result, net assets of SAIL are stated at fair value. SAIL's investments are subject to various market, liquidity, and credit risks. The difference between cost and the fair value of the investment in SAIL at year-end represents unrealized appreciation or depreciation on the investment.

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. SABT regularly has cash balances in excess of government sponsored insurance limits.

LEASED COMMERCIAL PROPERTY

The leased commercial property is located in Sitka, Alaska and is stated at cost. Depreciation is provided on a tax method referred to as the MACRS method, and is recognized over the estimated useful lives of the assets.

Revenue from the rental of leased commercial property is recognized as received.

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 which 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 the 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.

The investment in SAIL is the only asset or liability of SABT which is measured at fair value on a recurring basis as of December 31, 2009 and 2008. Fair value of the investment in SAIL is determined using Level 3 inputs within the fair value hierarchy.

INCOME TAXES

SABT has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received) as defined in the Internal Revenue Code ("IRC"). The section of the IRC under which this election has been made is set to expire December 31, 2010. Efforts are being taken to extend the applicability of this section of the IRC. However, if it is not extended, SABT will be taxed at a much higher rate on its undistributed taxable income in the future. In addition, beneficiaries of SABT may be taxed on distributions if this IRC section is not extended.

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. At December 31, 2009, SABT had $277,000 capital loss carryforwards available which can be used to offset future capital gains.

Because SAIL is a limited liability company, SABT'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 2009 or 2008.

Tax years 2006 through 2009 are open to examination.

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 of the auditors' report, which was the date these financial statements were available to be issued.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2008 financial statements to conform to the current year presentation.

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

SABT has restated its statement of net assets – modified income tax basis as of December 31, 2008, and the related statements of revenue and expenses – modified income tax basis and changes in net assets – modified income tax basis for the year ended December 31, 2008. SABT has corrected for errors as follows:

- SABT had to properly adjust its investment in SAIL to fair value at December 31, 2008 and 2007.
- SABT had to remove an accrual for management fees because, under the modified income tax basis, expenses are generally recorded when paid (rather than when incurred).

The effect of the restatement is to decrease SABT's investment in SAIL by $22,061 and to decrease SABT's accounts payable by $214,256 at December 31, 2008. In addition, SABT had to increase net assets at December 31, 2008, by $192,195 and increase its 2008 change in net assets by $190,729.

The following table presents the effects of the restatement adjustment on SABT's previously reported statements of net assets, revenue and expenses, and changes in net assets as of and for the year ended December 31, 2008:

	AS PREVIOUSLY REPORTED	AS RESTATED
Statement of Net Assets		
Investment in Shee Atiká Investments, LLC	$ 1,309,100	$ 1,287,039
Total assets	4,485,250	4,463,189
Accounts payable	214,256	–
Net assets	4,270,994	4,463,189
Statement of Revenue and Expenses		
Administrative expenses	238,871	24,615
Taxable income (loss)	(208,430)	5,826
Adjustment to fair value on investment in Shee Atiká Investments, LLC	(259,508)	(283,035)
Change in net assets	(467,938)	(277,209)
Statement of Changes in Net Assets		
Change in net assets	(467,938)	(277,209)
Net assets, beginning of year	1,677,367	1,678,833
Net assets, end of year	4,270,994	4,463,189

3 INVESTMENT IN SAIL

SAI formed SAIL in 2003 to pool cash and certain investments owned by SABT, SAI, 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. 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 as of December 31 is as follows:

	2009	2008
Investments, at fair value	$ 17,531,055	$ 26,786,902
Cash and cash equivalents	31,222,662	28,401,051
Other assets	5,295,553	–
Members' equity	54,049,270	55,113,572
Revenue	(4,898,346)	802,764
Net income (loss)	1,588,461	(13,912,843)

Activity related to SABT's investment in SAIL for 2009 and 2008 is summarized as follows:

Balance, December 31, 2007	$ 1,559,677
Share in taxable income	10,397
Adjustment to fair value	(283,035)
Balance, December 31, 2008	1,287,039
Distributions	(217,457)
Share in taxable income	19,586
Adjustment to fair value	9,131
Balance, December 31, 2009	$ 1,098,299

SABT's ownership interest in SAIL was 1.61% and 1.96% of SAIL's total equity at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, SABT and SAFE are the only members of SAIL.

