SHEE ATIKÁ
Incorporated

SHEE ATIKÁ INCORPORATED AND AFFILIATES 2011 ANNUAL REPORT

CORPORATE INFORMATION

SENIOR MANAGEMENT

Kenneth M. Cameron
President/CEO and
Chairman of the Board

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

Kevin Mosher
Accounting Technician

James Craig
Clerk I

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

Laverne Wise, Chairman: Kent, WA
Nancy Douglas: Sitka, AK
Suzanne Armstrong: Anchorage, AK
Kristina Randolph: Juneau, AK

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SHEE ATIKÁ Incorporated

And Affiliates

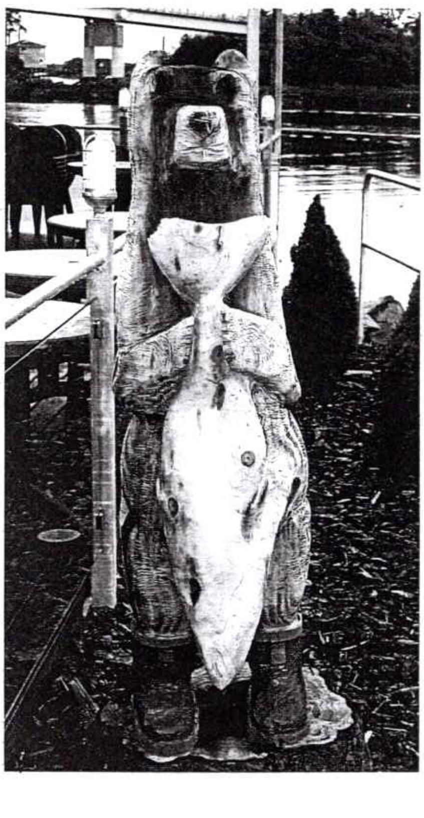
2011 ANNUAL REPORTS OF

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;

Bottom Row

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

LETTER FROM THE VICE-CHAIRMAN

Dear fellow shareholders:

The 2012 annual meeting will soon be here and this year it will be held in the evening, beginning at 6:00 pm on Thursday, May 24th at the Harrigan Centennial Hall. We will provide a meal for our shareholders beginning at 5:30pm. We have moved to a larger meeting space to allow room for all shareholders to be comfortably seated and we are holding the meeting in the evening in an effort to accommodate our shareholders who find it a challenge to participate in a Saturday morning meeting. We hope that many of you will be able to attend your Annual Meeting this year.

One of the long term challenges faced by your Board relates to the Shee Atiká Benefits Trust (SABT). Our educational program has been very successful and a chart showing the growth in scholarship and death benefits since 1990 is included with the report of our President/CEO Kenneth Cameron. You can see from this chart that in 1990 we paid out $27,000 in scholarship benefits (and no funeral benefits). Last year, we paid out $434,000 in scholarships and $52,000 in death benefits. The scholarship portion of SABT in 2011 was sixteen times larger than when we started providing educational benefits in 1990.

Why this dramatic growth? As a reminder, each Shee Atiká, Inc. (SAI) shareholder has the same number of SABT trust units as SAI shares and every SAI shareholder is a SABT beneficiary. The number of SAI shareholders has grown significantly since 1990 and SAI presently has over 3,200 shareholders. This means that there are over 3,200 persons who can apply for a SABT scholarship. (You only need own 1 share of SAI stock to be eligible for full SABT educational benefits.) As a result of this growth, in 2011 we provided 232 SABT beneficiaries with some form of educational aid. Simply put, more shareholders means more applicants which has resulted in more scholarship awards.

Last year, SABT paid out almost $500,000 in combined educational and funeral benefits which was substantially more than SABT was able to generate in income. SAI therefore had to contribute $268,000 to SABT from SAI's after tax earnings. This means that SAI had to earn approximately $440,000 and pay about $170,000 in taxes on that income to have the $268,000 to contribute to SABT.

If SABT benefit levels remain the same, we can expect similar funding challenges in 2012 and future years. This will be particularly challenging as SAI's income declines as a result of the changes in our government contracting businesses.

Among the options your Board has been considering is to place additional assets into SABT so that SABT's own income can provide sufficient funds to pay the benefits without the need for ongoing SAI contributions. The future of section 646 is also important since lower tax rates at SABT (compared to SAI) make it somewhat easier for SABT to generate funds for its own benefits. While there is no easy or quick solution, your Board is firmly committed to SABT's benefit programs including payment of educational and funeral benefits.

On behalf of your Board, we thank you for your support of our corporation and hope to see you in May at the annual meeting.

Best wishes,

PSteffes

Pamela Steffes
Vice-Chairman

LETTER FROM THE PRESIDENT/CEO

Dear fellow shareholders:

I am pleased to report to you on the status of Shee Atiká, Incorporated and its affiliates for calendar year 2011.

It is no secret that the United States withdrew its combat forces from Iraq at the end of 2011 and that the U.S. combat role in Afghanistan will end soon. Shee Atiká Languages (SAL) provides the bulk of our income by providing interpreters to the U.S. military in Iraq and Afghanistan. Our income from SAL has decreased significantly, and this will continue into 2012.

Our efforts continue to develop business for Shee Atiká Commercial Services (SACS), another 8(a) subsidiary, which has the capability to provide a wide range of services and products to the Government. SACS had substantial growth in revenue in 2011, but it has yet to obtain a permanent foothold in the government contracting space.

An exciting development for the Shee Atiká family has been the establishment of the Dock Shack Café in the Totem Square Complex. The Dock Shack opened June 21, 2011, with seating for 75 persons inside and another 75 persons under the partially covered deck. The views from the Dock Shack are of the harbor, the bridge, and the marina, and it was no surprise that the Dock Shack became an immediate hit with Sitka locals, tourists and other visitors to Sitka. We knew we were on the right track with Dock Shack when we began seeing the Alaska Airlines flight crews walk over to Dock Shack, sometimes in the rain, even though they can eat at the hotel where they stay.

The Sitka Chamber of Commerce named the Dock Shack Café to receive its annual award for the Outstanding New Business in Sitka. The Dock Shack features a broad menu, ranging from smoked prime rib to hamburgers to fish and chips. We are constantly experimenting, looking for new and exciting ways to serve our customers and provide them a memorable dining experience. Last summer our wine sales outsold every restaurant in town.

Aside from being a quality restaurant in its own right, the Dock Shack adds immensely to our Totem Square Inn. You simply cannot have a first class lodging facility without a quality restaurant, and the Dock Shack Café adds that dimension to the Totem Square Inn. If you are in Sitka for our annual meeting, we hope you will visit the Dock Shack and see for yourself what all the excitement is about.

Our efforts to pursue a transaction involving our 23,000 acres at Cube Cove continue. 2011 was a notable year in that for the first time, Congress has begun to appropriate funds to acquire Cube Cove. As a part of the appropriations process, legislation was passed requiring the Department of Agriculture to provide a report back to Congress on the status of negotiations. So far, a total of $4 million has been appropriated. While this is far short of the amounts that will eventually be needed, the fact that funds have actually been appropriated is a huge step forward. Make no mistake, we have a long way to go to negotiate a successful transaction. However, our shareholders have clearly said that they want us to try and produce economic value from Cube Cove, and we will continue to try to do so.

