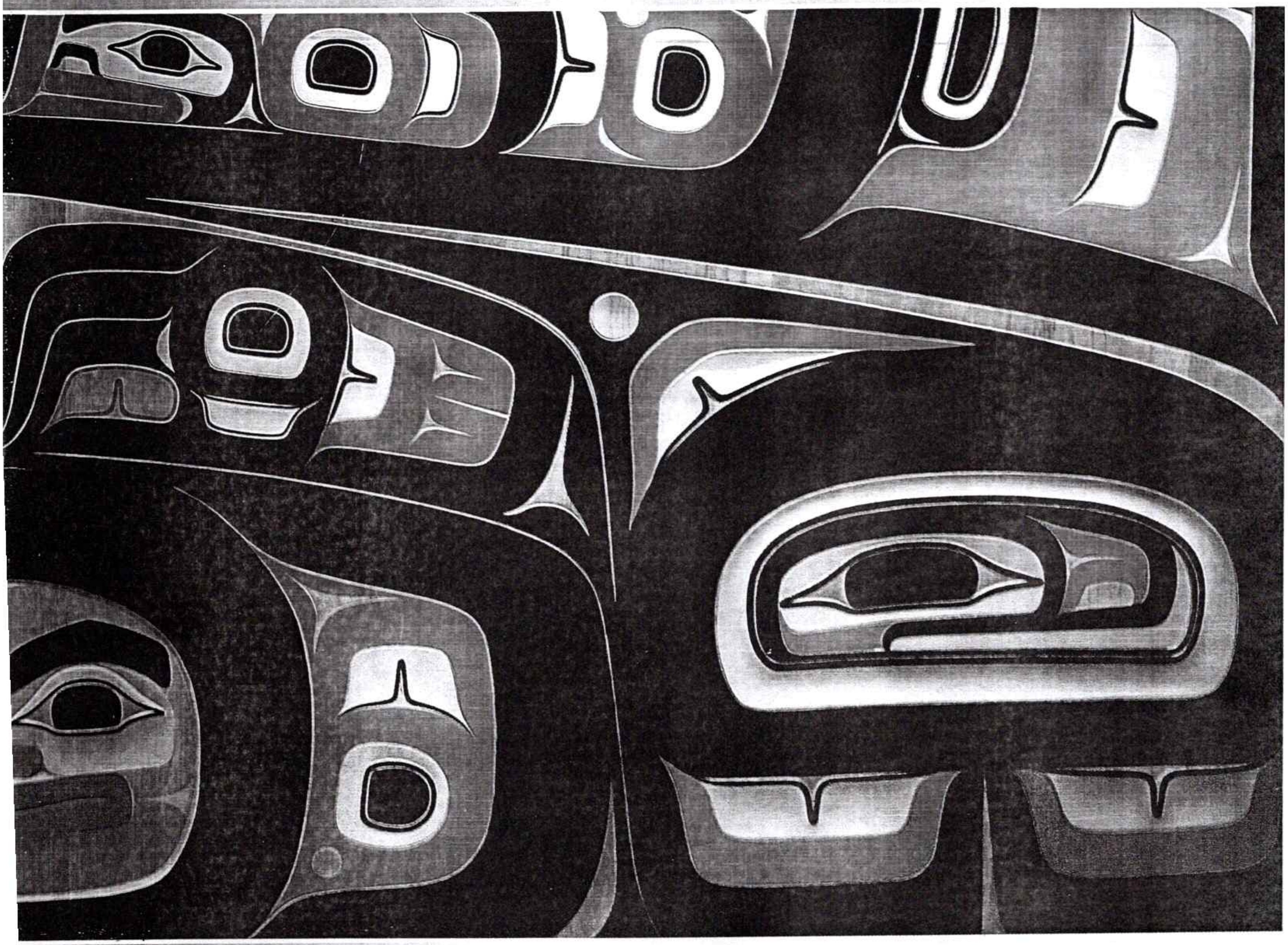
SHEE ATIKÁ
Incorporated
And Affiliates



2010 ANNUAL REPORT

CORPORATE INFORMATION

SENIOR MANAGEMENT

Kenneth M. Cameron
President/Chief Executive Officer

STAFF

Ptarmica McConnell
Controller

Lauren Burkhart Estes
Director of Human Resources
Property Administrator

Lillian Nielsen Young
Shareholder Services Manager

Alicia Williams
Administrative Assistant

Heather Rogers
Accounting Technician

Kori Lindstrom
Records Clerk

Ron James
Lead Maintenance Technician

Richard Didrickson
Maintenance Technician

CORPORATE OFFICE

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

INDEPENDENT AUDITORS

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

CORPORATE COUNSEL

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

STOCK TRANSFERS

Shee Atiká, Incorporated
Attn: Shareholder Services

INSPECTOR OF ELECTIONS

Dapcevich Accounting Service
221 Lincoln Street
Sitka, AK 99835

SHEE ATIKÁ BENEFITS TRUST SCHOLARSHIP COMMITTEE

Crystal Duncan, Chairman: Sitka, AK
Suzanne Armstrong: Anchorage, AK
Laverne Wise: Kent, WA
Kristina Randolph: Juneau, AK

CONTENTS

Shareholder artwork featured in this report includes:

Page 7: Bentwood Box by Willis Osbakken
Page 25: Halibut Hook by Willis Osbakken
Page 31: Woven Hat by Eileen Wagner
Button Blanket: Artist Unknown

Photos by Dan Evans - www.alaskadanevans.com

SHEE ATIKÁ
Incorporated
And Affiliates

2010 ANNUAL REPORTS OF

SHEE ATIKÁ INCORPORATED

SHEE ATIKÁ FUND ENDOWMENT

SHEE ATIKÁ BENEFITS TRUST

SHEE ATIKÁ INVESTMENTS, LLC

BOARD OF DIRECTORS

Board Members, left to right

Top Row

Dr. Kenneth Cameron, President/CEO and Chairman of the Board;

Dr. Pamela Steffes, Vice Chairman; Loretta Ness, Secretary

Middle Row

Francine Eddy Jones, Treasurer; Gene Bartolaba, Director; Marion Williams Berry, Director

Bottom Row

Harold Donnelly, Jr., Director; Joshua Horan, Director; Shirley Yocum, Director

LETTER FROM THE VICE-CHAIRMAN

Greetings fellow shareholders:

Each year we face a new set of challenges and 2010 was certainly no different. I am pleased to report that we have successfully addressed each challenge and improved our corporation in the process.

The first challenge we faced in 2010 was to implement an investment strategy to redeploy the cash held by Shee Atiká Investments, LLC (SAIL). This was done early in the year which allowed us to generate a sufficient return to support our semi-annual Shee Atiká Fund Endowment (SAFE) distributions. Your Board understands the importance of the distributions and it is a priority that we continue to provide them. The reinvestment of SAIL's cash placed us in the position that we could maintain the distributions, even in these tough financial times.

The second challenge for Shee Atiká, Inc. was the replacement of our CEO. When your board determined that we did not have the right CEO for our corporation we took appropriate action. We are pleased that Dr. Kenneth Cameron, our Chairman of the Board, accepted the position of President/CEO, effective in February 2010.

An unanticipated challenge we faced was the decision by our minority partners in Shee Atiká Technologies, LLC (SAT) to dissolve the company. While the dissolution of SAT is not yet final, we have been able to conclude SAT's business in a manner that controlled expenses and still added to our bottom line. When all is said and done, it will have been a good investment for Shee Atiká, Inc.

We have learned from our experience and will use that knowledge as we progress with our other 8(a) companies.

The fourth challenge, which we continue to address, is the transition of business in Shee Atiká Languages, LLC (SAL). Our share of SAL's 2010 profit was approximately $4 million, and thus SAL provided a substantial portion of our net income. As we approach the end of our current government contracts, we are working diligently with our minority partner to secure new contracts. As the climate in Iraq and Afghanistan changes, our business arenas will also change and we continue to work to address that challenge.

