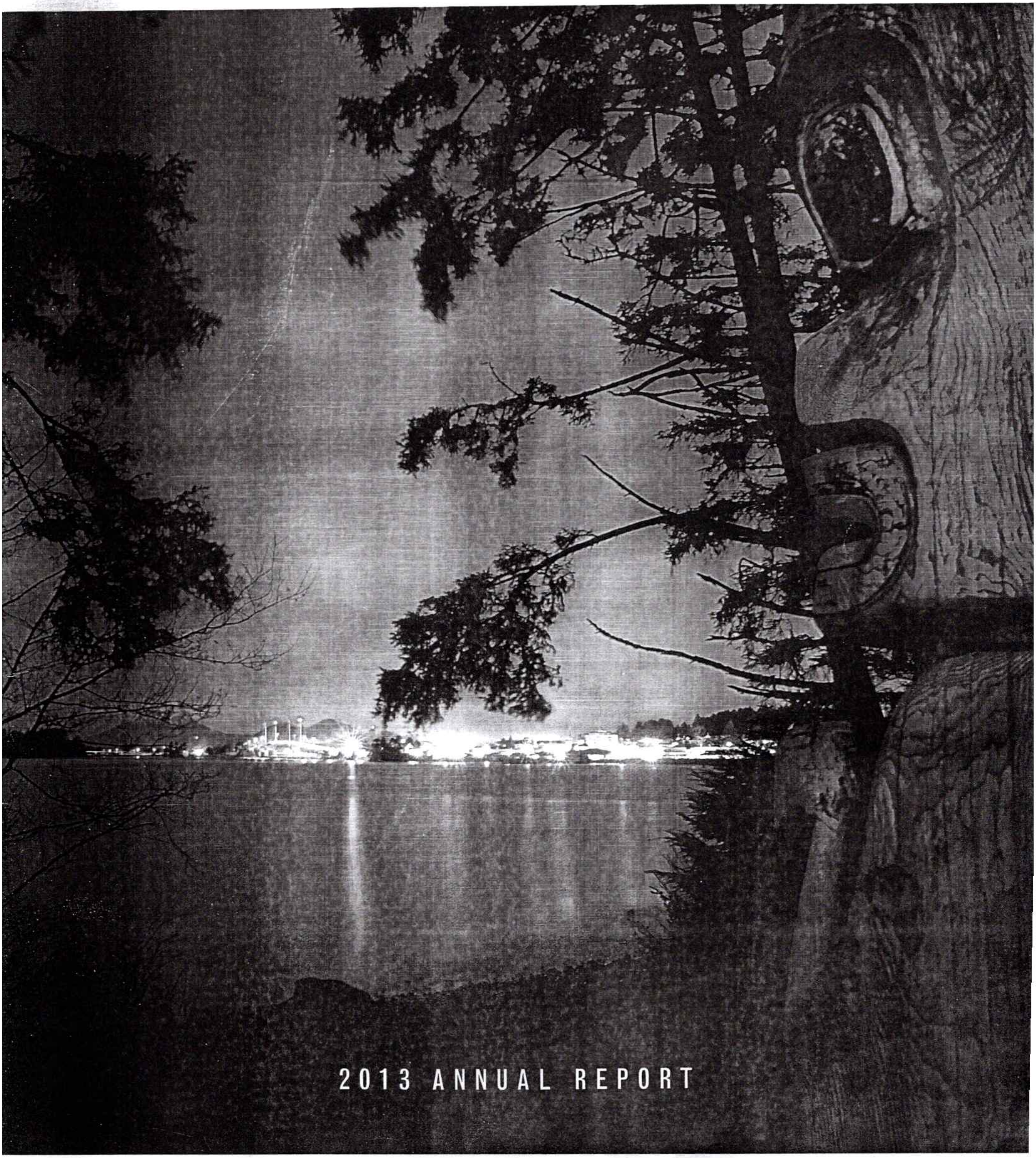
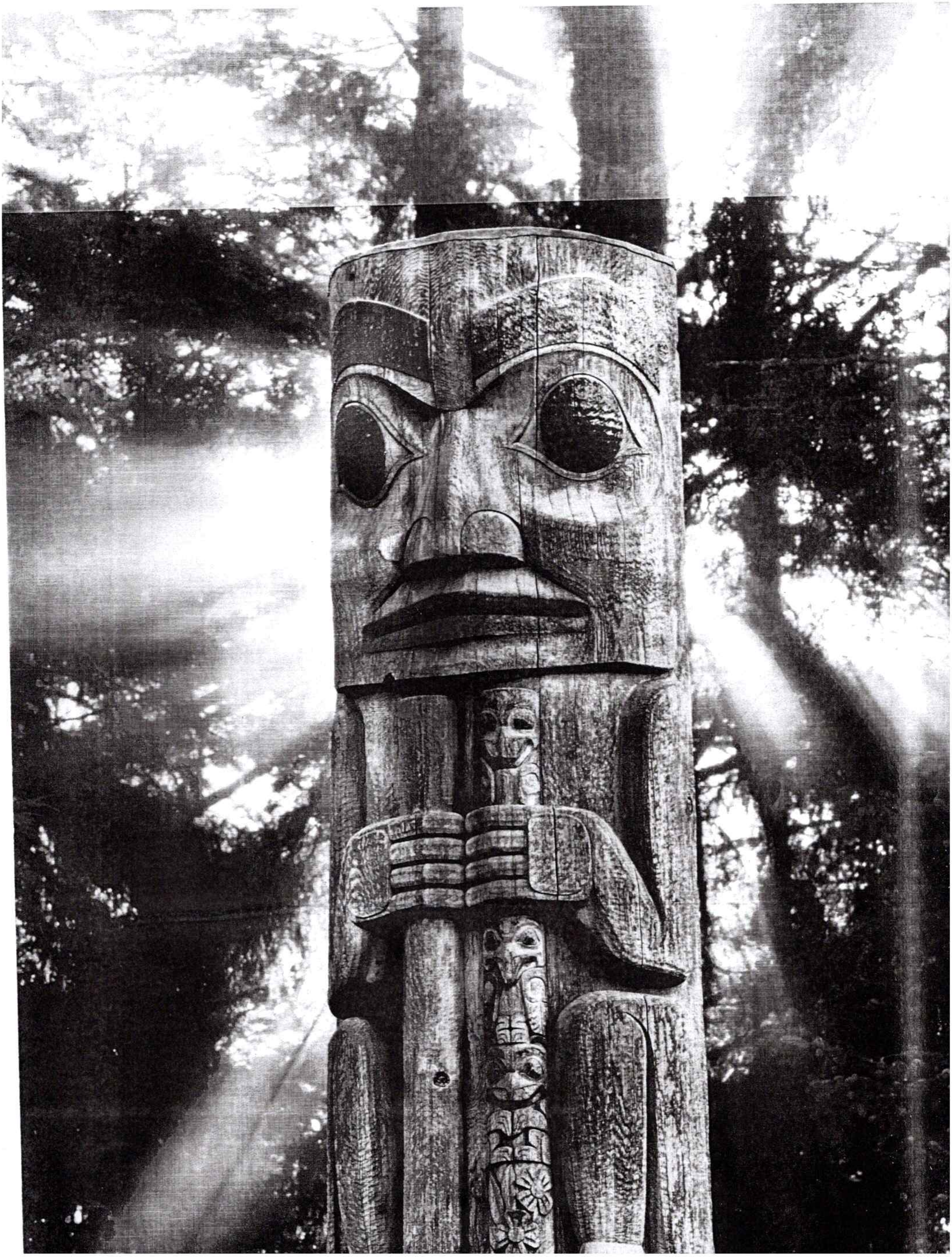
SHEE ATIKÁ
Incorporated



2013 ANNUAL REPORT



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SHEE ATIKÁ BENEFITS TRUST

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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; Gillian Havrilla, Director;

Bottom Row

Joshua Horan, Director; Faleene Worrell, Director; Shirley Yocum, Director

LETTER FROM THE VICE-CHAIRMAN

Greetings fellow shareholders:

On behalf of your Board of Directors I want to update you on the changes at Shee Atiká, Inc. in 2013.

You are probably most familiar with the new electronic voting option implemented for the 2013 Annual Meeting. Every shareholder was sent a traditional paper proxy along with instructions on how to vote either by paper or electronic proxy. Approximately 33% of those who voted in our 2013 annual meeting chose to vote electronically. Thank you!

For our 2014 Annual Meeting you will again have the choice to vote either electronically at www.sheeatikavote.com (using the information located on your paper proxy label) or by returning a paper proxy in the postage prepaid envelope. I urge every shareholder to please take the time to vote. You will qualify for early bird prizes either way so long as your proxy is received by May 7th, 2014. If you can, your Board recommends that you use the electronic option: it's fast, it's easy, and you can receive an immediate email confirmation that your proxy has been received.

The Board is committed to providing educational benefits for current and future generations. In 2013 the Board voted to make a change in how the educational and funeral benefits will be paid to ensure that these benefits can continue in the foreseeable future. In 1997 the Shee Atiká Benefits Trust (SABT) was formed and funds were contributed with the intent that SABT would be self-sustaining, that is, that SABT would have sufficient earnings to pay annual benefits. For many years, SABT worked very much as planned: income generated from SABT's investments was used to pay SABT's benefits (scholarships and funeral expenses).

In recent years, however, SABT has been unable to generate sufficient annual earnings to fully pay for the scholarships and funeral expenses as more and more of our shareholders have applied for SABT's benefits. This required Shee Atiká, Inc. to make substantial annual contributions in the hundreds of thousands of dollars to SABT so SABT could provide benefits.

Rather than contribute annually to SABT, your Board decided last year to embrace the most straightforward solution, which is that Shee Atiká, Inc. would resume providing educational and funeral benefits directly effective January 1, 2014. Due to legal requirements imposed by ANCSA (Alaska Native Claims Settlement Act), future educational and funeral benefits from Shee Atiká, Inc. will be limited to our Class A shareholders , that is, a shareholder must be either a Native or a Descendant of a Native to receive these benefits. The academic scholarship program now has one deadline annually and is available to Class A shareholders seeking to become full or part-time undergraduate, graduate, vocational/technical or cultural & heritage students with a maximum award of $2,400 annually. Short term training and short term cultural & heritage scholarships are still available and can be applied for at anytime. The Board made this change to allow our scholarship funds to impact a greater number of shareholders over the long term.

The Board has also heard from many shareholder families about the value of providing funeral benefits to help

defray the costs at such a difficult time. Shee Atiká, Inc. will continue to provide a funeral benefit, however the Board determined that it was necessary to reduce the benefit to $1750 in order to continue to provide this benefit on a long term basis. Also, as with our scholarship benefits, ANCSA requires that the funeral benefit paid by Shee Atiká, Inc. must be limited to Class A shareholders only.