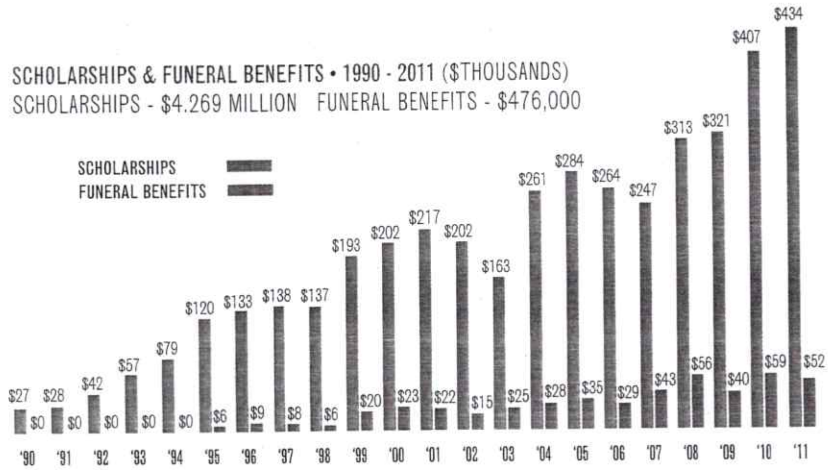
We also have made considerable progress in 2011 towards another of Shee Atiká's long term goals, which is to develop road access to our 3,000 acres at Katlian Bay. An all-weather road ends about 10 miles away from Katlian Bay, with Forest Service lands in between. The State of Alaska has a road development program known as "Roads to Resources", and because there is a large quantity of usable rock at Katlian Bay, we think that the "Roads to Resources" program will make State money available to build the road to Katlian Bay. Sealaska has already obtained the necessary government permits to operate a quarry, and Shee Atiká has worked out an agreement with Sealaska under which Shee Atiká will be paid a rental measured in tonnage for use of our surface estate if Sealaska produces rock at Katlian Bay.

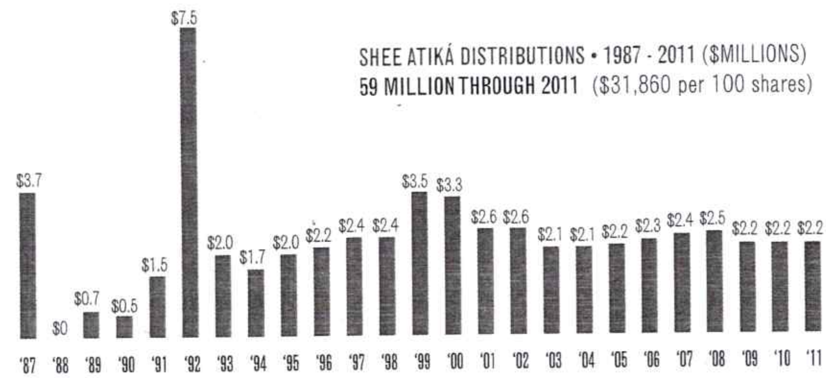
Both SABT and SAFE continue to perform well for the shareholders, reflecting the conservative investment policy of our Board and the overall success of Shee Atiká. Over $59 million in cash distributions have been made to the shareholders since our corporation began in 1974, which works out to just under $320/share. If you have held 100 shares throughout this period, you received $31,860. Similarly, our program to provide scholarships and death benefits through SABT continues to be very strong: in 2011 SABT paid $434,000 in scholarships and $52,000 in death benefits. Since these programs began, $4.3 million has been paid in scholarships and $476,000 has been paid in death benefits.

A final item of note is that during 2011 Shee Atiká sold the first lot in the Ethel Staton Subdivision on Alice Island. We finished development of this subdivision in 2007, just before the credit markets fell apart. The result has been that these choice lots have unexpectedly remained unsold. We feel these lots offer exceptional value and when building by the purchasers is complete, will provide a quality neighborhood that will enhance the value of our remaining property on Alice Island.

I very much appreciate this chance to report to you and to serve as your President/CEO.

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

Kevin Mosher, Accounting Technician

Heather Rogers, Accounting Technician

Ron James, Lead Maintenance Technician

Richard Didrickson, Maintenance Technician

James Craig, Clerk I

SHEE ATIKÁ TOTEM SQUARE INN STAFF

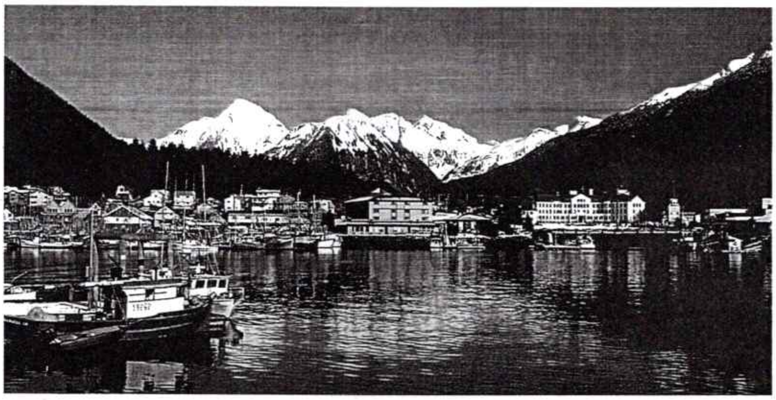
left to right: Front Row: Delbert Kanosh, Mercidita Hartley, Rebecca Warringer, Ellen Littlefield, Diane Jackson, Sheila Lawson, and Camille Ferguson (General Manager).

Back Row: Kevin Lawrence, Maureen Frailey, and Jenna Martin.

DOCK SHACK CAFÉ STAFF

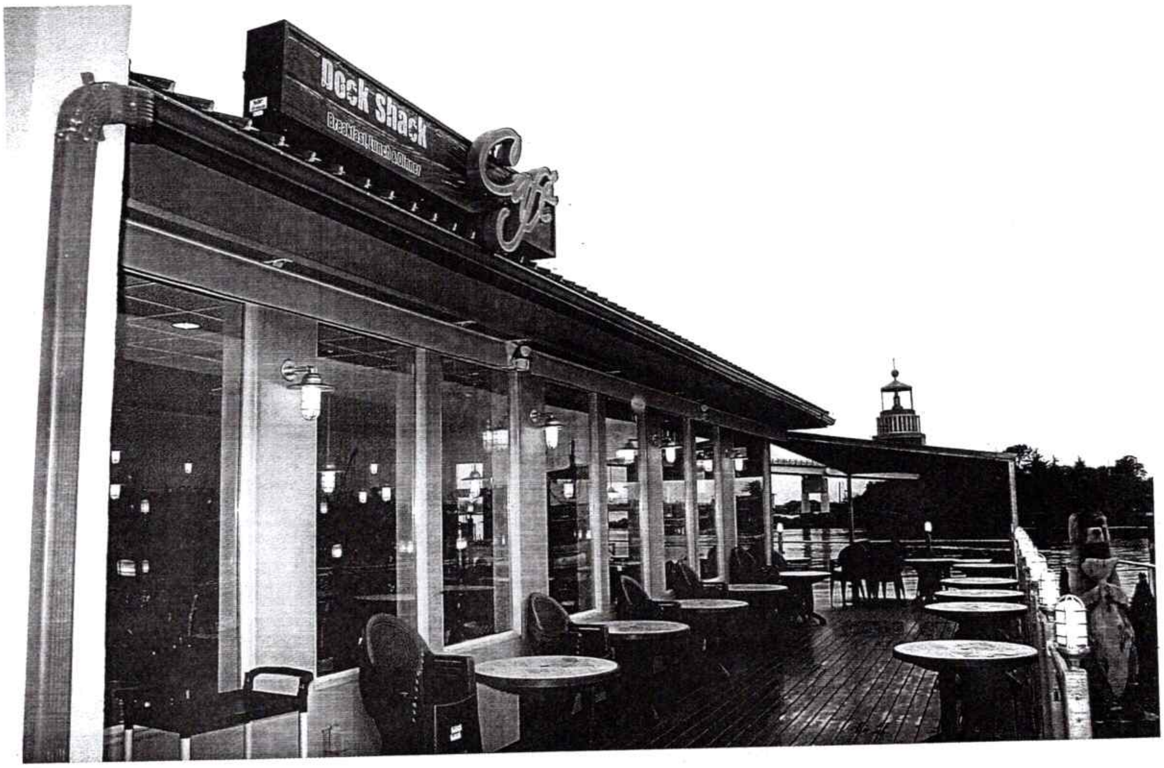
left to right: Front Row: Linda Olsen, Linda Marlin, Christi Stalkfleet, Shelby Ellingson, Kylee Jones, Chandra Watson, Eva Brevick, and Peggy Lindberg.