Still another financial challenge we face is to generate income from our Cube Cove property. We are thankful that so many of you took the time to participate in our survey. We value the input that you provided and at your direction we are evaluating our options for Cube Cove which we consider to be a long term project.

Our final important challenge in 2010 was to address the potential expiration of Section 646 on December 31st. This special tax code provision, applicable to ANCSA settlement trusts, makes the distributions from SAFE not taxable to us individually and affects the tax rate for our trust reinvestments, saving us approximately $350,000 each year. Thankfully, in the final hours, Section 646 was extended for two more years and will now expire on December 31, 2012. In the meantime, this challenge is not over as we will continue our efforts to make Section 646 permanent.

Overall, your Board considers 2010 to have been a successful year for our corporation. As we proceed in 2011 we will continue to work on your behalf to ensure our corporation remains successful while always being mindful of our mission to "preserve and enhance our culture for all generations of shareholders, and to provide benefits to shareholders consistently and on an equitable basis." On behalf of all your Board, we thank you for this opportunity to serve you.

Warmest Regards,

PSteffes

Pamela M. Steffes
Vice-Chairman

LETTER FROM THE PRESIDENT/CEO

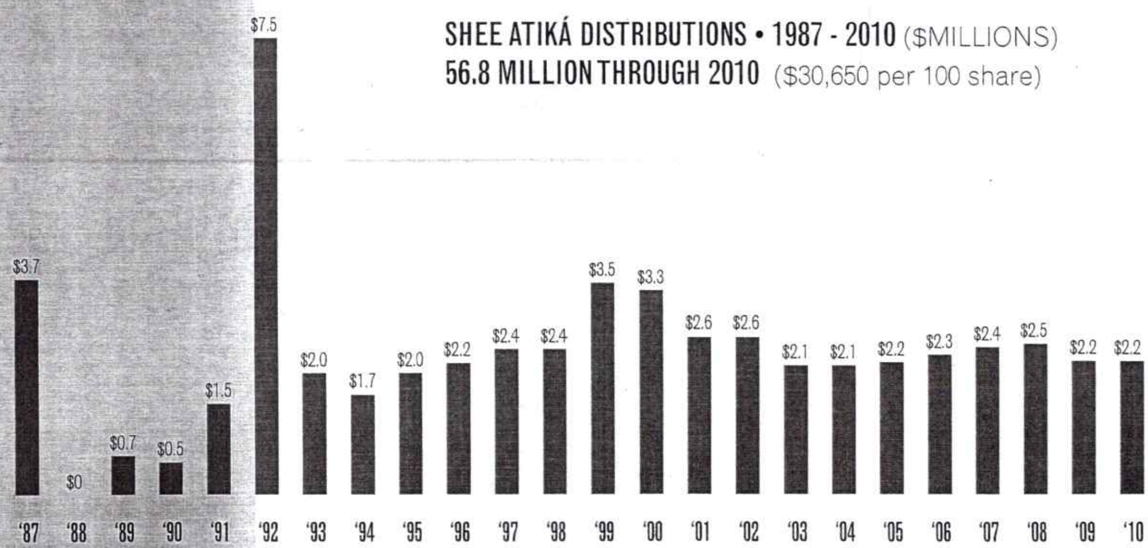
Dear fellow shareholders,

We are pleased to present to you the 2010 Annual Report for Shee Atiká, Incorporated (SAI) and its affiliates. Our corporation and affiliates had another outstanding year from a financial perspective even though the national economy continued to struggle.

Our operating companies made substantial profits from their government contracts. Shee Atiká Languages, LLC (SAL), our company that provides language and interpretive services, contributed about $4 million to SAI's bottom line. Shee Atiká Technologies, LLC (SAT) added about $600,000 more of profit to SAI despite the fact that SAT is in the process of being dissolved at the request of our (former) partners. And, the Board's conservative approach to investments has meant that we have been able to maintain the level of distributions from Shee Atiká Fund Endowment (SAFE) and increase scholarships from Shee Atiká Benefits Trust (SABT) at a time when many other companies have had to cut or eliminate dividends and other benefits.

Our newest operating company, Shee Atiká Commercial Services, LLC (SACS), received its 8(a) status early in 2010 and has worked diligently since then to obtain new contracts. SACS started off as a

SHEE ATIKÁ DISTRIBUTIONS • 1987 - 2010 ($MILLIONS)
56.8 MILLION THROUGH 2010 ($30,650 per 100 share)

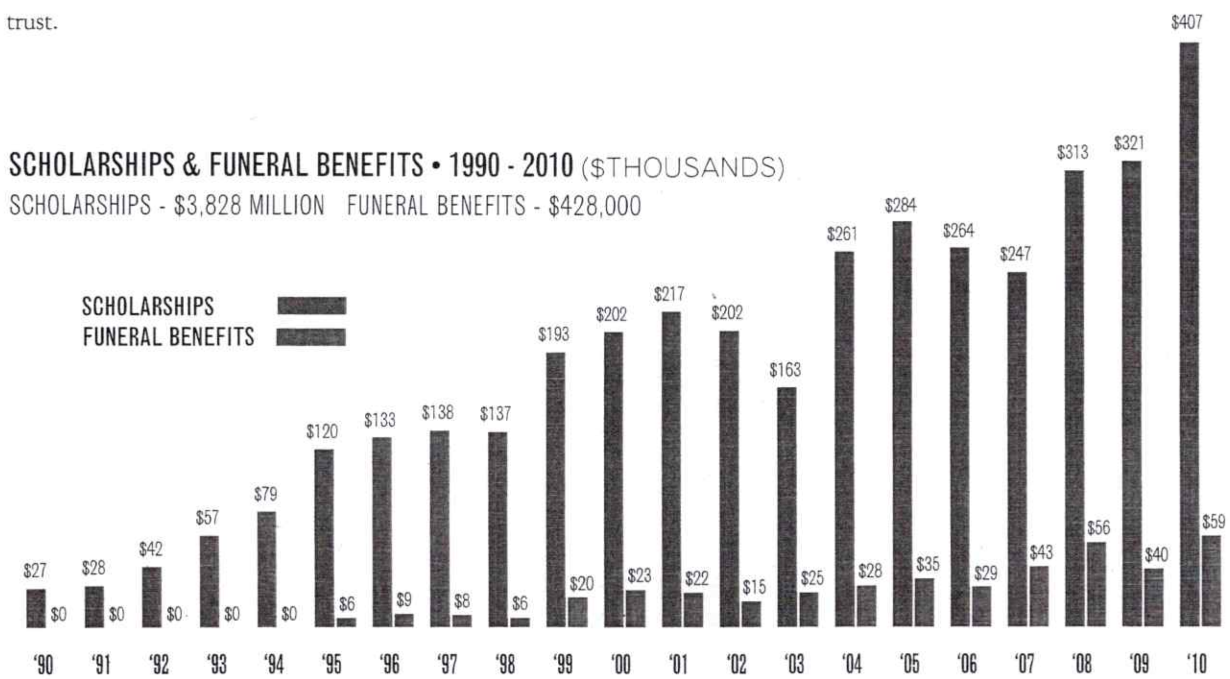


janitorial company, and has broadened its business to include providing training, planning, role-playing and interpretative services to the Government. SACS is unique in that it is owned 51% by SAI and 49% by SAFE. Our other main operating companies, SAL and SAT, are owned 51% by SAI and 49% by third parties who were selected to help get those companies off the ground. Our long-term goal is that our future 8(a) operations will be conducted primarily through SACS. This is because since SACS is partially owned by SAFE, and SAFE has significant tax advantages because it is an ANCSA settlement trust.

We are particularly pleased that legislation was passed in December 2010 that extended section 646 of the Tax Code into 2011 and 2012. Section 646 (which was originally due to expire on December 31, 2010) provides that income distributions from an ANCSA settlement trust are non-taxable to shareholders, and also specifies a very low tax rate for the income of a settlement trust. We estimate that the extension of section 646 is worth about $350,000 annually to our Shee Atiká family, when you add the savings to you as shareholders and the tax savings to SAFE and SABT (which have both made election to be governed by section 646). Our efforts to make section 646 permanent will continue.