On behalf of your Board, we thank you for the opportunity to serve you and appreciate your support of our corporation. We hope to see you at the Harrigan Centennial Hall in Sitka on Saturday, May 17, 2014 at 9:00 a.m. Until then, please remember to vote, and to those who can, please consider voting electronically.

Best wishes,

PSteffes

Pamela Steffes

Vice-Chairman

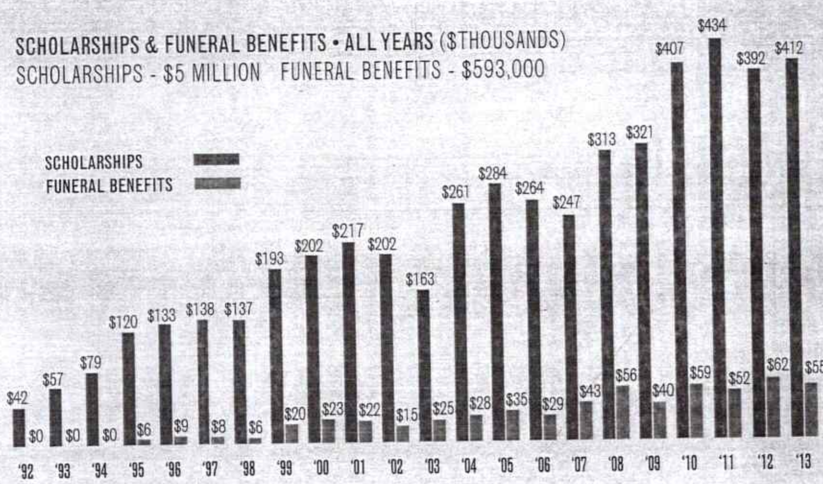
Dear fellow shareholders:

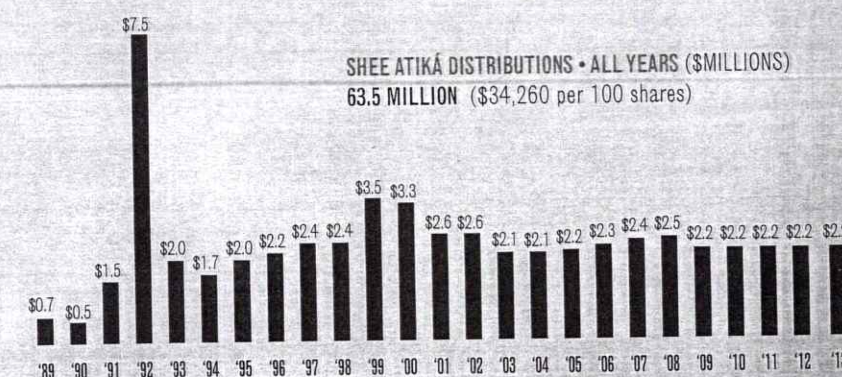
I am pleased to report to you on a successful year of restructuring SAI and its subsidiaries.

Over the years the company accumulated burdensome debt and 2013 saw an emphasis on debt reduction. The sale of Totem Square, West Marine, and the majority of the Alice Island lots reduced debt by about 37%. This debt reduction permits the company greater flexibility for operations in the future.

Similar to most government contractors we have noted a significant reduction in the number of government contracts advertised and eventually awarded. This is consistent with the reduction in the war efforts in Iraq and Afghanistan, as well as significant reductions in the budgets of various Government agencies, especially the Defense Department. We are continuing to pursue Government contracts but the pursuit is more focused on two areas in which we have expertise: construction and linguists. The Government has informed us that we are under consideration for significant contracting in 2014 and we should soon know if we will be a successful bidder.

As you probably remember, voters in Alaska approved Proposition A in the fall of 2012, which authorized the issuance of State bonds to pay for various transportation projects and infrastructure. Proposition A included funds for the State of Alaska's Roads to Resources Program, and specifically funds for a road to our property in Katlian Bay. This will give Sealaska, the subsurface owner, the ability to sell rock from quarries in the shore lands of the Bay. This past year saw the initiation of planning for the Katlian Bay road, and the planning is continuing during 2014. We believe that the road to





Katlian Bay is a very important step to increasing the value of our holdings and we support it.

The discussion with the United States Forest Service on the sale of Cube Cove to the Government stalled this last year. However, we were successful in enlisting the aid of the Alaska Congressional Delegation, Senator Lisa Murkowski, Senator Mark Begich and Congressman Don Young, in putting the project back on track. One of these next steps is for Cube Cove to be appraised under the specific standards applicable to Government acquisitions, and it is our hope that an appraisal can be completed in 2015. The Cube Cove project is a multi-year project that will have numerous go/no go decision points along the way for the Board of Directors. Stated differently no final decision has yet been made to sell Cube Cove and one of the key factors will be the price the Government will offer us based upon the appraisal.

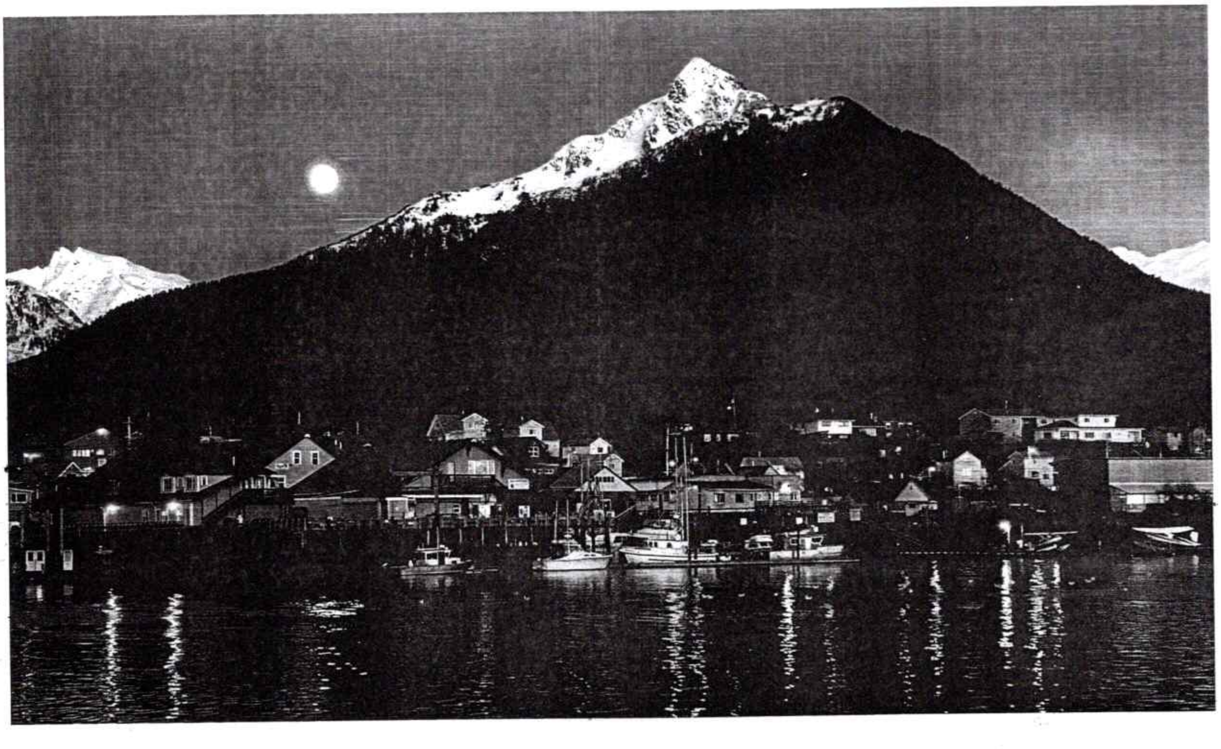
We are pleased that 33% of the shareholders who voted at our 2013 annual meeting did so electronically rather than using a paper proxy. This represents a huge step forward for our company because it is the wave of the future. Our shareholders' 33% participation electronically in the first year that the electronic option was available underscores the willingness of our shareholders to embrace technology as well as Shee Atiká's plan to stay at the forefront. We encourage you to vote electronically again this year.

This past year SAFE made two distributions at $6/share totaling $2.2 million dollars. This brings total distributions since Shee Atiká's inception to $63.5 million. Most importantly, and thanks in large part to Shee Atiká's persistent efforts over the past decade, Tax Code section 646 was made permanent in 2013. Tax Code section 646 provides special rules for ANCSA settlement trusts such as SAFE and SABT, including very low tax rates for the settlement trust and tax free distributions of income to you as the beneficiaries of our settlement trusts.

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

Kenneth Cameron

Kenneth M. Cameron
President/CEO



SHEE ATIKÁ STAFF


Left to Right:

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

Ptarmica McConnell, Chief Operating Officer



Lauren Estes, Director of Human Resources

Lillian Nielsen Young, Shareholder Services Manager

Alicia Williams, Administrative Assistant




Kevin Mosher, Accounting Technician

Heather Albertson, Accounting Technician

Ron James, Lead Maintenance Technician

Kori Lindstrom, Administrative Coordinator

CORPORATE INFORMATION

SENIOR MANAGEMENT

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

Ptarmica McConnell
Chief Operating Officer

STAFF

Lauren Burkhart Estes
Director of Human Resources
Property Administrator

Lillian Nielsen Young
Shareholder Services Manager

Alicia Williams
Administrative Assistant

Heather Albertson
Accounting Technician

Kevin Mosher
Accounting Technician

Kori Lindstrom
Administrative Coordinator

Ron James
Lead 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.
701 Fifth Avenue, Suite 3300
Seattle, WA 98104