Back Row: Michael Roberts, Michael Miller, Ronald Lindberg, Jr., and Christopher Johnson.



FINANCIAL REPORTS

December 31, 2011


Dock Shack
Breakfast, Lunch & Dinner

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, 2011 and 2010, 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 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.

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, 2011 and 2010, 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 L.L.P.

March 17, 2012

CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2010

ASSETS		2011		2010
Current Assets				
Cash and cash equivalents	$	11,137,116	$	10,463,321
Accounts receivable		22,128,462		29,086,167
Investments		1,840,204		1,549,217
Income tax receivable		954,000		1,052,000
Receivable from investment redemption				3,077,329
Deferred tax asset				85,000
Prepaid expenses and other		1,869,713		950,030
Total current assets		37,929,495		46,263,064
Leased Commercial Properties, net		10,180,534		9,117,049
Property and Equipment, net		2,008,269		2,105,714
Deferred Tax Asset		377,000		525,000
Other Assets		79,759		66,759
Total assets	$	50,575,057	$	58,077,586

LIABILITIES AND EQUITY

		2011		2010
Current Liabilities				
Accounts payable and accrued expenses	$	10,361,199	$	18,957,558
Loan payable to SAIL		5,786,837		
Loan payable				3,642,847
Current portion of long-term debt		46,372		79,912
Deferred tax liability		227,000		
Total current liabilities		16,421,408		22,680,317
Loan Payable to SAIL				5,531,098
Long-Term Debt, less current portion		1,026,225		687,991
Total liabilities		17,447,633		28,899,406
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				
Class B, nonvoting, issued and outstanding 4,057				
Contributed capital		5,956,000		5,956,000
Retained earnings		16,899,724		17,266,385
Total Shee Atiká, Incorporated shareholders' equity		22,855,724		23,222,385
Noncontrolling interest		10,271,700		5,955,795
Total equity		33,127,424		29,178,180
Total liabilities and equity	$	50,575,057	$	58,077,586

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenue		
Contracts	$182,925,938	$179,172,102
Hotel and restaurant	1,543,025	1,272,014
Rentals from leased commercial properties	535,334	688,490
Net gains on investments	281,654	656,718
Interest and dividends	221,812	120,836
Other	72,577	91,282
Total revenue	185,580,340	182,001,442
Costs and expenses		
Contracts	167,843,473	162,319,054
Hotel and restaurant	1,961,561	971,098
Leased commercial properties	526,502	405,993
General and administrative	8,988,206	11,287,712
Interest	957,259	952,592
Depreciation	314,498	342,965
Total costs and expenses	180,591,499	176,279,414
Income before income tax expense	4,988,841	5,722,028
Income tax expense	(493,278)	(41,401)
Net income	4,495,563	5,680,627
Net income attributable to noncontrolling interests	(4,594,224)	(4,718,715)
Net income (loss) attributable to Shee Atiká, Incorporated	**$ (98,661)**	**$ 961,912**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2011 and 2010

	Shares of Common Stock Class A	Class B	Contributed Capital	Retained Earnings	Total	Noncontrolling Interests	Total Equity
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
Net income (loss) for the year				(98,661)	(98,661)	4,594,224	4,495,563
Distributions to noncontrolling interests						(278,319)	(278,319)
Distribution of cash to Shee Atiká Benefits Trust				(268,000)	(268,000)		(268,000)
Balances, December 31, 2011	181,143	4,057	$ 5,956,000	$ 16,899,724	$ 22,855,724	$ 10,271,700	$ 33,127,424

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Cash received from:		
Contracts	$ 189,849,967	$177,165,217
Hotel and restaurant operations	1,541,018	1,272,014
Rentals from leased commercial properties	532,428	692,022
Interest and dividends	221,812	120,836
Income tax refund	64,722	
Other	67,407	290,573
Cash paid to/for:		
Contractors, suppliers, and employees	(188,854,936)	(170,682,009)
Interest	(651,609)	(717,047)
Income taxes		(267,401)
Net cash flows from operating activities	2,770,809	7,874,205
Cash Flows from Investing Activities		
Proceeds from investments	3,077,329	450,000
Purchases of property and equipment	(1,280,538)	(318,783)
Other	(9,333)	54,355
Net cash flows from investing activities	1,787,458	185,572
Cash Flows from Financing Activities		
Principal repayments on loan payable, net	(3,642,847)	(955,310)
Principal repayments on long-term debt	(47,040)	(74,896)
Proceeds on long-term debt	351,734	
Distributions to noncontrolling interests	(278,319)	(6,051,031)
Capital contributions from noncontrolling interests		44,100
Acquisition of noncontrolling ownership interest in a nonwholly-owned subsidiary		(50,000)
Distribution of cash to Shee Atiká Benefits Trust	(268,000)	(253,000)
Net cash flows from financing activities	(3,884,472)	(7,340,137)
Net increase in cash and cash equivalents	**673,795**	**719,640**
Cash and cash equivalents, beginning of year	10,463,321	9,743,681
Cash and cash equivalents, end of year	$ 11,137,116	$ 10,463,321
Reconciliation of net income to net cash flows from operating activities:		
Net income	$ 4,495,563	$ 5,680,627
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	314,498	342,965
Net gains on investments	(281,654)	(656,718)
Deferred income tax expense	460,000	557,000
Changes in operating assets and liabilities, net		
Accounts receivable	6,957,705	(2,110,527)
Income tax receivable	98,000	(783,000)
Prepaid expenses and other assets	(932,683)	(46,999)
Accounts payable and accrued expenses	(8,596,359)	4,655,312
Accrual of interest on loan payable to related party	255,739	235,545
Net cash flows from operating activities	$ 2,770,809	$ 7,874,205
Supplemental cash flow disclosures:		
Non-cash investing activities:		
Redemption of investment, proceeds not yet received at December 31, 2010	$ -	$ 3,077,329

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 and restaurant in Sitka, Alaska.

Shee Atiká's service contract activities are subject to competitive factors, program continuation, and appropriate contract management. Commercial leasing operations are subject to geographic risks (all activities are in Sitka) as well as the financial viability of the lessees. Hotel and restaurant 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 (majority-owned; dissolved in 2012 and in the process of winding up)
- Shee Atiká Technologies LLC (majority-owned; dissolved in 2010; wind up substantially completed by December 31, 2011)
- Shee Atiká Commercial Services LLC (majority-owned; indefinite life)
- Shee Atiká Services LLC (majority-owned; dissolved in 2010; wind up substantially completed by December 31, 2011)
- Shee Atiká Holdings Alice Island LLC (wholly-owned; termination date of 2027)
- Shee Atiká Holdings Lincoln Street 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.

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. Most investments are invested in a partnership and are carried at a value determined by multiplying Shee Atiká's proportionate interest by the total value of the fund (or net asset value). 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. Liquidity for these investments may be impaired under certain market conditions.