4 LEASED COMMERCIAL PROPERTY

Leased commercial property consists of the following at December 31:

	2009	2008
Building and improvements	$ 1,370,496	$ 1,370,496
Land	1,429,000	1,429,000
Furniture and equipment	317,764	381,326
	3,117,260	3,180,822
Less: accumulated depreciation	(231,387)	(48,883)
	$ 2,885,873	$ 3,131,939

SABT leases the Shee Atiká Totem Square Inn and all property located at or used in conjunction with the property to SAM. The lease is payable in monthly installments of $22,000 until September 30, 2013. The minimum future lease payments scheduled to be received on this noncancellable operating lease for years ending December 31 are as follows:

2010	$ 264,000
2011	264,000
2012	264,000
2013	198,000
	$ 990,000

INDEPENDENT AUDITORS' REPORT

PETERSON SULLIVAN LLP

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

We have audited the accompanying balance sheet – modified income tax basis of Shee Atiká Investments, LLC ("SAIL") as of December 31, 2009, and the related statements of operations – modified income tax basis, and members' equity – modified income tax basis for the year then ended. These financial statements are the responsibility of SAIL's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2008 financial statements of SAIL were audited by other auditors whose report dated February 20, 2009, expressed an unqualified opinion on those statements. As discussed in Note 2, SAIL has restated its 2008 financial statements during the current year to adjust certain investments to their proper fair value. The other auditors reported on the 2008 financial statements before the restatement.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these 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.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Shee Atiká Investments, LLC as of December 31, 2009, and the result of its operations and changes in members' equity for the year then ended, on the modified income tax basis of accounting described in Note 1.

We also audited the adjustments described in Note 2 that were applied to restate the 2008 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Peterson Sullivan L.L.P.

April 2, 2010

BALANCE SHEETS - MODIFIED INCOME TAX BASIS

December 31, 2009 and 2008

	2009	2008
ASSETS		
Investments, at fair value	$ 17,531,055	$ 26,786,902
Cash and cash equivalents	31,222,66	28,401,051
Loan receivable from Shee Atiká, Incorporated	5,295,553	
Total assets	$ 54,049,270	$ 55,187,953
LIABILITIES AND MEMBERS' EQUITY		
Liabilities	$ -	$ 74,381
Members' equity	54,049,270	55,113,572
Total liabilities and members' equity	$ 54,049,270	$ 55,187,953

STATEMENTS OF OPERATIONS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Interest	$ 434,603	$ 413,932
Dividends	1,059,966	1,230,568
Net realized losses on sales of investments	(6,392,915)	(841,736)
Total revenue	(4,898,346)	802,764
Expenses		
Management, custodian and professional fees	194,236	268,478
Other expenses	29,519	3,709
Total expenses	223,755	272,187
Taxable income (loss)	(5,122,101)	530,577
Adjustment to fair value of investments	6,710,562	(14,443,420)
Net income (loss)	$ 1,588,461	$(13,912,843)

STATEMENTS OF MEMBERS' EQUITY - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2009 and 2008

Balance, December 31, 2007	$ 67,526,415
Net loss	(13,912,843)
Contributions	1,900,000
Distributions	(400,000)
Balance, December 31, 2008	55,113,572
Net income	1,588,461
Distributions	(2,652,763)
Balance, December 31, 2009	$ 54,049,270

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Shee Atiká Investments, LLC ("SAIL") was formed on July 1, 2003, by Shee Atiká Incorporated ("SAI") as a limited liability company in Alaska. SAIL was formed to pool investment activity for SAI, Shee Atiká Fund Endowment ("SAFE"), and Shee Atiká Benefits Trust ("SABT") to the extent assets are transferred by these entities to SAIL. These three entities have been the only members of SAIL. During 2005, SAIL reacquired all of SAI's interest, leaving SAFE and SABT as the remaining members. The members believe that pooling of investments at SAIL permits greater diversification, thereby reducing risk and enhancing returns. SAI's Board of Directors, the trustees of SAFE and SABT, and SAIL's Board of Directors consist of all the same people. Members' liability is limited to the amount of each member's investment in SAIL. SAIL is scheduled to terminate December 31, 2023.