STOCK TRANSFERS

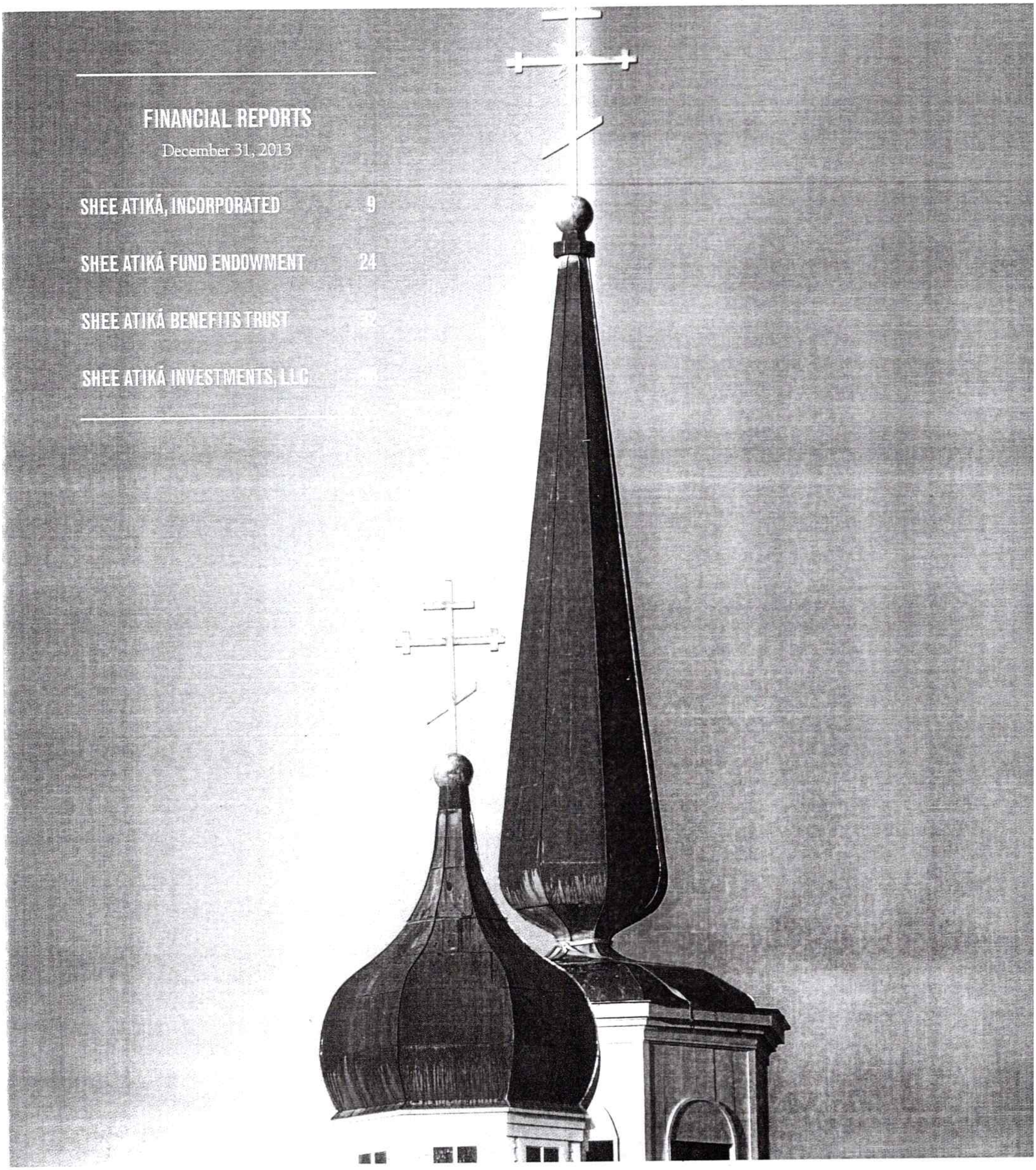
Shee Atiká, Incorporated
Attn: Shareholder Services

INSPECTOR OF ELECTIONS

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

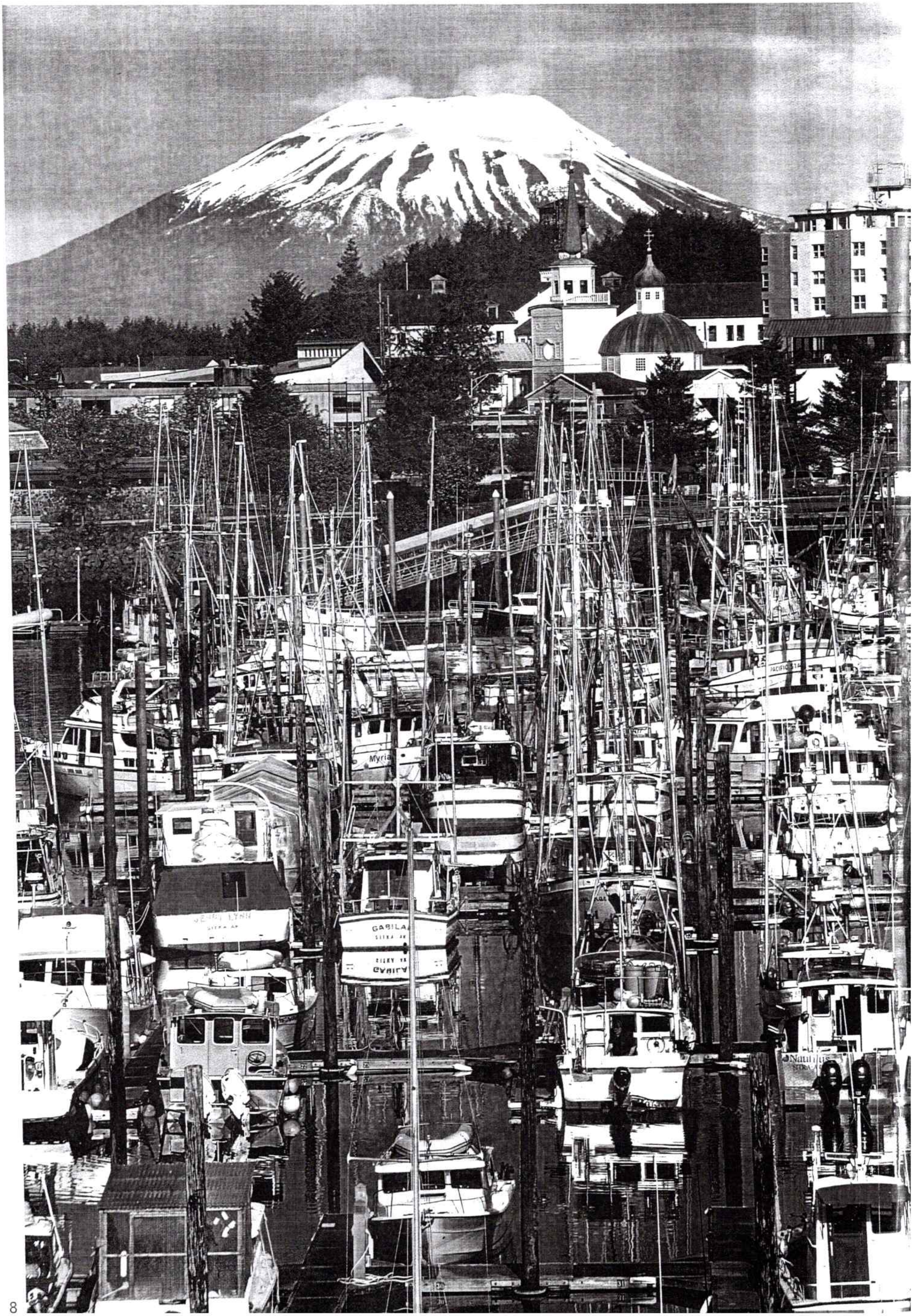
SHEE ATIKÁ BENEFITS TRUST SCHOLARSHIP COMMITTEE

Laverne Wise, Chairman: Kent, WA
Nancy Douglas: Sitka, AK
Adrianne Davis: Sitka, AK



FINANCIAL REPORTS

December 31, 2013



INDEPENDENT AUDITORS' REPORT

petersonsullivan LLP

Certified Public Accountants
& Advisors

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

We have audited the accompanying consolidated financial statements of Shee Atiká, Incorporated and Subsidiaries ("Shee Atiká"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shee Atiká, Incorporated and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Peterson Sullivan L.L.P.

March 21, 2014

CONSOLIDATED BALANCE SHEETS

December 31, 2013 and 2012

ASSETS	2013	2012
Current Assets		
Cash and cash equivalents	$ 8,088,766	$ 7,904,996
Accounts receivable	4,952,052	5,027,161
Administrative fees receivable from Trusts	975,920	
Investments		1,036,891
Loan receivable from SABT	327,000	
Income tax receivable	229,000	229,000
Prepaid expenses and other	199,983	426,772
Total current assets	14,772,721	14,624,820
Leased Commercial Properties, net	6,916,773	11,684,682
Property and Equipment, net	2,038,901	2,022,985
Deferred Tax Asset	800,000	800,000
Total assets	$ 24,528,395	$ 29,132,487

LIABILITIES AND EQUITY	2013	2012
Current Liabilities		
Accounts payable and accrued expenses	$ 1,069,496	$ 1,354,321
Loan payable to SAIL	2,399,115	
Current portion of long-term debt	52,524	49,181
Total current liabilities	3,521,135	1,403,502
Loan Payable to SAIL		3,689,798
Long-Term Debt, less current portion	924,521	977,307
Total liabilities	4,445,656	6,070,607
Equity		
Shee Atiká, Incorporated shareholders' equity		
Common stock, no par or stated value, authorized 250,000 shares		
Class A, voting, issued and outstanding 180,392 for 2013 and 180,644 for 2012		
Class B, nonvoting, issued and outstanding 4,808 for 2013 and 4,556 for 2012		
Contributed capital	5,956,000	5,956,000
Retained earnings	11,366,828	13,803,347
Total Shee Atiká, Incorporated shareholders' equity	17,322,828	19,759,347
Noncontrolling interest	2,759,911	3,302,533
Total equity	20,082,739	23,061,880
Total liabilities and equity	$ 24,528,395	$ 29,132,487

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue		
Rentals from leased commercial properties	$ 321,413	$ 385,772
Hotel and gift shop	509,280	1,199,318
Restaurant and lounge	424,961	831,323
Contracts		31,007,701
Administrative fees from affiliated entities	1,365,240	2,324,904
Lease termination fee	2,186,148	
Gain (loss) on sale of assets	(618,975)	205,791
Net loss on investments		(798,813)
Interest and dividends		510,520
Other	31,458	165,062
Total revenue	4,219,525	35,831,578
Costs and expenses		
Leased commercial properties	371,688	651,469
Hotel and gift shop	697,442	1,487,042
Restaurant and lounge	579,729	1,337,878
Contracts		29,603,617
General and administrative	4,706,842	6,092,309
Interest	134,635	256,220
Depreciation and amortization	345,504	421,727
Contributions	19,826	
Total costs and expenses	6,855,666	39,850,262
Loss before income tax benefit	(2,636,141)	(4,018,684)
Income tax benefit		622,140
Net loss	(2,636,141)	(3,396,544)
Net loss attributable to noncontrolling interests	199,622	550,167
Net loss attributable to Shee Atiká, Incorporated	**$ (2,436,519)**	**$ (2,846,377)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2013 and 2012

	Shee Atiká, Incorporated Shareholders' Equity						
	Shares of Common Stock Class A	Class B	Contributed Capital	Retained Earnings	Total	Noncontrolling Interest	Total Equity
Balances, December 31, 2011	181,143	4,057	$5,956,000	$16,899,724	$22,855,724	$10,271,700	$33,127,424
Net transfers from voting to nonvoting shares	(499)	499					
Net loss for the year				(2,846,377)	(2,846,377)	(550,167)	(3,396,544)
Distributions to noncontrolling interests						(6,419,000)	(6,419,000)
Distribution of cash to Shee Atiká Benefits Trust				(250,000)	(250,000)		(250,000)
Balances, December 31, 2012	180,644	4,556	5,956,000	13,803,347	19,759,347	3,302,533	23,061,880
Net transfers from voting to nonvoting shares	(252)	252					
Net loss for the year				(2,436,519)	(2,436,519)	(199,622)	(2,636,141)
Distributions to noncontrolling interests						(343,000)	(343,000)
Balances, December 31, 2013	180,392	4,808	$5,956,000	$11,366,828	$17,322,828	$2,759,911	$20,082,739