Thank you for the opportunity to serve you. As always, our door is open and we welcome your input.

Kenneth M. Cameron
President/CEO



SHEE ATIKÁ STAFF

Left to Right:


Dr. Kenneth Cameron, President/CEO and Chairman of the Board

Ptarmica McConnell, Controller



Lauren Estes, Director of Human Resources

Lillian Nielsen Young, Shareholder Services Manager

Alicia Williams, Administrative Assistant




Heather Rogers, Accounting Technician

Kori Lindstrom, Record Clerk

Ron James, Lead Maintenance Technician

Richard Didrickson, Maintenance Technician

SHEE ATIKÁ TOTEM SQUARE INN STAFF

left to right:

Front Row: Anna Lawton, Deborah Warringer, Sheryl Monsod

Second Row: Mercidita Hartley, Ellen Littlefield, Erin Nay, Diane Jackson

Back Row: Nicholas Summers, Bobby Goldhahn (General Manager), and Maureen Frailey

Not Pictured: Sheila Lawson

FINANCIAL REPORTS

December 31, 2010

Will Burkhart Wall Panel

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 sheets of Shee Atiká, Incorporated and Subsidiaries ("Shee Atiká") as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in equity, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2010 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Peterson Sullivan LLP

April 4, 2011

CONSOLIDATED BALANCE SHEETS

December 31, 2010 and 2009

ASSETS

	2010	2009
Current Assets		
Cash and cash equivalents	$ 10,463,321	$ 9,743,681
Accounts receivable	29,086,167	26,975,640
Receivable from investment redemption	3,077,329	
Income tax receivable	1,052,000	269,000
Investments	1,549,217	4,474,183
Deferred tax asset	85,000	730,000
Prepaid expenses and other	950,030	744,031
Total current assets	46,263,064	42,936,535
Leased Commercial Properties, net	9,117,049	9,019,350
Property and Equipment, net	2,105,714	2,227,595
Deferred Tax Asset	525,000	437,000
Other Assets	66,759	225,759
Total assets	$ 58,077,586	$ 54,846,239

LIABILITIES AND EQUITY

	2010	2009
Current Liabilities		
Accounts payable and accrued expenses	$ 18,955,667	$ 14,295,385
Loan payable	3,642,847	4,598,157
Current portion of long-term debt	79,912	74,896
Other current liabilities	1,891	6,861
Total current liabilities	22,680,317	18,975,299
Loan Payable to SAIL	5,531,098	5,295,553
Long-Term Debt, less current portion	687,991	767,903
Total liabilities	28,899,406	25,038,755
Equity		
Shee Atiká, Incorporated shareholders' equity		
Common stock, no par or stated value, authorized 250,000 shares		
Class A, voting, issued and outstanding 181,143 and 180,978, respectively		
Class B, nonvoting, issued and outstanding 4,057 and 4,222, respectively		
Contributed capital	5,956,000	5,956,000
Retained earnings	17,266,385	16,570,116
Total Shee Atiká, Incorporated shareholders' equity	23,222,385	22,526,116
Noncontrolling interest	5,955,795	7,281,368
Total equity	29,178,180	29,807,484
Total liabilities and equity	$ 58,077,586	$ 54,846,239

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Contracts		
8(a) contracts	$178,608,561	$144,585,950
Non-8(a) contracts	563,541	2,111,705
Hotel	1,272,014	1,074,126
Rentals from leased commercial properties	688,490	941,443
Net gains (losses) on investments	656,718	(1,972,143)
Interest and dividends	120,836	158,400
Other	91,282	163,738
Total revenue	182,001,442	147,063,219
Costs and expenses		
Contracts	162,319,054	127,439,854
Hotel	971,098	1,071,204
Leased commercial properties	405,993	461,891
General and administrative	11,273,612	9,636,638
Interest	952,592	1,209,011
Depreciation	342,965	347,462
Other	14,100	297,520
Total costs and expenses	176,279,414	140,463,580
Income before income tax expense	5,722,028	6,599,639
Income tax expense	(41,401)	(441,811)
Net income	5,680,627	6,157,828
Net income attributable to noncontrolling interests	(4,718,715)	(6,122,479)
Net income attributable to Shee Atiká, Incorporated	**$ 961,912**	**$ 35,349**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2010 and 2009

	Shares of Common Stock Class A	Shares of Common Stock Class B	Contributed Capital	Retained Earnings	Total	Noncontrolling Interests	Total Equity
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 interests						(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
Net income for the year				961,912	961,912	4,718,715	5,680,627
Net transfers from nonvoting to voting shares	165		(165)				
Contributions by noncontrolling interests						44,100	44,100
Distributions to noncontrolling interests						(6,051,031)	(6,051,031)
Acquisition of noncontrolling ownership interest in a nonwholly-owned subsidiary				(12,643)	(12,643)	(37,357)	(50,000)
Distribution of cash to Shee Atiká Benefits Trust				(253,000)	(253,000)		(253,000)
Balances, December 31, 2010	181,143	4,057	$5,956,000	$17,266,385	$23,222,385	$5,955,795	$29,178,180

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Cash Flows from Operating Activities		
Cash received from:		
Contracts	$ 177,165,217	$ 145,077,085
Rentals from leased commercial properties	692,022	917,250
Hotel operations	1,272,014	1,074,126
Interest and dividends	120,836	158,400
Administrative fees from affiliated entities		516,145
Other	290,573	576,237
Cash paid to/for:		
Contractors, suppliers, and employees	(170,682,009)	(138,903,262)
Interest	(717,047)	(913,458)
Income taxes	(267,401)	(799,911)
Net cash flows from operating activities	7,874,205	7,702,612
Cash Flows from Investing Activities		
Proceeds from (purchases of) investments	450,000	(5,135,704)
Purchases of property and equipment	(318,783)	(413,455)
Other	54,355	(78,250)
Net cash flows from investing activities	185,572	(5,627,409)
Cash Flows from Financing Activities		
Repayments on loan payable, net	(955,310)	(1,695,890)
Principal repayments on long-term debt	(74,896)	(88,929)
Proceeds from loan with SAIL		5,000,000
Distributions to noncontrolling interests	(6,051,031)	(3,172,126)
Capital contributions from noncontrolling interests	44,100	4,900
Acquisition of noncontrolling ownership interest in a nonwholly-owned subsidiary	(50,000)	
Distribution of cash to Shee Atiká Benefits Trust	(253,000)	(90,000)
Net cash flows from financing activities	(7,340,137)	(42,045)
Net increase in cash and cash equivalents	**719,640**	**2,033,158**
Cash and cash equivalents, beginning of year	9,743,681	7,710,523
Cash and cash equivalents, end of year	$ 10,463,321	$ 9,743,681
Reconciliation of net income to net cash flows from operating activities:		
Net income	$ 5,680,627	$ 6,157,828
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	342,965	347,462
Net losses (gains) on investments	(656,718)	1,972,143
Deferred income tax expense (benefit)	557,000	(93,000)
Changes in operating assets and liabilities, net		
Accounts receivable	(2,110,527)	(716,119)
Income tax receivable	(783,000)	(265,100)
Prepaid expenses and other assets	(46,999)	(445,672)
Accounts payable and accrued expenses	4,660,282	449,244
Accrual of interest on loan payable to related party	235,545	295,553
Other current liabilities	(4,970)	273
Net cash flows from operating activities	$ 7,874,205	$ 7,702,612
Supplemental cash flow disclosures:		
Non-cash investing and financing activities:		
Redemption of investment, proceeds not yet received at December 31, 2010	$ 3,077,329	$ -
Distribution of interest in an LLC subsidiary to Shee Atiká Fund Endowment	$ -	$ 3,018,995
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 providing services (primarily linguistics services) under contracts with the United States Government. These services are provided by 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. The services provided include customized language services, role players, regional subject matter experts, and cultural advisors. Shee Atiká also leases commercial properties it owns, which are located 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. All the subsidiaries are organized as limited liability companies ("the LLCs"). All material transactions between these entities have been eliminated in the consolidation. The LLCs limit Shee Atiká's financial exposure to the amount of Shee Atiká's investment in them. Shee Atiká's various subsidiaries are summarized as follows:

- Shee Atiká Languages LLC (51% owned; indefinite life)
- Shee Atiká Technologies LLC (51% owned; in dissolution)
- Shee Atiká Commercial Services LLC (51% owned; indefinite life)
- Shee Atiká Services LLC (majority owned; in dissolution)
- Shee Atiká Holdings Alice Island LLC (wholly-owned; termination date of 2027)
- Shee Atiká Holdings Lincoln LLC (wholly-owned; termination date of 2022)
- Shee Atiká Management LLC (wholly-owned; termination date of 2022)

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.