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

FAIR VALUE MEASUREMENTS

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

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than 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, 2011 and 2010, and indicates the classification by level of input within the fair value hierarchy:

Fair Value Measurements at December 31, 2011, using:

	LEVEL 1 INPUTS	LEVEL 2 INPUTS	LEVEL 3 INPUTS	TOTAL FAIR VALUE AT DECEMBER 31, 2011
Investments	$ 4,500	$ -	$ 1,835,704	$ 1,840,204

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	$ 4500	$ -	$ 1,544,717	$ 1,549,217

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, 2011 and 2010.

	2011	2010
Balance, beginning of year	$ 1,544,717	$ 4,019,683
Redemption of interest in partnership		(3,077,329)
Net gains	281,654	656,718
Other	9,333	(54,355)
Balance, end of year	$ 1,835,704	$ 1,544,717

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/LEASED COMMERCIAL PROPERTIES

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

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

REVENUE RECOGNITION

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. Hotel and restaurant revenue is recognized as services are provided.

A significant portion of Shee Atiká's contract revenue is generated from Shee Atiká Languages, LLC. 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 99% of contract revenue for 2011.
- 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 92% of contract revenue for 2010.
- Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 74% and 25%, respectively, of revenue in 2011.
- Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 67% and 25%, respectively, of revenue in 2010.

In addition, three customers accounted for 31% and 33% of total rental revenue from leased commercial properties in 2011 and 2010, respectively.

INCOME TAXES

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

Shee Atiká reports a liability, if any, for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties, if any, are recorded as a component of interest expense and other expense, respectively. No liability has been recorded for uncertain tax positions, or related interest or penalties as of December 31, 2011 and 2010. The tax years 2008 through 2011 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 2010 consolidated financial statements have been reclassified to conform to the current year presentation.

2 INVESTMENTS

Investments are summarized as follows at December 31:

	2011	2010
Partnership – INVESCO Partnership Fund IV	$ 1,835,704	$ 1,544,717
Other	4,500	4,500
	$ 1,840,204	$ 1,549,217

The INVESCO Partnership Fund IV, L.P. is a limited partnership investing in other partnerships. These partnerships invest in other collective investment funds investing in alternative assets.

In 2010, Shee Atiká made a request for redemption of its entire interest in another partnership, Clarion Lion Properties Fund, LLC. 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 were 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:

	2011	2010
Amounts billed under contracts	$ 20,190,756	$ 25,128,726
Unbilled revenue	1,795,679	3,781,738
Other accounts receivable	142,027	175,703
	$ 22,128,462	$ 29,086,167

Substantially all billed and unbilled accounts receivable are from contracts with the United States Government (including a contract where Shee Atiká is a subcontractor to a third-party company that has the contract with the United States Government) at both December 31, 2011 and 2010.

4 LEASED COMMERCIAL PROPERTIES

Leased commercial properties consist of the following at December 31:

	2011	2010
Buildings and equipment - Alaska	$ 5,506,020	$ 5,438,372
Leasehold improvements	923,684	155,378
	6,429,704	5,593,750
Less: accumulated depreciation and amortization	(1,332,274)	(1,133,356)
	5,097,430	4,460,394
Land	4,632,107	4,493,392
Construction in progress	450,997	163,263
	$ 10,180,534	$ 9,117,049

Construction in progress relates to various projects being conducted on various Shee Atiká properties. There are no significant commitments as of December 31, 2011, related to these projects.

Depreciation expense for leased commercial properties amounted to $200,681 and $179,225 in 2011 and 2010, 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 noncancelable operating leases for years ending December 31 are as follows:

2012	$ 207,000
2013	172,000
2014	83,000
2015	52,000
2016	52,000
Thereafter	172,000
	$ 738,000

5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2011	2010
Land	$ 1,884,989	$ 1,884,989
Equipment	663,112	651,651
Other	273,213	268,300
	2,821,314	2,804,940
Less: accumulated depreciation	(813,045)	(699,226)
	$ 2,008,269	$ 2,105,714

Depreciation expense for property and equipment amounted to $113,817 and $163,740 in 2011 and 2010, 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 $5,786,837 and $5,531,098 at December 31, 2011 and 2010, respectively, includes the unpaid principal balance as well as $786,837 and $531,098 of accrued interest, respectively.

7 LOAN PAYABLE

One of Shee Atiká's majority-owned subsidiaries that performs service contract work 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, subject to certain limits. The outstanding balance of this loan at December 31, 2010, was $3,642,847. There was no outstanding balance at December 31, 2011. Repayments are due as these certain accounts receivable are collected. The loan bears interest at the bank's prime rate plus 3.5% (resulting in a rate of 6.75% at December 31, 2011). The loan is fully collateralized by all of the subsidiary's assets and has a term currently through October 13, 2012, with automatic annual extensions for one year unless the subsidiary terminates at least 60 days before the end of the term.

8 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2011 and 2010:

	2011	2010
Note payable to a bank in monthly installments of $9,635 including interest at 6.5%, due in full May 1, 2021, secured by commercial property in Sitka, Alaska	$ 1,072,597	$ 767,903
Less: current portion	(46,372)	(79,912)
	$ 1,026,225	$ 687,991

In 2011, Shee Atiká refinanced its existing long-term debt with a different bank than the bank used at December 31, 2010. The terms of the debt did not change substantially as part of the refinancing other than extending the term from September 2018 to May 2021. As part of the refinancing, Shee Atiká received additional proceeds of approximately $352,000.

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

2012	$ 46,732
2013	49,183
2014	52,524
2015	56,091
2016	59,740
Thereafter	808,327
	$ 1,072,597

9 INCOME TAXES

Income tax expense for the years ended December 31, 2011 and 2010, consists of:

	2011	2010
Current benefit (expense)	$ (33,278)	$ 515,599
Deferred expense	(460,000)	(557,000)
	$ (493,278)	$ (41,401)

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 tax asset as of December 31 are as follows:

		2011		2010
Deferred tax assets:				
Alternative minimum tax credit carryforwards	$	174,000	$	376,000
Net operating loss		124,000		
Accrued compensation		205,000		201,000
Excess of tax basis in buildings and equipment		79,000		112,000
Other		68,000		28,000
		650,000		717,000
Deferred tax liabilities:				
Unrealized holding gains on investments		211,000		107,000
Prepaid expenses		289,000		
		500,000		107,000
Net deferred tax asset	$	150,000	$	610,000

The net deferred tax asset is classified in the consolidated balance sheets as of December 31 as follows:

		2011		2010
Deferred tax asset:				
Current	$	-	$	85,000
Long-term		377,000		525,000
		377,000		610,000
Deferred tax liability:				
Current		227,000		
	$	150,000	$	610,000

As of December 31, 2011, Shee Atiká has a Federal net operating loss carryforward and alternative minimum tax credit carryforwards of $335,000 and $174,000, respectively. The net operating loss carryforward expires in 2031. 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, 2011 or 2010 (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 $57.6 million and $58.4 million at December 31, 2011 and 2010, 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 $268,000 and $253,000 of cash in 2011 and 2010, respectively, to SABT. Shee Atiká is considering future transfers to SABT at times and amounts yet to be determined. SABT has net assets of approximately $3.8 million and $3.9 million at December 31, 2011 and 2010, 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. SAFE and SABT are the only members/owners of SAIL.

SHEE ATIKÁ, INC.

11 RELATED PARTY TRANSACTIONS

Related party transactions for the years ended December 31, 2011 and 2010, are as follows:

- Included in contract costs and expenses in the consolidated statements of operations for 2011 and 2010 is $40,636,610 and $44,445,758, 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 subsidiaries of Shee Atiká. In addition, Shee Atiká owed $6,359,662 and $10,414,395 to these companies at December 31, 2011 and 2010, respectively, which is included in accounts payable and accrued expenses in the consolidated balance sheets.
- 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 2011 and 2010, 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 some 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 $369,718 and $420,792 in 2011 and 2010, respectively

13 CONTRACT AUDITS

During 2011 and 2010, 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 properly reflect all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of these contracts. In 2010, an agency of 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") related to activity under the contract in 2009 and 2008. 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 a portion of the costs that were deemed unallowable by the agency of the United States Government. Additionally, certain other costs totaling approximately $4 million were also deemed unallowable by this agency, 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 the disputed amounts related to this audit, SAL believes that there are no other significant unallowable costs related to this or future audits.