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities		
Cash received from:		
Rentals from leased commercial properties	$ 394,151	$ 406,016
Hotel, restaurant, and lounge operations	936,227	2,030,662
Contracts		48,045,183
Administrative and other fees from affiliated entities	389,320	2,324,904
Lease termination fee	2,186,671	
Interest and dividends		510,520
Income tax refund		697,140
Other	25,516	159,642
Cash paid to/for:		
Contractors, suppliers, and employees	(6,333,144)	(46,587,957)
Interest	(160,608)	(256,426)
Net cash flows from operating activities	(2,561,867)	7,329,684
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	4,575,439	793,518
Proceeds from sale of investments	1,036,891	
Purchases of property and equipment	(787,925)	(2,448,559)
Issuance of loan to SABT	(327,000)	
Net cash flows from investing activities	4,497,405	(1,655,041)
Cash Flows from Financing Activities		
Principal repayments on long-term debt	(49,443)	(46,109)
Payment on loan payable to SAIL	(1,359,325)	(2,191,654)
Distributions to noncontrolling interests	(343,000)	(6,419,000)
Distribution of cash to Shee Atiká Benefits Trust		(250,000)
Net cash flows from financing activities	(1,751,768)	(8,906,763)
Net change in cash and cash equivalents	**183,770**	**(3,232,120)**
Cash and cash equivalents, beginning of year	7,904,996	11,137,116
Cash and cash equivalents, end of year	$ 8,088,766	$ 7,904,996
Reconciliation of net loss to net cash flows from operating activities		
Net loss	$ (2,636,141)	$ (3,396,544)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	345,504	421,727
Loss (gain) on sale of property	618,975	(205,791)
Net loss on investments		798,813
Deferred income tax benefit		(650,000)
Changes in operating assets and liabilities		
Accounts receivable	75,109	17,101,301
Administrative fees receivable from Trusts	(975,920)	
Income tax receivable		725,000
Prepaid expenses and other assets	226,789	1,447,441
Accounts payable and accrued expenses	(284,825)	(9,006,878)
Accrual of interest on loan payable to SAIL	68,642	94,615
Net cash flows from operating activities	$ (2,561,867)	$ 7,329,684

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.

Prior to 2013, Shee Atiká's primary operations have been providing services (primarily linguistics services) under contracts with the United States Government. These services were 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 entities preference in obtaining contracts with the United States Government. Shee Atiká's contracts were primarily with the United States Department of Defense (an agency of the United States Government) and a substantial amount of services were provided in Iraq and Afghanistan. The services provided included customized language services, role players, regional subject matter experts, and cultural advisors. Shee Atiká had active service contracts through August 2012, but as of December 31, 2013 and 2012, did not have any active contracts. Shee Atiká is currently seeking new contracts.

Shee Atiká also leases commercial properties it owns, which are located in Sitka, Alaska, and through June 2013, operated a hotel, restaurant, and lounge in Sitka, Alaska. See discussion in Note 3 regarding the sale of the hotel, restaurant, and lounge.

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 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; see discussion below on current status)
- Shee Atiká Commercial Services LLC (majority-owned; indefinite life)
- Shee Atiká Management LLC (wholly-owned; termination date of 2022)
- Shee Atiká Holdings Alice Island LLC (wholly-owned; termination date of 2027)
- Shee Atiká Holdings Lincoln Street LLC (wholly-owned; termination date of 2022)

The effective date of dissolution of Shee Atiká Languages LLC ("SAL") was February 6, 2013. Prior to the effective dissolution of SAL, certain claims, rights, and causes of action of SAL were conveyed to The Shee Atiká Languages, LLC Liquidating Trust ('the Liquidating Trust') in order to allow for those claims, rights, and causes of action to continue to be pursued. The owners of SAL are the beneficiaries of the Liquidating Trust, and the ownership of the beneficiaries is in the same proportion as their ownership percentage was in SAL. Thus, Shee Atiká is the majority beneficiary of the Liquidating Trust. All references to SAL in these consolidated financial statements refer to Shee Atiká Languages LLC or the Liquidating Trust.

USE OF ESTIMATES

The preparation of consolidated 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 consolidated financial statements. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

Investments are classified as trading securities and are stated at fair value. The primary investment held by Shee Atiká was an investment in a partnership interest (INVESCO Partnership Fund IV). The fair value of the partnership interest at December 31, 2012, was determined based on the sales price of the investment negotiated between Shee Atiká and a third-party in January 2013. The partnership invested in other investment funds that invested in alternative assets.

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.

Shee Atiká's investments were measured at fair value on a recurring basis as of December 31, 2012, using Level 3 inputs in the fair value hierarchy. There are no assets held at December 31, 2013, that are measured at fair value.

The following is a reconciliation of investment activity for the years ended December 31:

	2013	2012
Balance, beginning of year	$ 1,036,891	$ 1,835,704
Unrealized loss		(798,813)
Investment sales	(1,036,891)	
Balance, end of year	$ -	$ 1,036,891

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 revenue in 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.

All of Shee Atiká's contract revenue was generated through SAL in 2012. Shee Atiká has the following revenue concentrations related to its contracting activities:

- Two separate contracts with the United States Department of Defense (one of which was with Shee Atiká as a subcontractor to a third-party company that had the contract with the United States Department of Defense) accounted for 99% of contract revenue for 2012.
- Contracts where the services performed by Shee Atiká are in Iraq and Afghanistan accounted for 28% and 70%, respectively, of revenue in 2012.

In addition, three customers accounted for 50% and 43% of total rental revenue from leased commercial properties in 2013 and 2012, 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, 2013 and 2012. The tax years 2010 through 2013 remain open to examination by federal authorities.

SUBSEQUENT EVENTS

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

2 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2013	2012
Amounts billed under contracts	$ 4,019,019	$ 4,019,019
Unbilled revenue	929,856	929,934
Other accounts receivable	3,177	78,208
	$ 4,952,052	$ 5,027,161

All amounts billed under contracts and unbilled revenue at December 31, 2013 and 2012, are owed to SAL by the prime contractor on a contract with the United States Government under which SAL operated as a subcontractor. Approximately $4 million relates to amounts in dispute as further discussed below.

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 SAL's largest contract, related to activity under the contract in 2009 and 2008. 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. In addition, the prime contractor recovered the remaining balance from SAL by offsetting amounts otherwise due SAL. SAL is disputing this offset. The costs discussed above that are currently disputed (amounting to approximately $4 million) are included with accounts receivable, but the prime contractor has advised SAL that payment of these amounts will be withheld from SAL until the dispute is resolved. This dispute is expected to be resolved in court in spring 2014.

3 LEASED COMMERCIAL PROPERTIES

Leased commercial properties consist of the following at December 31:

	2013	2012
Buildings	$ 5,151,891	$ 5,388,793
Leasehold improvements	311,047	2,771,844
Furniture and fixtures		292,789
Other		43,909
	5,462,938	8,497,335
Less: accumulated depreciation and amortization	(1,511,383)	(1,668,833)
	3,951,555	6,828,502
Land	2,926,930	4,084,387
Construction in progress	38,288	771,793
	$ 6,916,773	$ 11,684,682

Almost all leashold improvements and furniture and fixtures at December 31, 2012, were related to the Totem Square building owned by a related entity, Shee Atiká Benefits Trust ('SABT') and leased at December 31, 2012, to Shee Atiká Management, LLC ('SAM'), a wholly owned subsidiary of Shee Atiká. The building was sold to a third-party in 2013 for net sales proceeds of $5,313,000. All assets held by SAM and SABT related to the property were included in the sales transaction and, thus, the net sales proceeds were allocated to both entities. The sale of the property resulted in a loss recorded by SAI amounting to $475,236. Additionally, as SABT leased the property to SAM under a lease that effectively terminated early upon the sale of the building, a lease termination fee of $2,186,148 was paid by SABT to SAM in 2013.

Depreciation expense for leased commercial properties amounted to $299,964 and $336,557 in 2013 and 2012, 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:

2014	$ 205,179
2015	206,390
2016	178,107
2017	171,610
2018	167,815
Thereafter	130,829
	$ 1,059,930

4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2013	2012
Furniture and equipment	$ 485,782	$ 453,137
Other	230,379	276,858
	716,161	729,995
Less: accumulated depreciation	(562,249)	(591,999)
	153,912	137,996
Land	1,884,989	1,884,989
	$ 2,038,901	$ 2,022,985

Depreciation expense for property and equipment amounted to $45,540 and $85,170 in 2013 and 2012, respectively.

5 LOAN PAYABLE TO SAIL

Shee Atiká has a loan arrangement with an affiliate, Shee Atiká Investments, LLC ("SAIL"), that bears interest at 4%, is due in full December 31, 2014, 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 $2,399,115 and $3,689,798 at December 31, 2013 and 2012, respectively, includes the unpaid principal balance as well as $68,462 and $94,615 of accrued interest, respectively.

6 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2013 and 2012:

	2013	2012
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	$ 977,045	$ 1,026,488
Less: current portion	(52,524)	(49,181)
	$ 924,521	$ 977,307

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

2014	$ 52,524
2015	56,091
2016	59,740
2017	63,960
2018	68,305
Thereafter	676,425
	$ 977,045

7 INCOME TAXES

Income tax expense for the years ended December 31, 2013 and 2012, consists of:

	2013	2012
Current expense	$ -	$ (27,860)
Deferred benefit		650,000
Income tax benefit	$ -	$ 622,140

Shee Atiká's effective tax rate differs from statutory rates for 2013 due to the change in the valuation allowance on the net deferred tax assets. Shee Atiká's effective tax rate differs from statutory rates for 2012 due to (1) a significant portion of its operations are performed by LLCs and Shee Atiká does not own the entire LLC interest, (2) the change in the valuation allowance on the net deferred tax asset, and (3) 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:

	2013	2012
Deferred tax assets:		
Net operating loss	$ 1,351,000	$ 1,318,000
Alternative minimum tax credit carryforwards	375,000	174,000
Accrued compensation	114,000	106,000
Excess of tax basis in buildings and equipment	107,000	
Unrealized holding losses on investments		84,000
Other	99,000	68,000
	2,046,000	1,750,000
Deferred tax liabilities:		
Prepaid expenses	54,000	66,000
Excess of book basis in buildings and equipment		384,000
	54,000	450,000
	1,992,000	1,300,000
Less: valuation allowance	(1,192,000)	(500,000)
Net deferred tax asset	$ 800,000	$ 800,000

The net deferred tax asset is classified as long-term in the consolidated balance sheets as of December 31, 2013 and 2012.

