



ANNUAL REPORT
2017



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Sitka photos by Dan Evans
 Portraits by Stephanie Lambdin

SHEE ATIKÁ
 Incorporated
 And Affiliates

2017 ANNUAL REPORTS OF
 SHEE ATIKÁ INCORPORATED
 SHEE ATIKÁ FUND ENDOWMENT
 SHEE ATIKÁ BENEFITS TRUST
 SHEE ATIKÁ INVESTMENTS, LLC

SHEE ATIKÁ 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; Joshua Horan, Secretary

Middle Row

Faleene Worrell, Treasurer; Heath Barger, Director; James Craig, Director

Bottom Row

Laurence Garrity, Director; Gillian Havrilla, Director; Lori Stedman, Director

LETTER FROM THE VICE-CHAIRMAN

Greetings fellow shareholders:

I have great news to share. This year our Annual Meeting will be live-streamed at sheeatikavote.com which you can view by entering your information found on the label on the salmon colored Live-Stream Info Sheet, enclosed with this mailing.

In order to provide a high quality live-stream for our shareholders, our annual meeting will be held on Sunday, May 20, 2018 at the Centennial Hall in Juneau, Alaska. Registration will begin at 12:30 p.m. The Meeting will start at 1:00 p.m. and registration will continue until approximately 1:15 p.m., although the exact time will be announced at the Meeting. Again, the live-stream will be available through our proxy website, sheeatikavote.com, on Sunday May 20th using your shareholder ID number and password included on your proxy and also on the salmon colored Live-Stream Info Sheet in your Annual Meeting materials.

We encourage all shareholders to vote every year. You again have the option to submit an electronic proxy at sheeatikavote.com or a paper proxy. A shareholder whose

proxy is received by the Inspector of Elections by April 30, 2018 will be eligible for the Early Bird prizes. In addition, all shareholders who submit an electronic proxy prior to the proxy deadline of 5 p.m. Alaska Time on May 16, 2018 will be eligible for electronic voting prizes. We encourage you to submit an electronic proxy by April 30, 2018 so you can be eligible for both prize drawings. The electronic proxy is a valuable voting option for our shareholders as it will flag any errors which can help each shareholder ensure their vote is valid and thus counted.

Our corporate website sheeatika.com remains your source for updated news and information throughout the year. We've also added a "Contact Us" link on the main sheeatika.com webpage where you can send a message to Administration, the Board, Shareholder Services, Human Resources or Balanced Accounting Solutions by selecting the appropriate Recipient. We encourage shareholders to use this as another option to communicate with the members of our company. We also have an electronic newsletter. If you are not receiving it, use the "Contact Us" link on the main sheeatika.com webpage, select Shareholder Services as the Recipient and ask them to add your email to your record.

On behalf of your Board, we thank you for the opportunity to serve you and appreciate your continued support of our corporation. We hope that you will mark your calendars to join us at the



Centennial Hall in Juneau, Alaska in person or by live-stream on Sunday, May 20, 2018 at 1:00 p.m. Please remember to submit your proxy early and we encourage you to submit your proxy electronically.

Warm Regards,

Pamela Steffes
 Vice-Chairman

LETTER FROM THE PRESIDENT/CEO

Fellow shareholders:

I am pleased to report to you on the financial affairs of Shee Atiká, Incorporated (SAI) and related entities for 2017, in which we were able to show audited net income before income tax expense of about \$1.77 million.

Some of our more important accomplishments for 2017 include:

- We have continued to make regular distributions to our



shareholders as well as to provide funeral and educational benefits. As shown in the charts on the next page, since inception we

have paid out \$71.4 million in distributions (\$38,545 if you owned 100 shares since our formation), \$5.8 million in educational benefits, and over \$800,000 in funeral benefits.