The costs discussed above that are currently disputed (amounting to approximately $4 million) are included with accounts receivable but the contractor has advised SAL that payment of these amounts will be withheld from SAL until the dispute is resolved.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

PETERSON SULLIVAN LLP

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

We have audited the consolidated financial statements of Shee Atiká, Incorporated and Subsidiaries ("Shee Atiká") as of and for the years ended December 31, 2011 and 2010, and our report thereon dated March 17, 2012, which contains an unqualified opinion on those consolidated financial statements, appears on page 9. Our audits were conducted for the purpose of forming an opinion on the 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 consolidated financial statements. Such information is the responsibility of management of Shee Atiká and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Peterson Sullivan LLP

March 17, 2012

SUPPLEMENTAL SCHEDULE OF CONTRACT EXPENSES

For the Years Ended December 31, 2011 and 2010

	2011	2010
Labor	$ 121,435,689	$ 111,360,502
Subcontractors	40,744,376	45,674,124
Transportation	1,335,236	1,861,698
Other job expenses	4,328,172	3,422,730
	$ 167,843,473	$ 162,319,054

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET December 31, 2011

ASSETS	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Technologies LLC	Shee Atiká Commercial Services LLC
Current Assets				
Cash and cash equivalents	$ 4,018,618	$ 5,803,870	$ 15,886	$ 867,501
Accounts receivable	301,769	21,514,459		471,976
Income tax receivable	954,000			
Investments	1,840,204			
Prepaid expenses and other	110,114	1,527,328		126,184
Total current assets	7,224,705	28,845,657	15,886	1,465,661
Leased Commercial Properties, net	1,236,695			
Property and Equipment, net	2,007,818	451		
Deferred Tax Asset	377,000			
Other Assets		79,759		
Due from (to) Related Company	1,772,336			(6,743)
Equity in Subsidiaries	12,812,063			
Total assets	$ 25,430,617	$ 28,925,867	$ 15,886	$ 1,458,918
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	$ 640,732	$ 8,444,618	$ 15,623	$ 1,074,848
Loan payable to SAIL	5,786,837			
Current portion of long-term debt				
Deferred tax liability	227,000			
Total current liabilities	6,654,569	8,444,618	15,623	1,074,848
Long-Term Debt, less current portion				
Total liabilities	6,654,569	8,444,618	15,623	1,074,848
Equity				
Shee Atiká, Incorporated shareholders' equity				
Contributed capital	5,956,000	184,620	25,500	51,000
Retained earnings (deficit)	12,820,048	10,216,644	(25,366)	144,876
Total Shee Atiká, Incorporated shareholders' equity	18,776,048	10,401,264	134	195,876
Noncontrolling interests		10,079,985	129	188,194
Total equity	18,776,048	20,481,249	263	384,070
Total liabilities and equity	$ 25,430,617	$ 28,925,867	$ 15,886	$ 1,458,918

SUPPLEMENTAL CONSOLIDATED STATEMENT OF OPERATIONS For the Year Ended December 31, 2011

	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Technologies LLC	Shee Atiká Commercial Services LLC
Revenues				
Contracts	$ -	$ 175,005,790	$ -	$ 7,914,325
Hotel and restaurant				
Rentals from leased commercial properties	110,852			
Administrative fees from affiliated entities	103,649			
Net gains on investments	281,654			
Interest and dividends	213,714	6,612		1,486
Other	66,942			
Total revenue	776,811	175,012,402		7,915,811
Costs and expenses				
Contracts		160,602,979		7,240,494
Hotel and restaurant				
Leased commercial properties	20,511			
General and administrative	4,020,544	4,382,395	59,611	662,757
Depreciation	40,895	90,612		
Interest	400,000	458,854		49,911
Total costs and expenses	4,481,950	165,534,840	59,611	7,953,162
Income (loss) before income tax expense	(3,705,139)	9,477,562	(59,611)	(37,351)
Income tax expense	(493,278)			
Net income (loss)	(4,198,417)	9,477,562	(59,611)	(37,351)
Net income attributable to noncontrolling interests		(4,644,004)	29,209	18,302
Net income (loss) attributable to Shee Atiká, Incorporated	**$ (4,198,417)**	**$ 4,833,558**	**$ (30,402)**	**$ (19,049)**

Shee Atiká Services LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC	Shee Atiká Management LLC	Eliminations	Total
$ 21,180	$ 25,591	$ 247,259	$ 137,211	$ -	$ 11,137,116
	7,952		39,603	(207,297)	22,128,462
					954,000
					1,840,204
	1,502	6,791	97,794		1,869,713
21,180	35,045	254,050	274,608	(207,297)	37,929,495
	4,864,132	2,873,173	1,206,534		10,180,534
					2,008,269
					377,000
					79,759
	(190,400)	(112,023)	(1,463,170)		
				(12,812,063)	
$ 21,180	$ 4,708,777	$ 3,015,200	$ 17,972	$ (13,019,360)	$ 50,575,057
$ 8,137	$ 7,457	$ 8,324	$ 368,757	$ (207,297)	$ 10,361,199
					5,786,837
		46,372			46,372
					227,000
8,137	7,457	54,696	368,757	(207,297)	16,421,408
		1,026,225			1,026,225
8,137	7,457	1,080,921	368,757	(207,297)	17,447,633
204,000	4,763,316	1,971,968	209,247	(7,409,651)	5,956,000
(194,349)	(61,996)	(37,689)	(560,032)	(5,402,412)	16,899,724
9,651	4,701,320	1,934,279	(350,785)	(12,812,063)	22,855,724
3,392					10,271,700
13,043	4,701,320	1,934,279	(350,785)	(12,812,063)	33,127,424
$ 21,180	$ 4,708,777	$ 3,015,200	$ 17,972	$ (13,019,360)	$ 50,575,057

Shee Atiká Services LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln LLC	Shee Atiká Management LLC	Eliminations	Consolidated
$ 5,823	$ -	$ -	$ -	$ -	$182,925,938
			1,543,025		1,543,025
	150,186	234,349	239,931	(199,984)	535,334
				(103,649)	-
					281,654
					221,812
	110		14,677	(9,152)	72,577
5,823	150,296	234,349	1,797,633	(312,785)	185,580,340
					167,843,473
			2,076,235	(114,674)	1,961,561
	130,978	118,638	293,684	(37,309)	526,502
14,548				(151,650)	8,988,205
	72,788	79,846	30,358		314,499
		57,646		(9,152)	957,259
14,548	203,766	256,130	2,400,277	(312,785)	180,591,499
(8,725)	(53,470)	(21,781)	(602,644)		4,988,841
					(493,278)
(8,725)	(53,470)	(21,781)	(602,644)		4,495,563
2,269					(4,594,224)
$ (6,456)	$ (53,470)	$ (21,781)	$ (602,644)	$ -	$ (98,661)

SHEE ATIKÁ, INC.