SAI provides administrative services to SAIL. In 2008, SAI charged administrative fees of $74,381 to SAIL. These fees were included in management, custodian, and professional fees on the statement of operations - modified income tax basis for 2008. No such fees were recorded in 2009 as SAI discontinued charging administrative fees to SAIL.

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 ("the 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.

INVESTMENTS AT FAIR VALUE

Investments are stated at fair value based on the following:

- Investments in common stocks, mutual funds, and corporate bonds are carried at a value based on a current market price on an active exchange on the last trading day of the year. The international mutual funds invest in securities of various entities in many different countries to mitigate risk. These investment securities are traded on various United States exchanges and are therefore subject to the market volatility in those exchanges.
- Investments in partnerships and similar investments are carried at a value determined by the entity managing the investment because no formal organized trading market exists for these securities. This value is typically based on the most recently determined net asset value per unit of the partnership or similar investment. The value of the investments reflects SAIL's proportionate interest in the net assets of the investment. Sale of investment units can only be done through redemption by the entity managing the investment. Units can only be redeemed at certain times, and with varying amounts of notice. Due to the lack of an organized trading market and the restrictions associated with investment redemption, liquidity for these investments may be impaired under certain market conditions.

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.

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 which 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 the 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.

The following tables present information about SAIL's assets that have been measured at fair value on a recurring basis as of December 31, 2009 and 2008, and indicates the classification by level of input within the fair value hierarchy:

Fair Value Measurements at December 31, 2009, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2009
Investments	$ 16,459,927	$ -	$ 1,071,128	$ 17,531,055

Fair Value Measurements at December 31, 2008, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2008
Investments	$ 20,581,671	$ -	$ 6,205,231	$ 26,786,902

The following is a reconciliation of investments valued using Level 3 inputs (investments in partnerships and similar investments) for which significant unobservable inputs were used in determining fair value.

Balance, December 31, 2007	$ 10,127,629
Sales	(2,136,012)
Change in fair value	(1,786,386)
Balance, December 31, 2008	6,205,231
Sales	(4,685,704)
Change in fair value	(448,399)
Balance, December 31, 2009	$ 1,071,128

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 of the auditors' report, which was the date these financial statements were available to be issued.

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

SAIL has restated its balance sheet – modified income tax basis as of December 31, 2008, and the related statements of operations – modified income tax basis and members' equity – modified income tax basis for the year ended December 31, 2008. SAIL has corrected for an error in its accounting for the fair value of certain investments to properly adjust them to the correct fair value at December 31, 2008 and 2007. The effect of the restatement is to decrease investments and members' equity at December 31, 2008, by $1,125,771 and increase the 2008 net loss by $1,200,587.

The following table presents the effects of the restatement adjustment on SAIL's previously reported balance sheet and statements of operations and members' equity as of and for the year ended December 31, 2008:

	AS PREVIOUSLY REPORTED	AS RESTATED
Balance Sheet		
Investments, at fair value	$ 27,912,673	$ 26,786,902
Total assets	56,313,724	55,187,953
Members' equity	56,239,343	55,113,572
Total liabilities and members' equity	56,313,724	55,187,953
Statement of Operations		
Adjustment to fair value on investments	(13,242,833)	(14,443,420)
Net loss	(12,712,256)	(13,912,843)
Statement of Members' Equity		
Balance, December 31, 2007	67,451,599	67,526,415
Net loss	(12,712,256)	(13,912,843)
Balance, December 31, 2008	56,239,343	55,113,572

3 INVESTMENT

Investments are summarized as follows at December 31:

	2009		2008	
	FAIR VALUE	COST	FAIR VALUE	COST
Common stocks	$ –	$ –	$ 733,742	$ 1,109,493
Corporate bonds	113,995	112,477	120,080	112,477
Mutual funds:				
Pimco Total Return Bond Fund	8,472,926	8,190,302	2,823,170	3,006,484
Pimco All Asset Fund	7,871,682	8,653,870	6,400,077	8,084,773
UBS Dynamic Alpha Fund CIA	–	–	4,536,840	8,108,044
Dodge and Cox Stock Fund	–	–	1,070,599	2,036,620
DFA International Small Company Fund	–	–	857,909	1,862,061
Julius Baer International	–	–	1,513,983	2,502,387
Blackrock Global Allocation Fund	–	–	906,539	1,125,729
J.P. Morgan Asset Management	–	–	771,266	1,070,381
Partnerships and similar investments:				
RREEF America REIT II, Inc.	1,071,128	1,690,214	1,519,530	1,628,984
Clarion Lion Properties Fund, LLC	–	–	4,685,701	2,600,882
Rigel Growth Fund, LLC	–	–	845,84	1,337,387
Other	1,324	1,267	1,624	1,576
	$ 17,531,055	$ 18,648,130	$ 26,786,902	$ 34,587,278

Partnerships and similar investments are summarized as follows:

- RREEF America REIT II, Inc. – This is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States.
- Clarion Lion Properties Fund, LLC – This is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States.
- Rigel Growth Fund LLC – This is a limited liability company investing in the common stock of larger publicly traded companies in the United States.

In February 2009, SAIL sold its ownership in the Clarion Lion Properties Fund, LLC to SAI for $4,685,704 which was the last reported fair value of the investment at December 31, 2009. The sale of this investment resulted in a realized gain of approximately $2,000,000.

SAIL pays custodial fees to U.S. Bank at a varying annual rate that averages 0.05% of SAIL's average daily net assets at market value, and $7.50 for each security transaction. SAIL pays management fees to certain of its investment managers computed at an annual rate varying from .068% to 1.00% of SAIL's average daily net assets under their management at market value.

SAIL paid investment advisory fees of $104,781 and $94,185 in 2009 and 2008, respectively, which are included in management, custodian, and professional fees on the statements of operations - modified income tax basis.

4 LOAN RECEIVABLE FROM SAI

In February 2009, SAIL provided a $5,000,000 loan to SAI. The loan bears interest at 8% and is due in full December 31, 2010. The loan is secured by a first position security interest in SAI's 100% equity interest in Shee Atiká Holdings Alice Island, LLC and a first position security interest in approximately 3,000 acres of land owned by SAI at Katlian Bay, Alaska. No principal payments were made by SAI on the loan during 2009 and the balance at December 31, 2009, includes $295,553 of accrued interest.

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 at the date of this annual report include: Shee Atiká Technologies, LLC (SAT), Shee Atiká Services, LLC (SAS), and Shee Atiká Management, LLC (SAM). An application for 8(a) status is pending for Shee Atiká Commercial Services, LLC. Another company, Shee Atiká Languages, LLC (SAL) voluntarily withdrew from the 8(a) program when it grew too large to benefit from the program, although SAL still provides services to the U.S. Government.

Class A Shareholder – a shareholder who is Alaska Native, as defined by the Alaska Native Claims Settlement Act, or their 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 Taxes – 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) or expenses claimed on a tax return but not yet claimed on a financial statement. 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. For example, when we purchase stock we are buying an ownership 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.

Gifting Shares – This allows a shareholder to transfer his or her shares in Shee Atiká to certain close family members, so long as such transfer is made without the payment of any monetary consideration.

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 share of the income from the LLCs it owns are reflected in Shee Atiká's financial statements and tax reporting.

Money Market Fund – An investment fund with the objective to earn interest for investors at a relatively low rate, but with minimal risk. 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 mutual fund or trust. The net asset value is equal to the market value of all assets less the liabilities of the entity.

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 Atika, Incorporated).