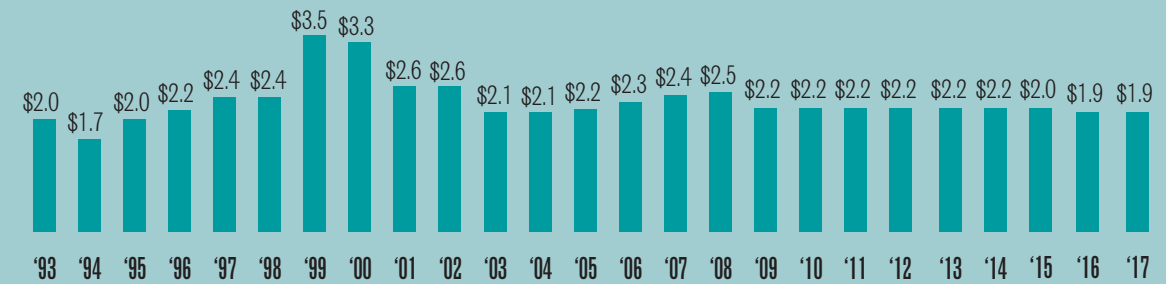
- We completed the subdivision of our large center lot on Alice Island to create 11 new lots, known as the Charlie Joseph Subdivision. This process took most of 2017, but since the lots were placed on the market in late 2017, five lots have been sold through mid-February, 2018.
- We closed the second phase of the Cube Cove sale and we are essentially 50% complete with this project. This is consistent with what our shareholders told us in two separate surveys (one in 2003, another in 2010), which is that Cube Cove should be used to provide economic value for shareholders, including through a sale.
- We worked with the Alaska Congressional Delegation along with other Alaska Native Corporations to obtain the enactment of the Settlement Trust provisions in the 2017 Tax Act. These new tax laws will make it much easier to make contributions to settlement trusts such as SAFE and SABT in the future.

- We have also continued our work with the Alaska state DOT&PF to obtain construction of the state road into the Katlian River drainage. This road will have to cross Shee Atiká's property, and thus will allow access to our Katlian property when the road is eventually built. You can view the route of the Katlian Bay Road at the State's project website at http://dot.alaska.gov/sereg/projects/sitka_katlianbayroad/index.shtml#.
- Our commercial properties are leased at 97% capacity to tenants. Within the commercial real estate industry, lease rates over 80% are considered excellent.

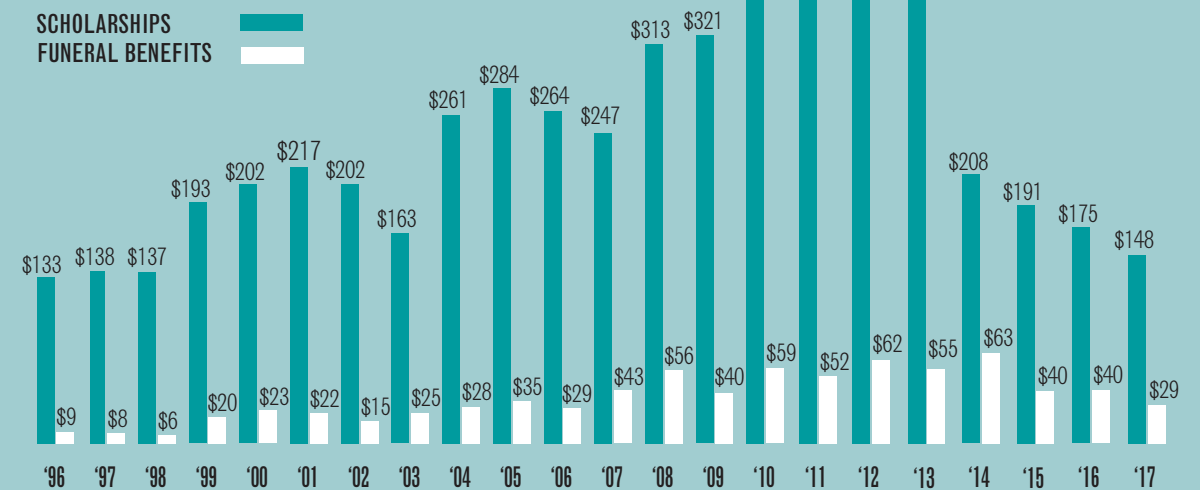
In summary, we are continuing to follow the multi-year business plan we put in place in 2010 and it is providing the way forward for our corporation while at the same time allowing us to continue to provide meaningful distributions and benefits to our shareholders. Our future is bright. Thank you.