NOTE 1, CONTINUED

CASH AND CASH EQUIVALENTS

Shee Atiká considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Shee Atiká has cash and cash equivalent balances in excess of federally insured limits.

INVESTMENTS

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

- 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.
- 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.

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 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, 2010 and 2009, and indicates the classification by level of input within the fair value hierarchy:

Fair Value Measurements at December 31, 2010, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2010
Investments	$ 4,500	$ -	$ 1,544,717	$ 1,549,217

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

The following is a reconciliation of investments for which significant unobservable inputs were used in determining fair value (Level 3 inputs) for the years ended December 31, 2010 and 2009.

	2010	2009
Balance, beginning of year	$ 4,019,683	$ 1,227,872
Purchases		4,685,704
Redemption of interest in partnership	(3,077,329)	
Net gains (losses)	656,718	(1,972,143)
Other	(54,355)	78,250
Balance, end of year	$ 1,544,717	$ 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 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 was recorded as contributed capital. The surface resources associated with ANCSA land were not recorded based on uncertainties associated with the valuation of these resources. Other land, buildings, and equipment 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 or days 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.

Shee Atiká has the following revenue concentrations related to its contracting activities:

- Three separate 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 93% of 8(a) contract revenue for 2010.
- Two separate 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% of 8(a) contract revenue for 2009.
- Two companies accounted for 93% of non 8(a) contract revenue for 2010.
- 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 67% and 25%, respectively, of revenue in 2010.
- Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 75% and 18%, respectively, of revenue in 2009.

In addition, three customers accounted for 33% of total rental revenue from leased commercial properties in 2010. One customer accounted for 25% of total rental revenue from leased commercial properties in 2009.

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.

NOTE 1, CONTINUED

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, 2010 and 2009. The tax years 2007 through 2010 remain open to examination by federal authorities.

SUBSEQUENT EVENTS

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

RECLASSIFICATIONS

Certain amounts in the 2009 consolidated financial statements have been reclassified to conform to the current year presentation.

2 INVESTMENTS

Investments are summarized as follows at December 31:

	2010	2009
Partnerships:		
INVESCO Partnership Fund IV	$ 1,544,717	$ 1,306,122
Clarion Lion Properties Fund, LLC		2,713,561
Corporate bonds		450,000
Other	4,500	4,500
	$ 1,549,217	$ 4,474,183

Partnerships are summarized as follows:

- 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.
- Clarion Lion Properties Fund, LLC ("Clarion") – This is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States.

In 2010, Shee Atiká made a request for redemption of its entire interest in Clarion. The redemption was finalized in January 2011 and Shee Atiká received net proceeds from the redemption of $3,077,329. As the redemption was in process at December 31, 2010, the investment was considered sold for financial statement purposes and the net proceeds received on redemption have been classified as a receivable in the consolidated balance sheet at December 31, 2010.

3 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2010	2009
Amounts billed under contracts	$ 25,128,726	$ 22,591,103
Unbilled revenue	3,781,738	4,287,323
Other accounts receivable	175,703	97,214
	$ 29,086,167	$ 26,975,640

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, 2010 and 2009.

4 LEASED COMMERCIAL PROPERTIES

Leased commercial properties consist of the following at December 31:

	2010	2009
Building and equipment - Alaska	$ 5,757,013	$ 5,496,815
Land	4,493,392	4,476,666
	10,250,405	9,973,481
Less: accumulated depreciation	(1,133,356)	(954,131)
	$ 9,117,049	$ 9,019,350

Depreciation expense for leased commercial properties amounted to $179,225 and $230,493 in 2010 and 2009, respectively.

The commercial buildings are leased under various operating leases expiring in various years through 2020. The approximate minimum future lease payments to be received on noncancellable operating leases for years ending December 31 are as follows:

2011	$ 309,000
2012	211,000
2013	139,000
2014	74,000
2015	52,000
Thereafter	224,000
	$ 1,009,000

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:

	2010	2009
Land	$ 1,884,989	$ 1,884,989
Equipment	651,651	615,176
Other	268,300	267,300
	2,804,940	2,767,465
Less: accumulated depreciation	(699,226)	(539,870)
	$ 2,105,714	$ 2,227,595

Depreciation expense for property and equipment amounted to $163,740 and $116,969 in 2010 and 2009, respectively.

6 LOAN PAYABLE TO SAIL

Shee Atiká has 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, 2012, 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 $5,531,098 and $5,295,553 at December 31, 2010 and 2009, respectively, includes the unpaid principal balance as well as $531,098 and $295,553 of accrued interest, respectively.

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, 2010 and 2009, was $3,642,847 and $4,598,157, 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, 2010) 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, 2010 and 2009:

	2010	2009
Note payable to a bank in monthly installments of $10,621 including interest at 6.5%, due in full September 1, 2018, secured by commercial property in Sitka, Alaska	$ 767,903	$ 842,799
Less: current portion	(79,912)	(74,896)
	$ 687,991	$ 767,903

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

2011	$ 79,912
2012	84,798
2013	90,474
2014	96,533
2015	102,998
Thereafter	313,188
	$ 767,903

9 INCOME TAXES

Income tax expense for the years ended December 31, 2010 and 2009, consists of:

	2010	2009
Current benefit (expense)	$ 515,599	$ (534,811)
Deferred benefit (expense)	(557,000)	93,000
	$ (41,401)	$ (441,811)

Shee Atiká's effective tax rate differs from statutory rates due to (1) a significant portion of its operations are performed by LLCs and Shee Atiká does not own the entire LLC interest, and (2) investments are accounted for at cost for income tax purposes, but at fair value for financial reporting purposes.

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

	2010	2009
Deferred tax assets:		
Unrealized holding losses (gains) on investments	$ (107,000)	$ 730,000
Alternative minimum tax credit carryforwards	376,000	268,000
Excess of tax basis in buildings and equipment	112,000	169,000
Accrued vacation	201,000	
Other	28,000	
	$ 610,000	$ 1,167,000

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

	2010	2009
Current	$ 85,000	$ 730,000
Long-term	525,000	437,000
	$ 610,000	$ 1,167,000

As of December 31, 2010, Shee Atiká has alternative minimum tax credit carryforwards of $376,000. 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, 2010 or 2009 (and there has been no change in the allowance in the last two years).

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, Shee Atiká Fund Endowment ("SAFE"), was established to maintain assets and pay distributions from its income to SAFE's beneficiaries. SAFE has net assets of approximately $58.4 million and $56.5 million at December 31, 2010 and 2009, 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 $253,000 and $90,000 of cash in 2010 and 2009 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 $3.9 million and $4.0 million at December 31, 2010 and 2009, respectively.

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, 2010 and 2009, are as follows:

- Included in contract costs and expenses in the consolidated statements of operations for 2010 and 2009 is $44,445,758 and $31,826,589, respectively, in costs incurred primarily for subcontract work on various service contracts to companies which are in part owned by minority interest owners of certain majority-owned subsidiaries of Shee Atiká. In addition, Shee Atiká owed $10,356,219 and $7,256,485 to these companies at December 31, 2010 and 2009, respectively, which is included in accounts payable and accrued expenses in the consolidated balance sheets.
- Included in general and administrative expenses in the consolidated statements of operations for 2010 and 2009 is approximately $299,000 and $256,000, respectively, in costs incurred to a company that is owned by one of the minority owners of a majority-owned subsidiary of Shee Atiká. These costs were incurred under a shared services agreement in which other companies owned by the minority owners also participate. Services provided by this company included operational support for contract administration, human resources, accounting and finance, and security clearance.
- In January 2009, the board of directors of Shee Atiká, passed a resolution to transfer all of its ownership in Shee Atiká Holdings Colorado Springs, LLC ("SAHCS") to 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.
- 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 2012.
- In February 2009, Shee Atiká purchased SAIL's ownership in the Clarion Lion Properties Fund investment for cash of $4,685,704.