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, 2011 and 2010, 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 above present fairly, in all material respects, the net assets of Shee Atiká Fund Endowment as of December 31, 2011 and 2010, 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 LLP

March 17, 2012

STATEMENTS OF NET ASSETS – MODIFIED INCOME TAX BASIS

December 31, 2011 and 2010

ASSETS	2011	2010
Investment in Shee Atiká Investments, LLC	$ 53,654,369	$ 54,559,024
Investment in Shee Atiká Commercial Services, LLC	188,194	206,496
Cash and cash equivalents	899,511	833,659
Leased commercial property, net	7,218,857	7,396,169
Other assets	193,342	206,264
Total assets	62,154,273	63,201,612

LIABILITIES		
Long-term debt	4,359,115	4,485,802
Income tax payable	59,328	228,341
Distributions payable	91,930	95,817
Other	2,702	495
Total liabilities	4,513,075	4,810,455
NET ASSETS	$ 57,641,198	$ 58,391,157

See Notes to Financial Statements

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 2,920,648	$ 2,804,122
Equity share in Shee Atiká Commercial Services, LLC taxable income (loss)	(18,302)	157,496
Rentals from leased commercial property	966,264	1,030,681
Other income	1,425	3,343
	3,870,035	3,995,642
Expenses		
Custodian and professional fees	24,176	36,922
Interest	241,766	248,530
Depreciation	177,312	176,574
Leased commercial property expenses	24,207	29,531
Other	527	1,867
	467,988	493,424
Taxable income	3,402,047	3,502,218
Income tax expense	322,105	472,463
Change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	3,079,942	3,029,755
Adjustment to fair value of investment in Shee Atiká Investments, LLC	(1,616,761)	1,003,934
Change in net assets	**$ 1,463,181**	**$ 4,033,689**

STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Change in net assets	$ 1,463,181	$ 4,033,689
Distributions to unit holders	(2,213,140)	(2,203,880)
Total increase (decrease)	**(749,959)**	**1,829,809**
Net assets, beginning of year	58,391,157	56,561,348
Net assets, end of year	$ 57,641,198	$ 58,391,157

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 SAFE 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, 2011, 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 ($11.95 and $11.90 per unit in 2011 and 2010, respectively) 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 2011 and 2010 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

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"). SAI 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 both 2011 and 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. 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 of SAFE 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, 2011, SAFE had approximately $8.38 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 2011 or 2010.

Tax years 2008 through 2011 are open to examination by federal tax authorities.

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:

	2011	2010
Investments, at fair value	$ 45,717,157	$ 47,915,912
Cash and cash equivalents	3,210,369	1,737,150
Other assets	5,914,122	6,069,614
Members' equity	54,841,648	55,722,676
Revenue, including adjustments to fair value of investments	1,498,364	4,084,175
Net income	1,328,972	3,873,406

Activity related to SAFE's investment in SAIL for 2011 and 2010 is summarized as follows:

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
Share in taxable income	2,920,648
Distributions	(2,210,000)
Adjustment to fair value	(1,616,761)
Other	1,458
Balance, December 31, 2011	$ 53,654,369

SAFE's ownership interest in SAIL was 98.22% and 98.31% of SAIL's total equity at December 31, 2011 and 2010, respectively. At December 31, 2011 and 2010, 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, 2011 and 2010:

	2011	2010
Building	$ 6,975,574	$ 6,975,574
Land	722,000	722,000
	7,697,574	7,697,574
Less: accumulated depreciation	(478,717)	(301,405)
	$ 7,218,857	$ 7,396,169

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:

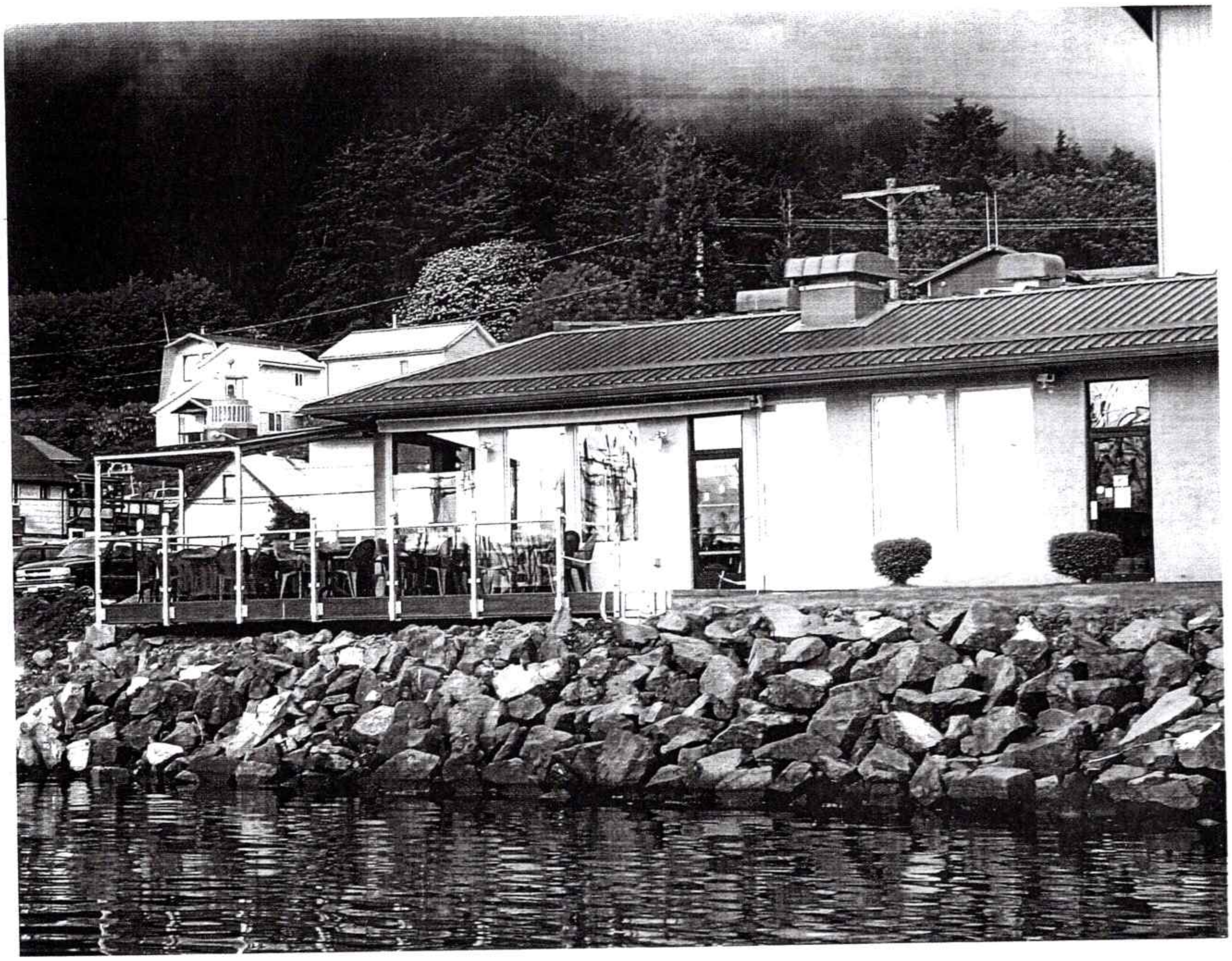
2012	$ 979,418
2013	993,975
2014	1,008,746
2015	507,468
	$ 3,489,607

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:

2012	$ 166,294
2013	141,375
2014	149,350
2015	3,902,096
	$ 4,359,115



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, 2011 and 2010, 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 to above present fairly, in all material respects, the net assets of Shee Atiká Benefits Trust as of December 31, 2011 and 2010, 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.