As of December 31, 2013, Shee Atiká has Federal net operating tax loss carryforward and alternative minimum tax credit carryforwards of approximately $3,600,000 and $375,000, respectively. The net operating tax loss carryforwards expire in 2031 to 2033. The alternative minimum tax credit carryforwards do not expire. Based on management's assessment of available positive and negative evidence which included, among other things, Shee Atiká's recent results of operations and expected future profitability, a valuation allowance was deemed necessary at December 31, 2013 and 2012, for the portion of the net deferred tax asset that management believes is not likely to be realized. Accordingly, a partial valuation allowance has been provided at December 31, 2013 and 2012. The change in the valuation allowance was $692,000 and $500,000 for 2013 and 2012, respectively.

8 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, determining the appropriate use of income to accomplish the trusts' primary purpose, and making distributions to unit holders who are also Shee Atiká shareholders. Further, the trusts are prohibited by ANCSA from operating a business.

The first settlement trust, 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 $55.5 million and $59.1 million at December 31, 2013 and 2012, respectively.

The second settlement trust, SABT, was established to provide scholarships and funeral benefits to Shee Atiká's shareholders who are also beneficiaries of the trust. Due to anticipated future distributions by SABT, it may require additional funding. Shee Atiká loaned funds to SABT of $327,000 in 2013 and transferred $250,000 of cash in 2012 to SABT. SABT has net assets of approximately $410,000 and $3,200,000 at December 31, 2013 and 2012, respectively. In November 2013, the Board of Directors of SAI decided that beginning January 1, 2014, scholarship and funeral benefits will be distributed by SAI instead of SABT with a plan to wind down all activity at SABT.

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

9 RELATED PARTY TRANSACTIONS

Related party transactions for the years ended December 31, 2013 and 2012, are as follows:

- Included in contract costs and expenses in the consolidated statements of operations for 2012 is $13,026,926 in costs incurred primarily for subcontract work on various service contracts to a company that is owned by a minority interest owner of certain subsidiaries of Shee Atiká. In addition, Shee Atiká owed $12,236 to these companies at December 31, 2012, which is included in accounts payable and accrued expenses in the consolidated balance sheet.
- As further discussed in Note 5, in February 2009, SAIL provided a loan to Shee Atiká which accrues interest at 4% and is due in December 2014.
- As discussed in Note 8, in 2013 SAI loaned SABT $327,000 which is unpaid as of December 31, 2013. The loan is due on demand and non-interest bearing.
- In 2013 and 2012, Shee Atiká incurred $132,000 and $264,000, respectively, in lease expense to SABT related to the lease Shee Atiká Management, LLC had for the Totem Square building. See Note 3 for discussion on the sale of the Totem Square building in 2013.
- Shee Atiká provides administrative services to SAFE, SABT, and SAIL. In 2013 and 2012, Shee Atiká charged administrative fees of $1,365,240 and $2,324,904, respectively, to these three entities (including in 2012 costs that had been incurred but not charged from prior years). The amounts charged to SAFE and SABT amounting to $975,920 for 2013 were not paid as of December 31, 2013 (no amounts unpaid as of December 31, 2012).
- Shee Atiká has had other transactions with shareholders for purchases of artwork and janitorial and other services.

10 401(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 $34,284 and $105,429 in 2013 and 2012, respectively.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

petersonsullivan LLP

Certified Public Accountants
& Advisors

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, 2013 and 2012, and our report thereon dated March 21, 2014, which contains an unmodified opinion on those consolidated financial statements, appears on page 1. 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 22 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 21, 2014

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET December 31, 2013

	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Commercial Services LLC
ASSETS			
Current Assets			
Cash and cash equivalents	$ 6,522,012	$ 1,057,254	$ 5,288
Accounts receivable	218,664	4,948,875	
Administrative fees receivable from Trusts	975,920		
Loan receivable from SABT	327,000		
Income tax receivable	229,000		
Prepaid expenses and other	92,909	100,000	
Total current assets	8,365,505	6,106,129	5,288
Leased Commercial Properties, net	539,745		
Property and Equipment, net	2,017,415		
Deferred Tax Asset	800,000		
Due from (to) related company	(755,238)		(684)
Equity in Subsidiaries	8,382,477		
Total assets	$ 19,349,904	$ 6,106,129	$ 4,604
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	$ 602,975	$ 564,232	$ -
Loan payable to SAIL	2,399,115		
Current portion of long-term debt			
Total current liabilities	3,002,090	564,232	
Long-Term Debt, less current portion			
Total liabilities	3,002,090	564,232	
Equity			
Shee Atiká, Incorporated shareholders' equity			
Contributed capital	5,956,000	184,620	51,000
Retained earnings (deficit)	10,391,814	2,597,574	(46,604)
Total Shee Atiká, Incorporated shareholders' equity	16,347,814	2,782,194	4,396
Noncontrolling interests		2,759,703	208
Total equity	16,347,814	5,541,897	4,604
Total liabilities and equity	$ 19,349,904	$ 6,106,129	$ 4,604

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS For the Year Ended December 31, 2013

	Shee Atiká Incorporated	Shee Atiká Languages LLC	Shee Atiká Commercial Services LLC
Revenues			
Rentals from leased commercial properties	$ 14,126	$ -	$ -
Hotel and gift shop			
Restaurant and lounge			
Administrative fees from affiliated entities	642,197		
Lease termination fee			
Gain (loss) on sale of assets	(310,921)		
Other	21,170	8,617	
Total revenue	366,572	8,617	
Costs and expenses			
Leased commercial properties	15,793		
Hotel and gift shop			
Restaurant and lounge			
General and administrative	3,855,039	386,363	8,633
Interest	68,462		
Depreciation and amortization	35,751	21,013	
Contributions	19,826		
Total costs and expenses	3,994,871	407,376	8,633
Income (loss) before income tax benefit	(3,628,299)	(398,759)	(8,633)
Income tax benefit			
Net income (loss)	(3,628,299)	(398,759)	(8,633)
Net loss attributable to noncontrolling interests		195,392	4,230
Net income (loss) attributable to Shee Atiká, Incorporated	$ (3,628,299)	$ (203,367)	$ (4,403)

Shee Atiká Management LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	Consolidating Entries	Total
$ 9,978	$ 466,409	$ 27,825	$ -	$ 8,088,766
	3,108	69	(218,664)	4,952,052
				975,920
				327,000
				229,000
	2,198	4,876		199,983
9,978	471,715	32,770	(218,664)	14,772,721
	3,147,169	3,229,859		6,916,773
21,486				2,038,901
				800,000
(159,119)	1,279,589	(364,548)	(8,382,477)	
$ (127,655)	$ 4,898,473	$ 2,898,081	$ (8,601,141)	$ 24,528,395
$ 36,035	$ 70,859	$ 14,059	$ (218,664)	$ 1,069,496
				2,399,115
		52,524		52,524
36,035	70,859	66,583	(218,664)	3,521,135
		924,521		924,521
36,035	70,859	991,104	(218,664)	4,445,656
209,247	4,763,316	1,971,968	(7,180,151)	5,956,000
(372,937)	64,298	(64,991)	(1,202,326)	11,366,828
(163,690)	4,827,614	1,906,977	(8,382,477)	17,322,828
				2,759,911
163,690)	4,827,614	1,906,977	(8,382,477)	20,082,739
$ (127,655)	$ 4,898,473	$ 2,898,081	$ (8,601,141)	$ 24,528,395

Shee Atiká Management LLC	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	Consolidating Entries	Total
$ 100,416	$ 81,666	$ 264,446	$ (139,241)	$ 321,413
509,280				509,280
424,961				424,961
723,043				1,365,240
2,186,148				2,186,148
(475,236)	167,182			(618,975)
1,671				31,458
3,470,283	248,848	264,446	(139,241)	4,219,525
119,031	151,833	100,727	(15,696)	371,688
720,987			(23,545)	697,442
579,729				579,729
556,807			(100,000)	4,706,842
		66,173		134,635
113,222	77,697	97,821		345,504
				19,826
2,089,776	229,530	264,721	(139,241)	6,855,666
1,380,507	19,318	(275)		(2,636,141)
1,380,507	19,318	(275)		(2,636,141)
				199,622
$ 1,380,507	$ 19,318	$ (275)	$ -	$ (2,436,519)

INDEPENDENT AUDITORS' REPORT

petersonsullivan LLP

Certified Public Accountants
& Advisors

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

We have audited the accompanying financial statements of Shee Atiká Fund Endowment ("SAFE"), which comprise the statements of net assets as of December 31, 2013 and 2012, and the related statements of revenue and expenses, and changes in net assets (all on the modified income tax basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified income tax basis described in Note 1; this includes determining that the modified income tax basis is an acceptable basis of accounting for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
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, 2013 and 2012, and its revenue and expenses, and changes in net assets for the years then ended, on the modified income tax basis of accounting described in Note 1.

Basis of Accounting
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. Our opinion is not modified with respect to this matter.

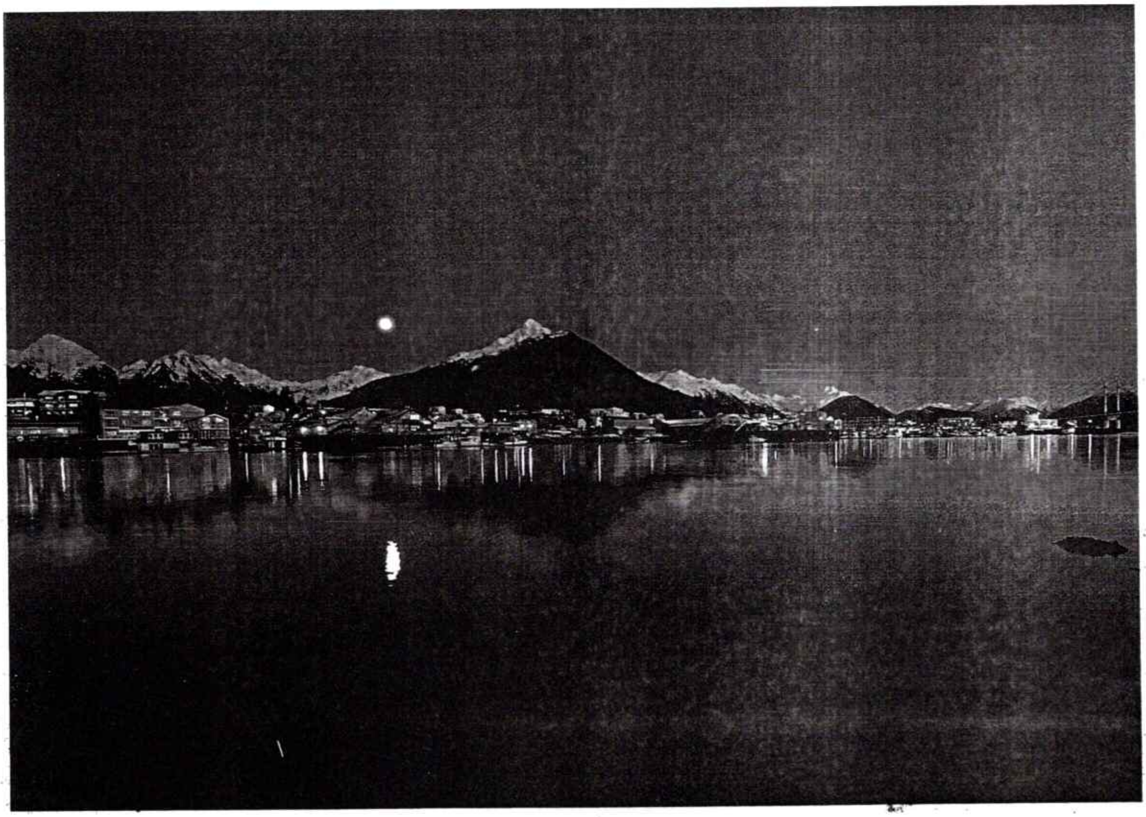
Peterson Sullivan L.L.P.