- In 2010 and 2009, Shee Atiká incurred $264,000 in lease expense to SABT related to the lease Shee Atiká Management, LLC has for the Totem Square Complex. The lease is payable in monthly installments of $22,000 until September 30, 2013.
- Shee Atiká has had other transactions with shareholders for purchases of artwork and janitorial and other services.

12 401(K) PLAN

Shee Atiká and certain of its subsidiaries sponsor 401(k) plans for the benefit of its employees. In general, 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 $420,792 and $268,839 in 2010 and 2009, respectively.

13 CONTRACT AUDITS

During 2010 and 2009, most of Shee Atiká's contracts were with the United States 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 the largest contract of one of Shee Atiká's subsidiaries, Shee Atiká Languages, LLC ("SAL"). SAL is a subcontractor to the company that has the contract with the United States Government. Due to the preliminary findings on this audit, SAL reimbursed the prime contractor for costs deemed unallowable. Additionally, certain other costs totaling approximately $4 million were deemed unallowable, but SAL is disputing these costs, so no disputed funds have been returned. SAL believes that the eventual outcome over these remaining disputed costs will not result in any material reimbursements to the prime contractor. Other than related to this audit, Shee Atiká believes that, if due to 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 audits of the basic consolidated financial statements of Shee Atiká, Incorporated and Subsidiaries for 2010 and 2009 appears on page 9. Those audits were 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 4, 2011

SUPPLEMENTAL SCHEDULE OF CONTRACT EXPENSES

For the Years Ended December 31, 2010 and 2009

	2010	2009
Labor	$ 111,360,502	$ 90,652,668
Subcontractors	45,674,124	33,984,701
Transportation	1,861,698	1,490,265
Other job expenses	3,422,730	1,312,220
	$ 162,319,054	$ 127,439,854

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET December 31, 2010

ASSETS	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Technologies LLC	Shee Atiká Commercial Services LL
Current Assets				
Cash and cash equivalents	$ 5,233,207	$ 4,217,740	$ 729,053	$ 67,809
Accounts receivable	196,621	25,475,192	46,550	3,672,163
Receivable from investment redemption	3,077,329			
Income tax receivable	1,052,000			
Investments	1,549,217			
Deferred tax asset	85,000			
Prepaid expenses and other	87,598	831,592		
Total current assets	11,280,972	30,524,524	775,603	3,739,972
Leased Commercial Properties, net	1,250,170			
Property and Equipment, net	2,021,976	83,738		
Deferred Tax Asset	525,000			
Other Assets		66,759		
Due from (to) Related Company	1,216,510	(69,572)		(957,695)
Equity in Subsidiaries	8,244,085			
Total assets	$ 24,538,713	$ 30,605,449	$ 775,603	$ 2,782,277
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	$ 616,517	$ 15,958,915	$ 147,729	$ 2,360,856
Loan payable		3,642,847		
Current portion of long-term debt				
Other current liabilities	6,290			
Total current liabilities	622,807	19,601,762	147,729	2,360,856
Loan Payable to SAIL	5,531,098			
Long-Term Debt, less current portion				
Total liabilities	6,153,905	19,601,762	147,729	2,360,856
Equity				
Shee Atiká, Incorporated shareholders' equity				
Contributed capital	5,956,000	184,620	25,500	51,000
Retained earnings (deficit)	12,428,808	5,383,086	294,716	163,925
Total Shee Atiká, Incorporated shareholders' equity	18,384,808	5,567,706	320,216	214,925
Noncontrolling interests		5,435,981	307,658	206,496
Total equity	18,384,808	11,003,687	627,874	421,421
Total liabilities and equity	$ 24,538,713	$ 30,605,449	$ 775,603	$ 2,782,277

SUPPLEMENTAL CONSOLIDATED STATEMENT OF OPERATIONS For the Year Ended December 31, 2010

Revenues	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Technologies LLC	Shee Atiká Commercial Services I
Contracts:				
8(a) contracts	$ -	$168,116,124	$ 6,313,223	$ 3,685,653
Non 8(a) contracts			563,541	
Hotel				
Rentals from leased commercial properties	90,580			
Administrative fees from affiliated entities	103,648			
Net gains on investments	656,718			
Interest and dividends	118,208		2,628	
Other	128,681	2,189		353,331
Total revenue	1,097,835	168,118,313	6,879,392	4,038,984
Costs and expenses				
Contracts		154,230,784	4,568,179	3,228,747
Hotel				
Leased commercial properties	11,266			
General and administrative	4,481,042	5,112,852	1,129,979	491,266
Depreciation	45,772	134,931		8,528
Interest	400,000	482,990		
Other	14,100			
Total costs and expenses	4,952,180	159,961,557	5,698,158	3,728,541
Income (loss) before income tax expense	(3,854,345)	8,156,756	1,181,234	310,443
Income tax expense	(41,401)			
Net income (loss)	(3,895,746)	8,156,756	1,181,234	310,443
Net income attributable to noncontrolling interests		(3,996,811)	(578,805)	(152,117)
Net income (loss) attributable to Shee Atiká, Incorporated	**$ (3,895,746)**	**$ 4,159,945**	**$ 602,429**	**$ 158,326**

Shee Atiká Services LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC	Shee Atiká Management LLC	Eliminations	Total
$ 49,162	$ 5,312	$ 16,360	$ 144,678	$ -	$ 10,463,321
	12,562	(4)	30,084	(347,001)	29,086,167
					3,077,329
					1,052,000
					1,549,217
					85,000
	1,744	5,923	23,173		950,030
49,162	19,618	22,279	197,935	(347,001)	46,263,064
	4,766,996	2,910,413	189,470		9,117,049
					2,105,714
					525,000
					66,759
(2,465)	(27,275)	(188,944)	24,615	4,826	
				(8,244,085)	
$ 46,697	$ 4,759,339	$ 2,743,748	$ 412,020	$ (8,586,260)	$ 58,077,586
$ 24,930	$ 4,549	$ 19,785	$ 164,561	$ (342,175)	$ 18,955,667
					3,642,847
		79,912			79,912
			(4,399)		1,891
24,930	4,549	99,697	160,162	(342,175)	22,680,317
					5,531,098
		687,991			687,991
24,930	4,549	787,688	160,162	(342,175)	28,899,406
204,000	4,763,316	1,971,968	126,481	(7,326,885)	5,956,000
(187,893)	(8,526)	(15,908)	125,377	(917,200)	17,266,385
16,107	4,754,790	1,956,060	251,858	(8,244,085)	23,222,385
5,660					5,955,795
21,767	4,754,790	1,956,060	251,858	(8,244,085)	29,178,180
$ 46,697	$ 4,759,339	$ 2,743,748	$ 412,020	$ (8,586,260)	$ 58,077,586

Shee Atiká Services LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC	Shee Atiká Management LLC	Eliminations	Consolidated
$ 701,934	$ -	$ -	$ 113,500	$ (321,873)	$178,608,561
					563,541
			1,272,014		1,272,014
	180,710	240,503	327,032	(150,335)	688,490
				(103,648)	-
					656,718
					120,836
17	27	523	8,735	(402,221)	91,282
701,951	180,737	241,026	1,721,281	(978,077)	182,001,442
508,529			104,688	(321,873)	162,319,054
			1,235,730	(264,632)	971,098
	124,718	138,293	315,322	(183,606)	405,993
218,750			47,689	(207,966)	11,273,612
727	60,776	77,987	22,772		342,965
8,515		52,559			952,592
					14,100
736,521	185,494	268,839	1,726,201	(978,077)	176,279,414
(34,570)	(4,757)	(27,813)	(4,920)		5,722,028
					(41,401)
(34,570)	(4,757)	(27,813)	(4,920)		5,680,627
9,018					(4,718,715)
$ (25,552)	$ (4,757)	$ (27,813)	$ (4,920)	$ -	$ 961,912

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 statements of net assets of Shee Atiká Fund Endowment ("SAFE") as of December 31, 2010 and 2009, and the related statements of revenue and expenses and changes in net assets (all on the modified income tax basis) for the years then ended. These financial statements are the responsibility of SAFE's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and its revenue and expenses and changes in net assets for the years then ended, on the modified income tax basis of accounting as described in Note 1.