March 17, 2012

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2011 and 2010

ASSETS	2011	2010
Investment in Shee Atiká Investments, LLC	$ 1,187,263	$ 1,163,649
Cash and cash equivalents	25,390	23,863
Leased commercial property, net	2,599,405	2,735,545
Total assets	3,812,058	3,923,057
LIABILITIES		
Income tax payable and other liabilities	5,348	11,741
NET ASSETS	$ 3,806,710	$ 3,911,316

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 49,898	$ 45,173
Rentals from leased commercial property	264,000	264,000
	313,898	309,173
Expenses		
Depreciation	136,141	150,328
Other administrative expenses	21,465	38,476
	157,606	188,804
Taxable income	156,292	120,369
Income tax expense	16,418	11,741
Change in net assets before adjustment to fair value of investment in Shee Atiká Investments, LLC	139,874	108,628
Adjustment to fair value of investment in Shee Atiká Investments, LLC	(26,291)	20,177
Change in net assets	$ **113,583**	$ **128,805**

See Notes to Financial Statements

SHEE ATIKÁ BENEFITS TRUST

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Change in net assets	$ 113,583	$ 128,805
Transfer of cash from Shee Atiká, Incorporated	268,000	253,000
Distributions to unit holders		
Scholarships	(433,994)	(406,971)
Funeral benefits	(52,195)	(59,336)
Total distributions	(486,189)	(466,307)
Total decrease in net assets	**(104,606)**	**(84,502)**
Net assets, beginning of year	3,911,316	3,995,818
Net assets, end of year	$ 3,806,710	$ 3,911,316

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 SABT 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, 2011, 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.

Due to anticipated future distributions to be made by SABT, SAI transferred $268,000 and $253,000 to SABT in 2011 and 2010, 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 2011 and 2010 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. 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, 2011, SABT had approximately $177,000 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 2011 or 2010.

Tax years 2008 through 2011 are open to examination by federal tax authorities.

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:

	2011	2010
Investments, at fair value	$ 45,717,157	$ 47,915,912
Cash and cash equivalents	3,210,369	1,737,150
Other assets	5,914,122	6,069,614
Members' equity	54,841,648	55,722,676
Revenue, including adjustments to fair value of investments	1,498,364	4,084,175
Net income	1,328,972	3,873,406

Activity related to SABT's investment in SAIL for 2011 and 2010 is summarized as follows:

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
Share in taxable income	49,898
Adjustment to fair value	(26,291)
Other	7
Balance, December 31, 2011	$ 1,187,263

SABT's ownership interest in SAIL was 1.78% and 1.69% of SAIL's total equity at December 31, 2011 and 2010, respectively. At December 31, 2011 and 2010, SABT and SAFE are the only members of SAIL.

3 LEASED COMMERCIAL PROPERTY

Leased commercial property consists of the following at December 31:

	2011	2010
Building and improvements	$ 1,370,496	$ 1,370,496
Furniture and equipment	317,764	317,764
Land	1,429,000	1,429,000
	3,117,260	3,117,260
Less: accumulated depreciation	(517,855)	(381,715)
	$ 2,599,405	$ 2,735,545

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 noncancelable operating lease for years ending December 31 are as follows:

2012	$ 264,000
2013	198,000
	$ 462,000

SHEE ATIKA BENEFITS TRUST

INDEPENDENT AUDITORS' REPORT

PETERSON SULLIVAN LLP

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

We have audited the accompanying statements of assets and members' equity of Shee Atiká Investments, LLC ("SAIL") as of December 31, 2011 and 2010, and the related statements of revenue and expenses and changes in members' equity (all on the modified income tax basis) for the years then ended. 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 above present fairly, in all material respects, the assets and members' equity of Shee Atiká Investments, LLC as of December 31, 2011 and 2010, and its revenue and expenses and changes in members' equity for the years then ended, on the modified income tax basis of accounting described in Note 1.

Peterson Sullivan LLP

March 17, 2012

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

December 31, 2011 and 2010

ASSETS	2011	2010
Investments, at fair value	$ 45,717,157	$ 47,915,912
Cash and cash equivalents	3,210,369	1,737,150
Loan receivable from Shee Atiká, Incorporated	5,786,837	5,531,098
Dividends receivable	115,141	526,372
Other	12,144	12,144
Total assets	$ 54,841,648	$ 55,722,676

MEMBERS' EQUITY		
Members' equity	$ 54,841,648	$ 55,722,676

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Revenue		
Interest	$ 400,046	$ 440,596
Dividends	2,747,372	2,625,468
Net realized gains (losses) on sales of investments	(250,050)	328,501
Total revenue	2,897,368	3,394,565
Expenses		
Management, custodian and professional fees	165,643	206,437
Other expenses	3,749	4,332
Total expenses	169,392	210,769
Taxable income	2,727,976	3,183,796
Adjustment to fair value of investments	(1,399,004)	689,610
Net income	**$ 1,328,972**	**$ 3,873,406**

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

For the Years Ended December 31, 2011 and 2010

Balance, December 31, 2009	$ 54,049,270
Net income	3,873,406
Distributions	(2,200,000)
Balance, December 31, 2010	55,722,676
Net income	1,328,972
Distributions	(2,210,000)
Balance, December 31, 2011	$ 54,841,648

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.

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.

INVESTMENTS, AT FAIR VALUE

Investments are stated at fair value based on the following:

- Investments in mutual funds are carried at current market prices on active exchanges on the last trading day of the year (Level 1 inputs in aforementioned fair value hierarchy). 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 (Level 3 inputs in aforementioned fair value hierarchy). 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. 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.

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, 2009	$ 1,071,128
Sales	(406,676)
Other	(17,243)
Change in fair value	159,256
Balance, December 31, 2010	806,465
Sales	(806,442)
Other	(12,152)
Change in fair value	12,129
Balance, December 31, 2011	$ 0

NCOME 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. Tax years 2008 through 2011 are open to examination by federal tax authorities.

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:

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
World Bond Funds				
Pimco All Asset Fund	$ 9,167,611	$ 9,949,998	$ 8,540,062	$ 8,932,185
Templeton Global Bond Fund	2,835,442	3,028,840	3,088,316	3,010,847
Pimco Global Bond Fund	1,925,946	1,995,044		
Pimco Foreign Bond Fund	1,889,939	1,996,026		
Prudential Total Global Return Fund	1,853,209	1,992,874		
Intermediate-term Bond Funds				
Pimco Total Return Bond Fund	5,943,204	5,775,866	5,930,594	5,774,223
TCW Total Return Bond Fund	3,001,781	3,103,722	3,081,784	3,096,731
Fidelity Spartan Intermediate Term Bond Fund	2,284,241	2,054,204	2,073,038	2,020,757
TCW Core Fixed Income Bond Fund	2,137,273	2,069,055	2,071,281	2,052,023
Metropolitan West Total Return Bond Fund	2,090,771	2,047,238	2,076,382	2,030,889
Doubline Total Return Bond Fund	1,958,977	1,984,044	1,936,917	1,979,889
Pimco Mortgage-Backed Securities Fund			2,052,796	2,072,970
Emerging Markets Bond Funds				
Eaton Vance Emerging Markets Fund	3,528,328	3,974,875		
TCW Emerging Markets Bond Fund	2,066,032	2,037,701	2,168,832	2,037,701
High Yield Bond Fund				
Metropolitan West High Yield Bond Fund	1,922,158	2,027,470	2,065,065	2,003,035
Multisector Bond Fund				
Pimco Income Fund	3,111,528	2,984,727	3,149,562	2,968,006
Short-term Bond Funds				
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 Fund			1,978,102	1,996,626
Lord Abbet Short Duration Bond Fund			1,008,568	1,004,196
Other Fund				
Pimco StocksPLUS Short Strategy Fund			1,846,433	2,007,462
Real Estate Investment Trust:				
RREEF America REIT II, Inc.			806,465	780,975
Other	717	667	1,007	948
	$ 45,717,157	$ 47,022,351	$ 47,915,912	$ 47,792,320