March 21, 2014

STATEMENTS OF NET ASSETS – MODIFIED INCOME TAX BASIS

December 31, 2013 and 2012

ASSETS	2013	2012
Investment in Shee Atiká Investments, LLC	$ 51,083,160	$ 54,902,575
Investment in Shee Atiká Commercial Services, LLC		2,307
Leased commercial property, net	7,327,914	7,555,929
Cash and cash equivalents	990,311	634,851
Income tax receivable	27,174	76,710
Other assets	234,200	219,441
Total assets	59,662,759	63,391,813
LIABILITIES		
Long-term debt	4,083,892	4,225,281
Distributions payable	102,046	102,362
Other	1,923	41
Total liabilities	4,187,861	4,327,684
NET ASSETS	$ 55,474,898	$ 59,064,129



See Notes to Financial Statements

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 1,356,154	$ 1,424,101
Equity share in Shee Atiká Commercial Services, LLC taxable loss	(4,230)	(186,139)
Rentals from leased commercial property	995,196	980,620
Other income	849	668
	2,347,969	2,219,250
Expenses		
SAI administrative fees		538,320
Professional and custodian fees	143,955	27,239
Interest	227,070	234,619
Depreciation	228,015	177,312
Leased commercial property expenses	30,759	9,367
Other	845	3,500
	630,644	990,357
Taxable income	1,717,325	1,228,893
Income tax expense	131,873	169,987
Change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	1,585,452	1,058,906
Adjustment to fair value of investment in Shee Atiká Investments, LLC	(2,952,283)	2,586,425
Change in net assets	**$(1,366,831)**	**$ 3,645,331**

STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Change in net assets	$ (1,366,831)	$ 3,645,331
Distributions to unit holders	(2,222,400)	(2,222,400)
Total increase (decrease)	**(3,589,231)**	**1,422,931**
Net assets, beginning of year	59,064,129	57,641,198
Net assets, end of year	$ 55,474,898	$ 59,064,129

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.

SAFE's Class A trust units are issued to SAI's shareholders in direct proportion to their shares of SAI voting common stock. Class B trust units are issued to any person who acquires SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of the Alaska Native Claims Settlement Act ("ANCSA"), in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2013, there were 185,200 trust units (of which 180,392 were Class A and 4,808 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 ($12.00 per trust unit in both 2013 and 2012) 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 2013 and 2012 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).

RELATED PARTY TRANSACTIONS

SAI provides administrative services to SAFE. For 2012, SAI charged administrative fees of $538,320 to SAFE all of which was paid by SAFE and expensed in 2012. For 2013, SAI charged administrative fees of $562,914. However, SAFE did not pay any of these fees in 2013 and, thus, under the basis of accounting that SAFE is using, these fees were not recognized as expenses in 2013 (but will be recognized when paid).

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.

INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value using the Net Asset Value ("NAV") which is determined by management of SAIL and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets (primarily investments), less any liabilities, and then divided by the number of units outstanding. The investments of SAIL are publicly traded mutual funds whose fair values are generally determined based on quoted prices in an active market. The NAV of the investment in SAIL is classified as Level 2 of the fair value hierarchy. There are no funding commitments or restrictions on redemptions for 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 (loss) each year.

LEASED COMMERCIAL PROPERTY

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

Revenue from rental of leased commercial property is recognized as received. All rental revenue in both 2013 and 2012 was from one lessee.

CASH AND CASH EQUIVALENTS

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

INCOME TAXES

SAFE has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received) as defined in the Internal Revenue Code ("IRC"). 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, 2013, SAFE had approximately $7.8 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 2013 or 2012.

Tax years 2010 through 2013 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 these financial statements were available to be issued, which is the same date as the independent auditors' report.

2 INVESTMENT IN SAIL

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

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

	2013	2012
Investments, at fair value	$ 42,658,391	$ 48,750,426
Cash and cash equivalents	6,663,605	3,028,461
Other assets	2,473,124	3,846,677
Members' equity	51,795,120	55,625,564
Revenue, including adjustments to fair value of investments	(971,939)	5,868,228
Net income (loss)	(1,606,444)	4,036,626

SAFE's ownership interest in SAIL was 99.31% and 99.35% of SAIL's total equity at December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, 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, 2013 and 2012:

	2013	2012
Building	$ 6,975,574	$ 6,975,574
Land improvements	514,384	514,384
Land	722,000	722,000
	8,211,958	8,211,958
Less: accumulated depreciation	(833,341)	(656,029)
	$ 7,378,617	$ 7,555,929

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:

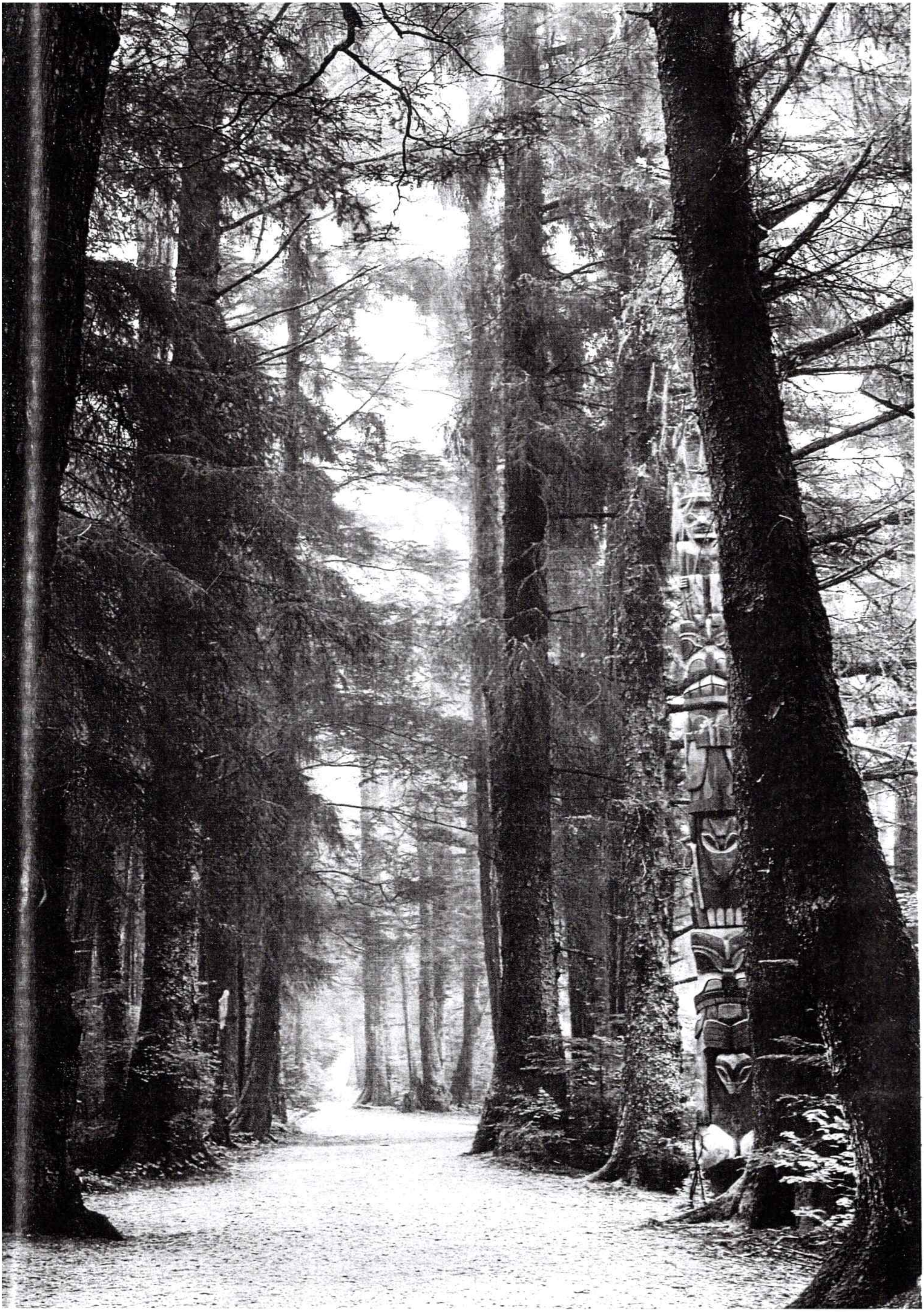
2014	$ 1,008,746
2015	507,468
	$ 1,516,214

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:

2014	$ 169,159
2015	3,914,733
	$ 4,083,892



INDEPENDENT AUDITORS' REPORT

petersonsullivan LLP
Certified Public Accountants
& Advisors

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

We have audited the accompanying financial statements of Shee Atiká Benefits Trust ("SABT"), which comprise the statements of net assets as of December 31, 2013 and 2012, and the related statements of revenue and expenses, and changes in net assets (all on the modified income tax basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified income tax basis described in Note 1; this includes determining that the modified income tax basis is an acceptable basis of accounting for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
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, 2013 and 2012, and its revenue and expenses, and changes in net assets for the years then ended on the modified income tax basis of accounting described in Note 1.

Basis of Accounting
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. Our opinion is not modified with respect to this matter.