Peterson Sullivan L.L.P.

April 4, 2011

STATEMENTS OF NET ASSETS – MODIFIED INCOME TAX BASIS

December 31, 2010 and 2009

ASSETS	2010	2009
Investment in Shee Atiká Investments, LLC	$ 54,559,024	$ 52,950,968
Investment in Shee Atiká Commercial Services, LLC	206,496	4,900
Cash and cash equivalents	833,659	263,540
Income tax receivable		293,756
Leased commercial property, net	7,396,169	7,539,140
Other assets	206,264	239,658
Total assets	63,201,612	61,291,962
LIABILITIES		
Long-term debt	4,485,802	4,605,724
Income tax payable	228,341	
Distributions payable	95,817	120,581
Other	495	4,309
Total liabilities	4,810,455	4,730,614
NET ASSETS	$58,391,157	$56,561,348

SHEE ATIKÁ FUND ENDOWMENT

See Notes to Financial Statements

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 2,804,122	$ 1,181,639
Equity share in Shee Atiká Commercial Services, LLC taxable income	157,496	
Rentals from leased commercial property	1,030,681	704,783
Other income	3,343	13,371
	3,995,642	1,899,793
Expenses		
Custodian and professional fees	36,922	24,762
Management fees paid to Shee Atiká, Incorporated		227,507
Interest	248,530	190,619
Depreciation	176,574	124,921
Leased commercial property expenses	29,531	15,393
Other	1,867	816
	493,424	584,018
Taxable income	3,502,218	1,315,775
Income tax expense	472,463	142,441
Change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	3,029,755	1,173,334
Adjustment to fair value of investment in Shee Atiká Investments, LLC	1,003,934	378,565
Change in net assets	**$ 4,033,689**	**$ 1,551,899**

STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Change in net assets	$ 4,033,689	$ 1,551,899
Transfer of property and assignment of related debt from Shee Atiká, Incorporated		3,018,995
Distributions to unit holders	(2,203,880)	(2,203,880)
Total increase	**1,829,809**	**2,367,014**
Net assets, beginning of year	56,561,348	54,194,334
Net assets, end of year	$ 58,391,157	$ 56,561,348

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.

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, 2010, there were 185,200 trust units (of which 181,143 were Class A and 4,057 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 both 2010 and 2009) is ultimately determined by the Board of Trustees, but must be between the minimum and maximum amounts. 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. 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 and losses were allocated to net cash income as necessary in 2010 and 2009 and distributed to beneficiaries.

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

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 the statement of revenue and expenses - modified income tax basis for 2009. No such fees were charged for 2010 or 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. There are no restrictions on redemptions in SAIL.

INVESTMENT IN SHEE ATIKÁ COMMERCIAL SERVICES, LLC

SAFE has a 49% ownership interest in Shee Atiká Commercial Services, LLC ("SACS"). Shee Atiká owns 51% of SACS. The investment in SACS is recorded at its tax basis which is accounted for by increasing the investment for contributions made, decreasing the investment for distributions received, and adjusting the investment for SAFE's share of taxable income each year.

CASH AND CASH EQUIVALENTS

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

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 2010 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 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, 2010 and 2009. 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, 2012. 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 (capital losses cannot be carried back to previous years). At December 31, 2010, SAFE had approximately $8.2 million in 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 either 2010 or 2009.

Tax years 2007 through 2010 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 independent auditors' report, which was the date these financial statements were available to be issued.

2 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 is as follows:

	2010	2009
Investments, at fair value	$ 47,915,912	$ 17,531,055
Cash and cash equivalents	1,737,150	31,222,662
Other assets	6,069,614	5,295,553
Members' equity	55,722,676	54,049,270
Revenue, including adjustments to fair value of investments	4,084,175	1,812,216
Net income	3,873,406	1,588,461

SHEE ATIKÁ FUND ENDOWMENT

Activity related to SAFE's investment in SAIL for 2010 and 2009 is summarized as follows:

Balance, December 31, 2008	$ 53,826,532
Share in taxable income	1,181,639
Distributions	(2,435,768)
Adjustment to fair value (including realized losses not included in taxable income)	378,565
Balance, December 31, 2009	52,950,968
Share in taxable income	2,804,122
Distributions	(2,200,000)
Adjustment to fair value	1,003,934
Balance, December 31, 2010	$ 54,559,024

SAFE's ownership interest in SAIL was 98.31% and 98.39% of SAIL's total equity at December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, SAFE and SABT are the only members of SAIL.

3 LEASED COMMERCIAL PROPERTY

Leased commercial property is located in Colorado Springs, Colorado and consists of the following at December 31, 2010 and 2009:

	2010	2009
Building	$ 6,975,574	$ 6,942,061
Land	722,000	722,000
	7,697,574	7,664,061
Less: accumulated depreciation	(301,405)	(124,921)
	7,396,169	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:

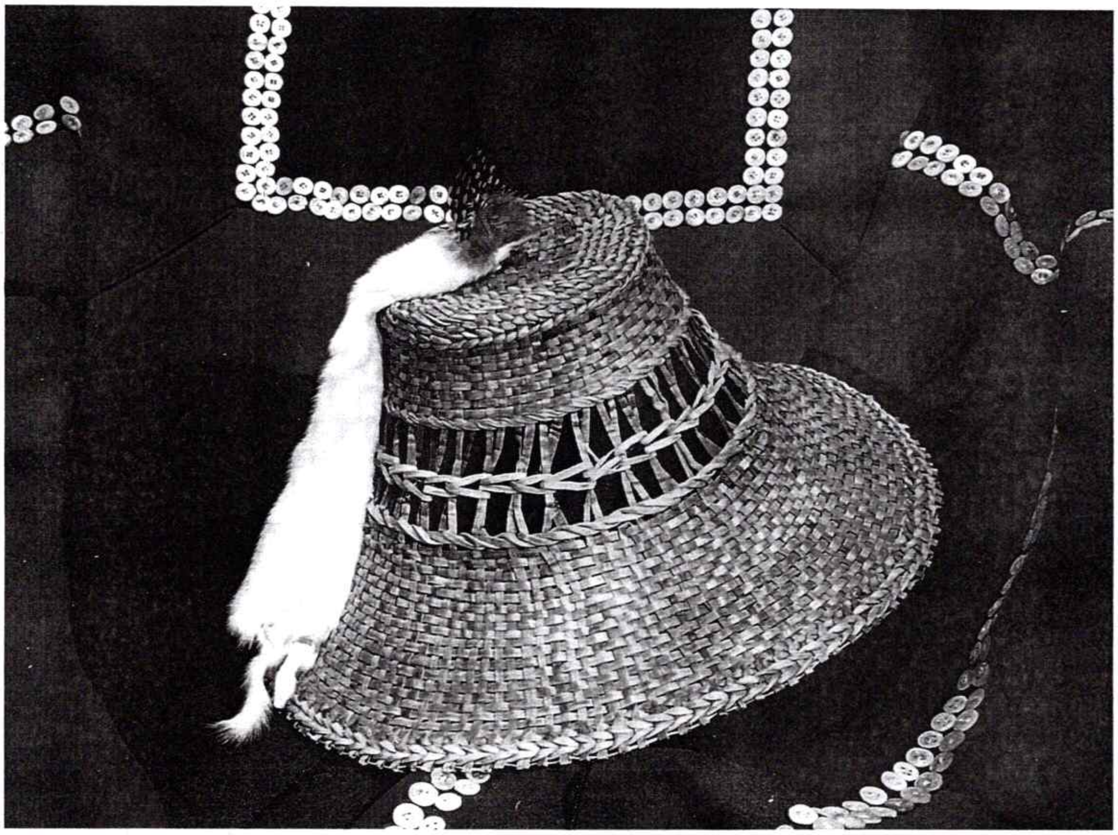
2011	$ 965,079
2012	979,418
2013	993,975
2014	1,008,746
2015	507,468
	$ 4,454,686