SHEE ATIKÁ INVESTMENTS

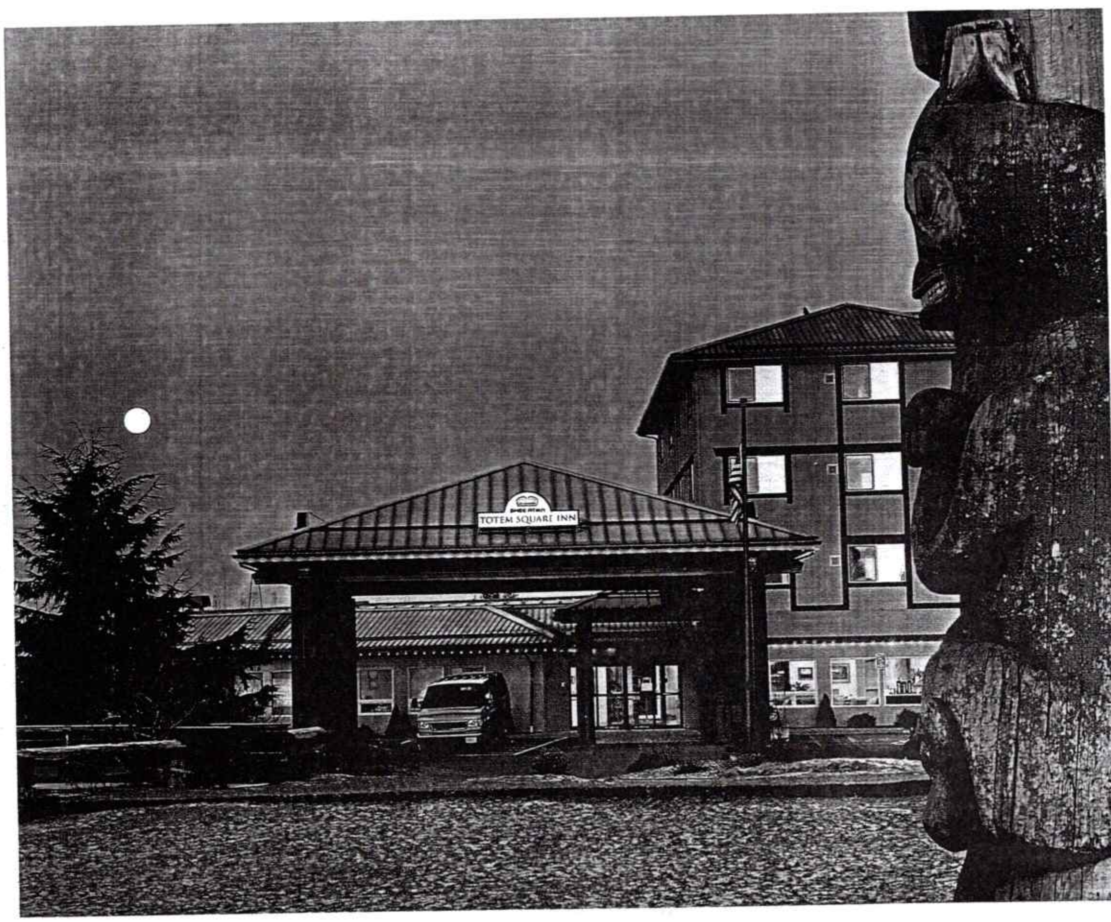
RREEF America REIT II, Inc. ("RREEF") is a real estate investment trust investing in apartment, industrial, retail, and office properties located throughout the United States. In February 2011, SAIL redeemed its remaining interest in RREEF.

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 $110,370 and $103,386 in 2011 and 2010, respectively, which are included in management, custodian, and professional fees on the statements of revenue and expenses - 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, 2011. At December 31, 2011 and 2010, the loan balance includes $786,837 and $531,098 of accrued interest, respectively.



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.

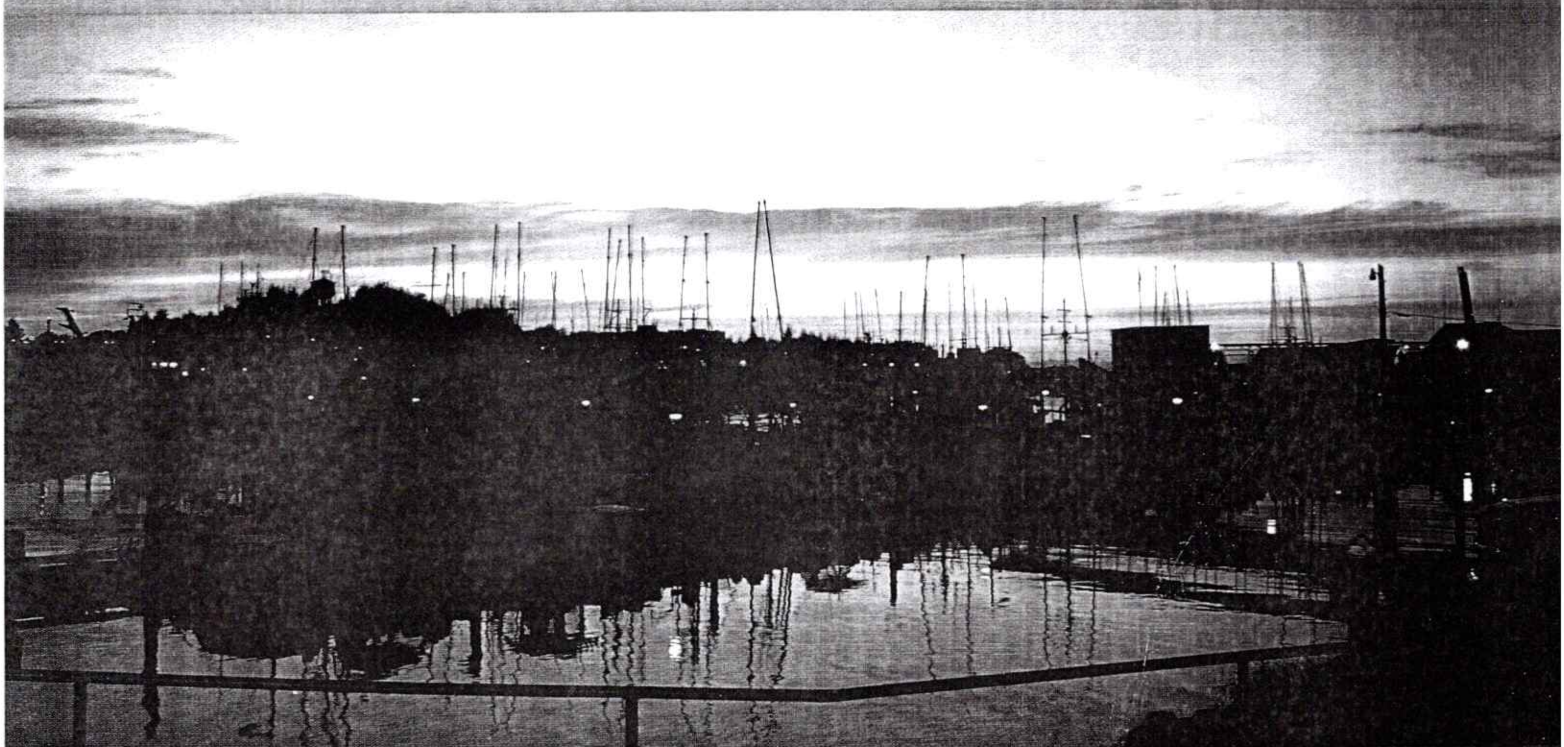
Non-controlling interest — Non-controlling interests represent the portion of the financial activity attributable to minority owners of a business. Usually, the 8(a) Companies have non-controlling interests that are highlighted when these companies are combined with their parent company (in this case,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

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