Peterson Sullivan LLP

March 21, 2014

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

December 31, 2013 and 2012

ASSETS	2013	2012
Investment in Shee Atiká Investments, LLC	$ 711,947	$ 722,976
Leased commercial property, net		2,463,199
Cash and cash equivalents	14,285	44,771
Income tax receivable	13,784	13,784
Total assets	740,016	3,244,730
LIABILITIES		
Loan payable to Shee Atiká, Incorporated	327,000	
Other liabilities		4,250
Total liabilities	327,000	4,250
NET ASSETS	$ 413,016	$ 3,240,480

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to $3,000 for income tax purposes)	$ 9,379	$ 5,766
Loss on sale of the Totem Square property	(208,980)	
Rentals from leased commercial property	132,000	264,000
	(67,601)	269,766
Expenses		
SAI administrative fees		490,393
Lease termination fee	2,186,148	
Depreciation	68,071	136,205
Other administrative expenses	17,995	22,912
	2,272,214	649,510
Taxable loss and change in net assets before adjustment to fair value of investment in Shee Atiká Investments, LLC	(2,339,815)	(379,744)
Adjustment to fair value of investment in Shee Atiká Investments, LLC	(20,408)	16,833
Change in net assets	**$(2,360,223)**	**$ (362,911)**

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Change in net assets	$ (2,360,223)	$ (362,911)
Transfer of cash from Shee Atiká, Incorporated		250,000
Distributions to unit holders		
Scholarships	(411,849)	(391,697)
Funeral benefits	(55,392)	(61,622)
Total distributions	(467,241)	(453,319)
Total decrease in net assets	**(2,827,464)**	**(566,230)**
Net assets, beginning of year	3,240,480	3,806,710
Net assets, end of year	$ 413,016	$ 3,240,480

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND FUTURE PLANS

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.

SABT's Class A trust units are issued to SAI's shareholders in direct proportion to their shares of SAI voting common stock. Class B trust units are issued to any person who acquires SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of the Alaska Native Claims Settlement Act ("ANCSA"), in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2013, there were 185,200 trust units (of which 180,392 were Class A and 4,808 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.

FUTURE PLANS

In November 2013, the Board of Directors of SAI decided that beginning January 1, 2014, scholarship and funeral benefits will be distributed by SAI instead of SABT with a plan to wind down all activity at SABT.

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).

RELATED PARTY TRANSACTIONS

Due to anticipated future distributions to be made by SABT, SAI transferred $250,000 to SABT in 2012. No such transfers were made in 2013, although SAI did loan $327,000 to SABT which is outstanding at December 31, 2013. The loan is non-interest bearing, due on demand, and is not secured.

SAI provides administrative services to SABT. For 2012, SAI charged administrative fees of $490,393 to SABT all of which was paid by SABT and expensed in 2012. For 2013, SAI charged administrative fees of $413,016. However, SABT did not pay any of these fees in 2013 and, thus, under the basis of accounting that SABT is using, these fees were not recognized as expenses in 2013 (but will be recognized when paid).

A wholly-owned subsidiary of SAI, Shee Atiká Management, LLC ('SAM'), had an operating lease with SABT for the leased commercial property which was terminated in 2013 as further discussed in Note 3. SAM leased the commercial property (which was primarily a restaurant and hotel) from SABT and operated the facilities. All rental revenue in both 2013 and 2012 was from SAM.

Additional related party transactions are described in Note 3.

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.

NVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

The investment in SAIL is stated at fair value using the Net Asset Value ('NAV') which is determined by management of SAIL and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets (primarily investments), less any liabilities, and then divided by the number of units outstanding. The investments of SAIL are publicly traded mutual funds whose fair values are generally determined based on quoted prices in an active market. The NAV of the investment in SAIL is classified as Level 2 of the fair value hierarchy. There are no funding commitments or restrictions on redemptions for SAIL.

LEASED COMMERCIAL PROPERTY

The leased commercial property consisted of the Shee Atiká Totem Square building located in Sitka, Alaska, and was stated at cost. Depreciation was provided on a tax method referred to as the MACRS method, and was recognized over the estimated useful lives of the assets. The leased commercial property was sold in 2013 as further discussed in Note 3.

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

CASH AND CASH EQUIVALENTS

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

INCOME TAXES

SABT has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received) as defined in the Internal Revenue Code ("IRC"). 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, 2013, SABT had approximately $160,000 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 2013 or 2012.

Tax years 2010 through 2013 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 these financial statements were available to be issued, which is the same date as the independent auditors' report.

2 INVESTMENT IN SAIL

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

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

	2013	2012
Investments, at fair value	$ 42,658,391	$ 48,750,426
Cash and cash equivalents	6,663,605	3,028,461
Other assets	2,473,124	3,846,677
Members' equity	51,795,120	55,625,564
Revenue, including adjustment to fair value of investments	(971,939)	5,868,228
Net income (loss)	(1,606,444)	4,036,626

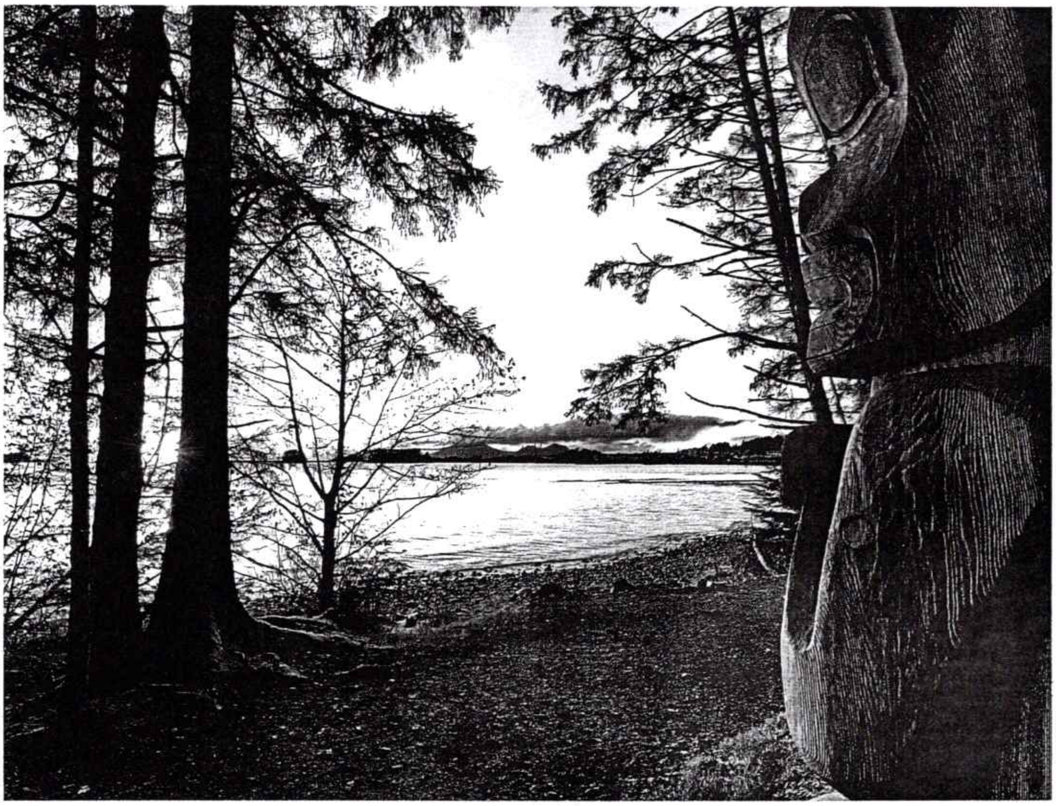
SABT's ownership interest in SAIL was 0.69% and 0.65% of SAIL's total equity at December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, SABT and SAFE are the only members of SAIL.

3 LEASED COMMERCIAL PROPERTY

Leased commercial property consisted of the following at December 31, 2012:

Building and improvements	$ 1,370,496
Furniture and equipment	317,764
Land	1,429,000
	3,117,260
Less: accumulated depreciation	(654,061)
	$ 2,463,199

The leased commercial property was sold to a third-party in 2013 for net sales proceeds of $5,313,000. In addition to the leased commercial property recorded by SABT, SAM had invested funds in various building improvements that were recorded in its financial statements. All assets held by SABT and SAM related to the property were included in the sales transaction and, thus, the net sales proceeds were allocated to both entities. The sale of the property resulted in a loss recorded by SABT amounting to $208,980. Additionally, as SABT leased the property to SAM under a lease that effectively terminated early upon the sale of the building, a lease termination fee of $2,186,148 was paid by SABT to SAM.



INDEPENDENT AUDITORS' REPORT

petersonsullivan LLP

Certified Public Accountants
& Advisors

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

We have audited the accompanying financial statements of Shee Atiká Investments, LLC ("SAIL"), which comprise the statements of assets and members' equity as of December 31, 2013 and 2012, and the related statements of revenue and expenses, and changes in members' equity (all on the modified income tax basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified income tax basis described in Note 1; this includes determining that the modified income tax basis is an acceptable basis of accounting for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013 and 2012, 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.

Basis of Accounting

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. Our opinion is not modified with respect to this matter.

Peterson Sullivan LLP

March 21, 2014

SHEE ATIKÁ INVESTMENTS

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

December 31, 2013 and 2012

ASSETS	2013	2012
Investments, at fair value	$ 42,658.391	$ 48,750,426
Cash and cash equivalents	6,663,605	3,028,461
Loan receivable from Shee Atiká, Incorporated	2,399,115	3,689,798
Dividends receivable	61,865	144,735
Other	12,144	12,144
Total assets	$ 51,795,120	$ 55,625,564
MEMBERS' EQUITY		
Members' equity	$ 51,795,120	$ 55,625,564

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue		
Interest	$ 68,752	$ 94,643
Dividends	1,841,462	2,425,901
Net realized gains on sales of investments	90,538	744,426
Total revenue	2,000,752	3,264,970
Expenses		
Professional fees	121,484	1,297,650
SAI administrative fees	389,322	403,560
Investment management and custodian fees	123,699	123,399
Other expenses		6,993
Total expenses	634,505	1,831,602
Taxable income	1,366,247	1,433,368
Adjustment to fair value of investments	(2,972,691)	2,603,258
Net income (loss)	**$(1,606,444)**	**$ 4,036,626**

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

For the Years Ended December 31, 2013 and 2012

Balance, December 31, 2011	$ 54,841,648
Net income	4,036,626
Distributions	(3,252,710)
Balance, December 31, 2012	55,625,564
Net loss	(1,606,444)
Distributions	(2,224,000)
Balance, December 31, 2013	$ 51,795,120

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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

SAI provides administrative services to SAIL. SAI charged administrative fees of $398,322 and $403,560 in 2013 and 2012, respectively.

Also, in 2012, SAI compiled legal and other costs it incurred and paid on behalf of SAIL for 2012 and prior years and determined that it would charge these costs to SAIL. The total amount charged to SAIL was $1,185,479 in 2012, which is included in professional fees on the statement of revenue and expenses – modified income tax basis for 2012.