4 LONG-TERM DEBT

SAFE has a note payable to a bank due in monthly installments of $30,704 (including interest at 5.50%) with a final payment due on November 1, 2015. The note 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:

2011	$ 126,681
2012	133,827
2013	141,375
2014	149,350
2015	3,934,569
	$ 4,485,802



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 statements of net assets of Shee Atiká Benefits Trust ("SABT") as of December 31, 2010 and 2009, and the related statements of revenue and expenses and changes in net assets (all on the modified income tax basis) for the years then ended. These financial statements are the responsibility of SABT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and its revenue and expenses and changes in net assets for the years then ended, on the modified income tax basis of accounting as described in Note 1.

Peterson Sullivan L.L.P.

April 4, 2011

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2010 and 2009

ASSETS	2010	2009
Investment in Shee Atiká Investments, LLC	$ 1,163,649	$ 1,098,299
Cash and cash equivalents	23,863	11,930
Leased commercial property, net	2,735,545	2,885,873
Total assets	3,923,057	3,996,102
LIABILITIES		
Income tax payable and other liabilities	11,741	284
NET ASSETS	$ 3,911,316	$ 3,995,818

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 45,173	$ 19,586
Rentals from leased commercial property	264,000	264,000
Other		186
	309,173	283,772
Expenses		
Depreciation	150,328	182,501
Management fees paid to Shee Atiká, Incorporated		214,256
Other administrative expenses	38,476	28,644
	188,804	425,401
Taxable income (loss)	120,369	(141,629)
Income tax expense	11,741	
Change in net assets before adjustment to fair value of investment in Shee Atiká Investments, LLC	108,628	(141,629)
Adjustment to fair value of investment in Shee Atiká Investments, LLC	20,177	9,131
Change in net assets	**$ 128,805**	**$ (132,498)**

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Change in net assets	$ 128,805	$ (132,498)
Transfer of cash from Shee Atiká, Incorporated	253,000	90,000
Transfer of property to Shee Atiká, Incorporated		(63,562)
Distributions to unit holders		
Scholarships	(406,971)	(321,249)
Funeral benefits	(59,336)	(40,062)
Total distributions	(466,307)	(361,311)
Total decrease in net assets	**(84,502)**	**(467,371)**
Net assets, beginning of year	3,995,818	4,463,189
Net assets, end of year	$ 3,911,316	$ 3,995,818

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, 2010, there were 185,200 trust units (of which 181,143 were Class A and 4,057 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 (the next modification date is 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 the statement of revenues and expenses - modified income tax basis for 2009. No such fees were charged for 2010 or 2009 as SAI discontinued charging administrative fees to SABT.

Due to anticipated future distributions to be made by SABT, SAI transferred $253,000 and $90,000 to SABT in 2010 and 2009, respectively, and is considering future transfers to SABT at similar dollar amounts over the next few years.

A wholly-owned subsidiary of SAI, Shee Atiká Management, LLC ("SAM"), has an operating lease with SABT for the Shee Atiká Totem Square Inn. All rental revenue in both 2010 and 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. There are no restrictions on redemptions from SAIL.

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 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 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, 2010 and 2009. 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, 2012. 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 (capital losses cannot be carried back to previous years). At December 31, 2010, SABT had approximately $182,000 in 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 either 2010 or 2009.

Tax years 2007 through 2010 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 independent auditors' report, which was the date these financial statements were available to be issued.

2 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:

	2010	2009
Investments, at fair value	$ 47,915,912	$ 17,531,055
Cash and cash equivalents	1,737,150	31,222,662
Other assets	6,069,614	5,295,553
Members' equity	55,722,676	54,049,270
Revenue, including adjustments to fair value of investments	4,084,175	1,812,216
Net income	3,873,406	1,588,461

Activity related to SABT's investment in SAIL for 2010 and 2009 is summarized as follows:

Balance, December 31, 2008	$ 1,287,039
Distributions	(217,457)
Share in taxable income	19,586
Adjustment to fair value (including realized losses not included in taxable income)	9,131
Balance, December 31, 2009	1,098,299
Share in taxable income	45,173
Adjustment to fair value	20,177
Balance, December 31, 2010	$ 1,163,649

SABT's ownership interest in SAIL was 1.69% and 1.61% of SAIL's total equity at December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, SABT and SAFE are the only members of SAIL.

3 LEASED COMMERCIAL PROPERTY

Leased commercial property consists of the following at December 31:

	2010	2009
Building and improvements	$ 1,370,496	$ 1,370,496
Land	1,429,000	1,429,000
Furniture and equipment	317,764	317,764
	3,117,260	3,117,260
Less: accumulated depreciation	(381,715)	(231,387)
	$ 2,735,545	$ 2,885,873

As noted previously, 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:

2011	$ 264,000
2012	264,000
2013	198,000
	$ 726,000

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 sheets of Shee Atiká Investments, LLC ("SAIL") as of December 31, 2010 and 2009, and the related statements of operations and members' equity (all on the modified income tax basis) for the years 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 audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and the result of its operations and changes in members' equity for the years then ended, on the modified income tax basis of accounting described in Note 1.

Peterson Sullivan L.L.P.

April 4, 2011

BALANCE SHEETS – MODIFIED INCOME TAX BASIS

December 31, 2010 and 2009

ASSETS	2010	2009
Investments, at fair value	$ 47,915,912	$ 17,531,055
Cash and cash equivalents	1,737,150	31,222,662
Loan receivable from Shee Atiká, Incorporated	5,531,098	5,295,553
Dividends receivable	526,372	
Other	12,144	
Total assets	$ 55,722,676	$ 54,049,270
MEMBERS' EQUITY		
Members' equity	$ 55,722,676	$ 54,049,270

STATEMENTS OF OPERATIONS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

	2010	2009
Revenue		
Interest	$ 440,596	$ 434,603
Dividends	2,625,468	1,059,966
Net realized gains (losses) on sales of investments	328,501	(6,392,915)
Total revenue	3,394,565	(4,898,346)
Expenses		
Management, custodian and professional fees	206,437	194,236
Other expenses	4,332	29,519
Total expenses	210,769	223,755
Taxable income (loss)	3,183,796	(5,122,101)
Adjustment to fair value of investments	689,610	6,710,562
Net income	**$ 3,873,406**	**$ 1,588,461**

STATEMENTS OF MEMBERS' EQUITY – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2010 and 2009

Balance, December 31, 2008	$ 55,113,572
Net income	1,588,461
Distributions	(2,652,763)
Balance, December 31, 2009	54,049,270
Net income	3,873,406
Distributions	(2,200,000)
Balance, December 31, 2010	$ 55,722,676

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.