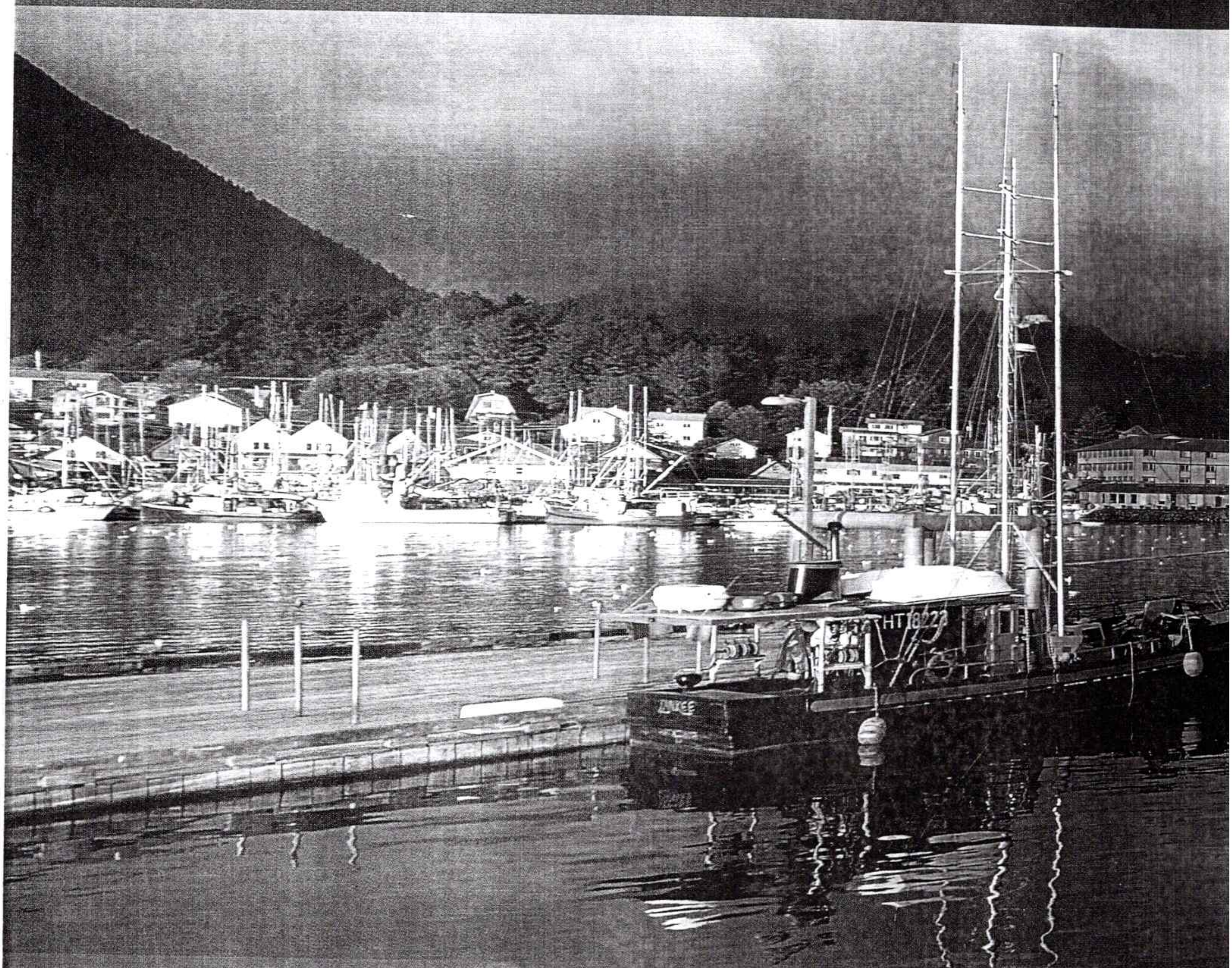
Real Return Fund – A fund that preserves purchasing power by combined investments in inflation-protected instruments such as Treasury Inflation-Protected Securities (TIPS), bonds, currencies, and non-U.S. debt.

Restatement — A restatement occurs when a correction is required to a financial statement from a prior year that was previously audited. SAIL, SAFE, and SABT all required restatements to their 2008 financial statements.

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 on investments that are still owned. The gains or losses are not "realized" until the investment is sold.



SHEE ATIKÁ
INCORPORATED
AND AFFILIATES

315 LINCOLN STREET SUITE 300 SITKA, ALASKA 99835