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 in mutual funds are stated at fair value based on current market prices on active exchanges on the last trading day of the year (Level 1 inputs in aforementioned fair value hierarchy). These investment securities are traded on various United States exchanges and are subject to the market volatility in those exchanges.

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

INCOME TAXES

SAIL is treated as a partnership for income tax reporting purposes. As such, no liability for income taxes is included in the financial statements. Tax years 2010 through 2013 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 these financial statements were available to be issued, which is the same date as the independent auditors' report.

2 INVESTMENTS

Investments are summarized as follows at December 31:

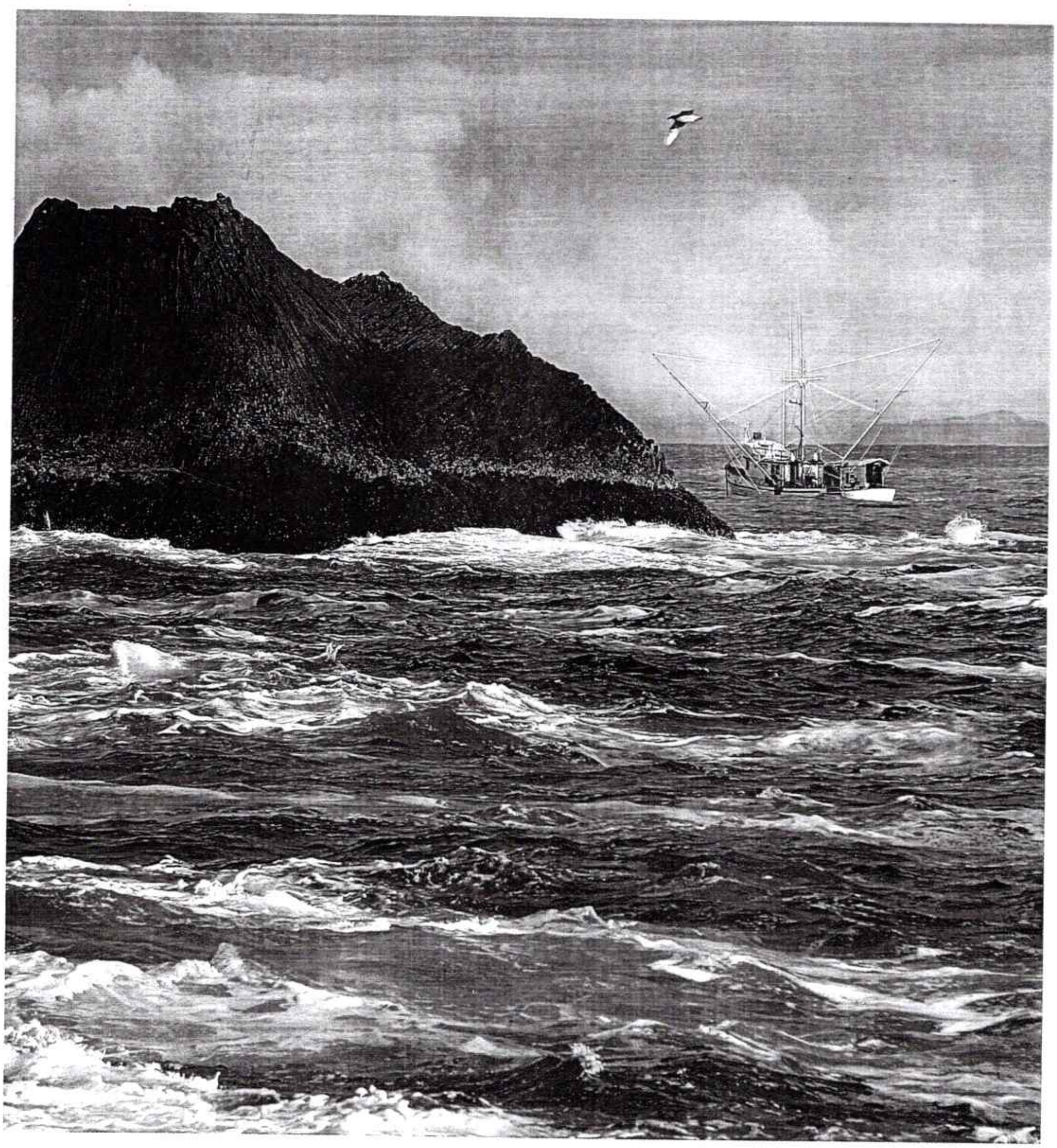
	2013		2012	
	Fair Value	Cost	Fair Value	Cost
Mutual funds:				
World Bond Funds				
Pimco All Asset Fund	$ 3,937,949	$ 4,178,908	$ 7,289,018	$ 7,427,193
Templeton Global Bond Fund	3,040,214	3,068,893	3,097,539	3,068,173
Pimco Global Bond Fund	1,779,439	1,996,330	1,919,008	1,995,783
Pimco Foreign Bond Fund	1,742,568	1,996,481	1,889,887	1,995,974
Prudential Total Global Return Fund			2,018,395	1,993,255
Intermediate-term Bond Funds				
Pimco Total Return Bond Fund	6,032,231	5,972,504	6,295,147	5,926,471
TCW Total Return Bond Fund	3,120,108	3,103,721	3,204,183	3,103,721
Fidelity Spartan Intermediate Term Bond Fund	2,163,938	2,141,426	2,314,927	2,124,362
Metropolitan West Total Return Bond Fund	2,154,194	2,229,845		
Pimco Investment Grade Corporate Bond Fund	2,014,946	2,153,109	2,187,224	2,151,696
Doubleline Total Return Bond Fund	1,920,497	1,990,327	2,018,557	1,989,909
Guggenheim Total Return Bond Institution Fund	1,893,929	1,992,004		
TCW Core Fixed Income Bond Fund			2,238,709	2,091,553
Trading Leveraged Funds				
Profunds US Government Plus Investments Fund	1,918,247	2,027,228		
Direxion Monthly Dollar Bull 2X Investment Fund	1,909,479	2,000,000		
Multisector Bond Fund				
Pimco Income Fund	3,517,147	2,984,006	3,545,965	2,984,006
Emerging Markets Bond Funds				
Eaton Vance Emerging Markets Fund	3,220,435	4,000,000	3,830,296	3,977,884
TCW Emerging Markets Bond Fund			2,390,788	2,084,713
Short-term Government Securities Fund				
Victory Fund for Income Fund	2,292,769	2,500,000	2,458,113	2,500,000
High Yield Bond Fund				
Metropolitan West High Yield Bond Fund			2,052,198	2,039,278
Other	301	281	472	435
	$ 42,658,391	$ 44,335,063	$ 48,750,426	$ 47,454,406

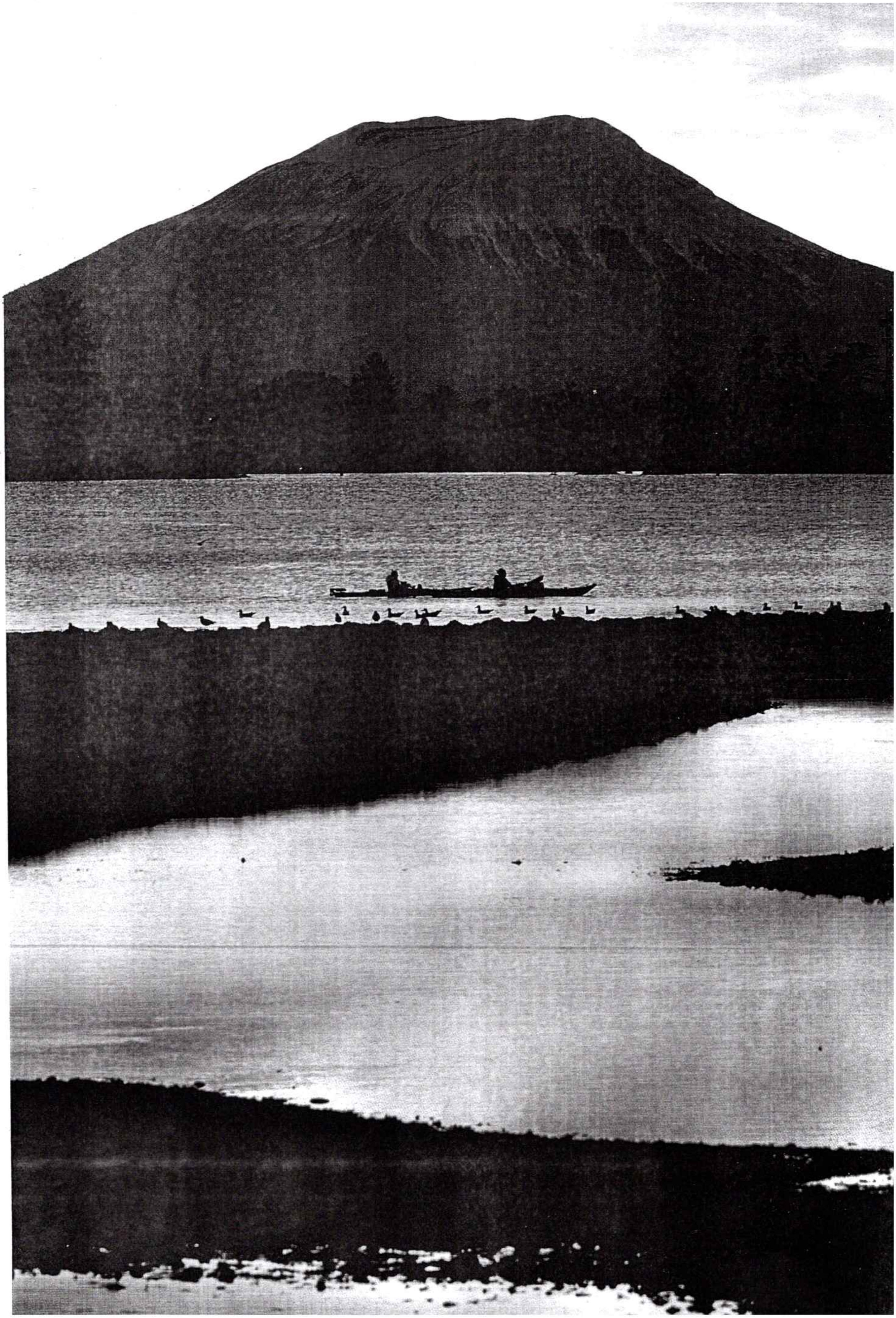
SHEE ATIKÁ INVESTMENTS

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).

3 LOAN RECEIVABLE FROM SAI

SAIL has provided a $5,000,000 loan to SAI. The loan bears interest at 4% and is due in full December 31, 2014. 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. At December 31, 2013 and 2012, the loan balance includes $68,642 and $94,615 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
315 LINCOLN STREET SUITE 300 SITKA, ALASKA 99835