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 mutual funds and corporate bonds are carried at current market prices on active exchanges 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 real estate investment trusts are carried at a value determined by the entity managing the investment because no formal organized trading market exists for these securities. 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 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 investments which are measured at fair value on a recurring basis as of December 31, 2010 and 2009, and indicates the classification by level of input within the fair value hierarchy:

Fair Value Measurements at December 31, 2010, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2010
Mutual Funds				
Intermediate-term bond funds	$17,149,753	$ -	$ -	$17,149,753
Moderate allocation bond funds	8,540,063			8,540,063
Corporate bond funds	5,318,394			5,318,394
Short-term bond funds	4,897,697			4,897,697
Foreign bond funds	3,088,316			3,088,316
Intermediate-term government bond funds	2,073,038			2,073,038
High yield bond funds	2,065,065			2,065,065
Ultra-short bond funds	1,998,012			1,998,012
Short-term government bond funds	1,978,102			1,978,102
Total mutual funds	47,108,440			47,108,440
Real estate investment trust			806,465	806,465
Other	1,007			1,007
	$47,109,447	$ -	$ 806,465	$ 47,915,912

Fair Value Measurements at December 31, 2009, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2009
Mutual Funds				
Intermediate-term bond funds	$ 8,472,926	$ -	$ -	$ 8,472,926
Moderate allocation bond funds	7,871,682			7,871,682
Total mutual funds	16,344,608			16,344,608
Real estate investment trust			1,071,128	1,071,128
Other	115,319			115,319
	$16,459,927	$ -	$ 1,071,128	$ 17,531,055

The following is a reconciliation of investments valued using Level 3 inputs (investment in a real estate investment trust) for which significant unobservable inputs were used in determining fair value.

Balance, December 31, 2008	$ 6,205,231
Sales	(4,685,704)
Other	21,310
Change in fair value	(469,709)
Balance, December 31, 2009	1,071,128
Sales	(406,676)
Other	(17,243)
Change in fair value	159,256
Balance, December 31, 2010	$ 806,465

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. SAIL's federal tax returns are open to examination for the years ended December 31, 2007 to 2010.

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

2 INVESTMENTS

Investments are summarized as follows at December 31:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
Pimco All Asset Fund	$8,540,062	$8,932,185	$7,871,682	$8,653,870
Pimco Total Return Bond Fund	5,930,594	5,774,223	8,472,926	8,190,302
Pimco Income Fund	3,149,562	2,968,006		
Templeton Global Bond Fund	3,088,316	3,010,847		
TCW Total Return Bond Fund	3,081,784	3,096,731		
TCW Emerging Markets Bond Fund	2,168,832	2,037,701		
Metropolitan West Total Return Bond Fund	2,076,382	2,030,889		
Fidelity Spartan Intermediate Term Bond Fund	2,073,038	2,020,757		
TCW Core Fixed Income Bond Fund	2,071,281	2,052,023		
Metropolitan West High Yield Bond Fund	2,065,065	2,003,035		
Pimco Mortgage-Backed Securities Fund	2,052,796	2,072,970		
Thompson Plumb Bond Fund	2,042,696	2,022,861		
Ridgeworth Institutional Ultra-Short Bond Fund	1,998,012	1,999,996		
Eaton Vance Government Obligation Bond Fund	1,978,102	1,996,626		
Doubline Total Return Bond Fund	1,936,917	1,979,889		
Pimco StocksPLUS Short Strategy Fund	1,846,433	2,007,462		
Lord Abbet Short Duration Bond Fund	1,008,568	1,004,196		
Real Estate Investment Trust:				
RREEF America REIT II, Inc.	806,465	780,975	1,071,128	1,202,155
Other	1,007	948	115,319	113,744
	$47,915,912	$47,792,320	$17,531,055	$18,160,071

RREEF America REIT II, Inc. ("RREEF") is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States. In February 2011, SAIL redeemed its remaining interest in RREEF for proceeds of $806,442. The redemption of this investment will result in a realized gain for income tax purposes of approximately $25,000.

In February 2009, SAIL sold its ownership in a partnership investment called 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, 2008. 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 (based on market value).

SAIL paid investment advisory fees of $103,386 and $104,781 in 2010 and 2009, respectively, which are included in management, custodian, and professional fees on the statements of operations - modified income tax basis.

3 LOAN RECEIVABLE FROM SAI

SAIL has provided a $5,000,000 loan to SAI. The loan bears interest at 8% and is due in full December 31, 2012. The loan is secured by a first position security interest in SAI's ownership of 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 have been made by SAI on the loan through December 31, 2010; however, the balance of the loan and related interest is reduced by expense payments made on the behalf of SAIL by SAI. The balance at December 31, 2010 and 2009, includes $531,098 and $295,553 of accrued interest, respectively.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DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

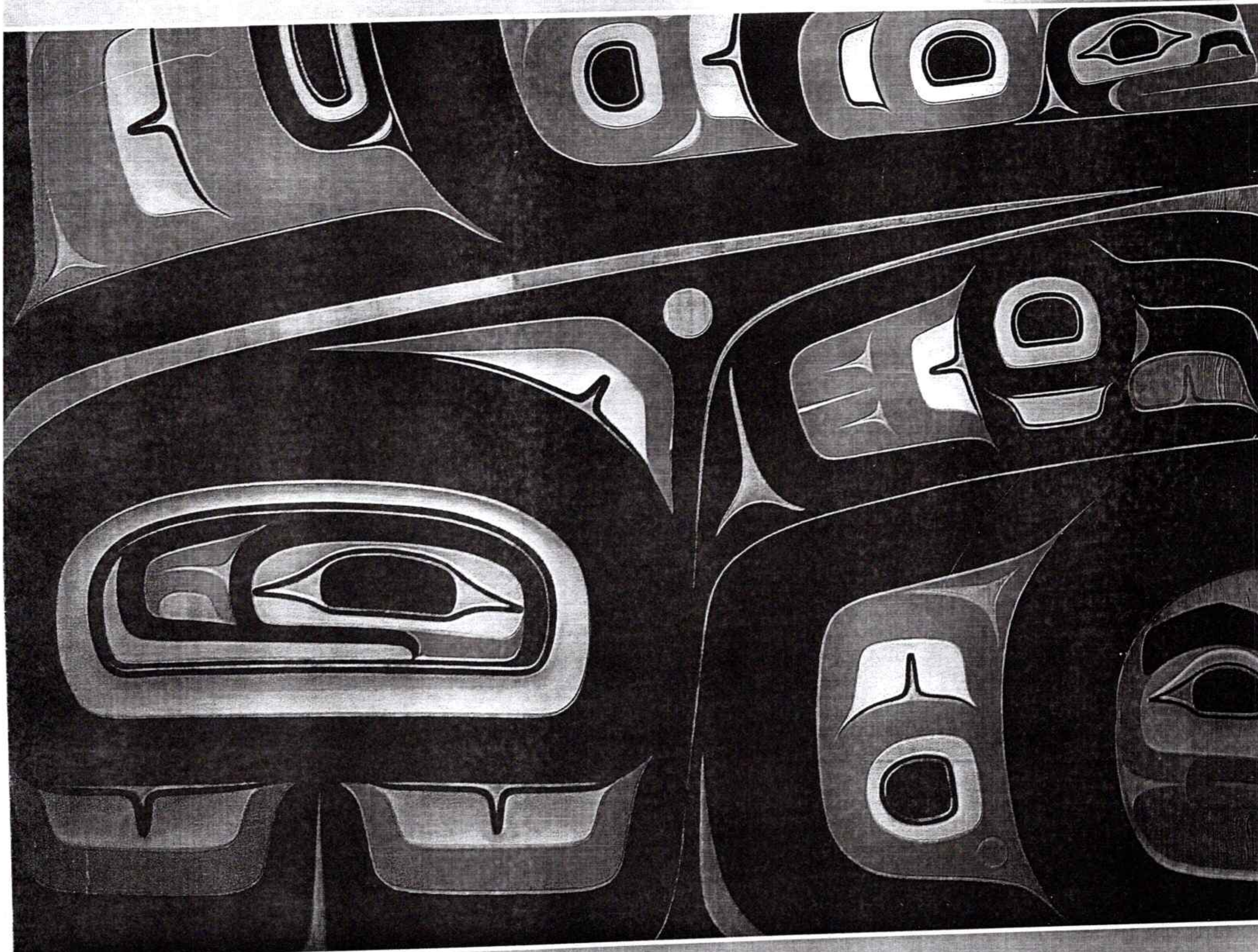
Real Return Fund — A fund that preserves purchasing power by combined investments in inflation-protected instruments such as Treasury Inflation-Protected Securities (TIPS), bonds, currencies, and non-U.S. debt.

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

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

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

SHEE ATIKÁ
Incorporated
And Affiliates



WILL BURKHART PANEL DETAIL