Kenneth M. Cameron
President/CEO

SHEE ATIKÁ DISTRIBUTIONS • ALL YEARS (\$MILLIONS)
71.4 MILLION (\$38,545 per 100 shares)



SCHOLARSHIPS & FUNERAL BENEFITS • ALL YEARS (\$THOUSANDS)
SCHOLARSHIPS - \$5.8 MILLION
FUNERAL BENEFITS - \$800,000





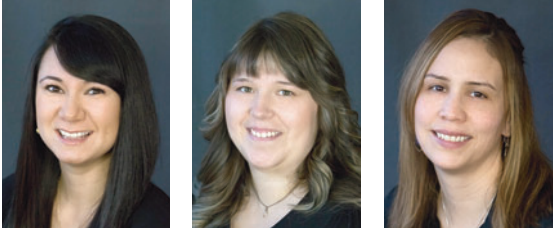
SHEE ATIKÁ STAFF



Left to Right:
 Dr. Kenneth Cameron, President/CEO and Chairman of the Board
 Ptarmica McConnell, Chief Operating Officer
 Michael McHenry, Senior Vice President of Government Services



Faleene Worrell, Senior Vice President and Treasurer
 Lauren Estes, Director of Human Resources
 Kevin Mosher, Accountant



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



CORPORATE INFORMATION

SENIOR MANAGEMENT

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

Ptarmica McConnell
 Chief Operating Officer

Michael McHenry
 Senior Vice President of
 Government Services

Faleene Worrell
 Senior Vice President and Treasurer

STAFF

Lauren Burkhart Estes
 Director of Human Resources
 Property Administrator

Kevin Mosher
 Accountant

Kori Lindstrom
 Executive Assistant

Haley LaDuke
 Accounting Technician

Kathy Thomas
 Accounting Technician

Tracy Orona
 Janitorial

CORPORATE OFFICE

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

INDEPENDENT AUDITORS

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: Stock Transfers

INSPECTOR OF ELECTIONS

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

SHEE ATIKÁ SCHOLARSHIP COMMITTEE

Nancy Douglas: Sitka, AK
 Adrienne Davis: Sitka, AK
 Brian James: Seattle, WA

INDEPENDENT AUDITORS' REPORT



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, 2017 and 2016, 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 Consolidated 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, 2017 and 2016, 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 LLP

March 23, 2018

CONSOLIDATED BALANCE SHEETS

December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,606,731	\$ 2,979,876
Accounts receivable	17,633	7,444
Income tax receivable	59,850	100,000
Prepaid expenses and other	38,801	126,281
Total current assets	5,723,015	3,213,601
Leased Commercial Properties, net	5,035,026	5,317,761
Property and Equipment, net	2,016,966	1,861,047
Cube Cove Land	360,240	548,709
Katlian Bay Land	810,000	810,000
Deferred Costs Related to Cube Cove Property	2,384,592	2,890,343
Deferred Tax Asset	2,500,000	4,020,000
Total assets	\$ 18,829,839	\$ 18,661,461
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 466,192	\$ 557,788
Current portion of long-term debt	68,240	63,893
Total current liabilities	534,432	621,681
Loan Payable to SAIL	1,871,131	1,814,050
Long-Term Debt, less current portion	675,130	743,775
Total liabilities	3,080,693	3,179,506
Equity		
Shee Atiká, Incorporated shareholders' equity		
Common stock, no par or stated value, authorized 250,000 shares		
Class A, voting, issued and outstanding 179,996 and 180,071 for 2017 and 2016, respectively		
Class B, nonvoting, issued and outstanding 5,204 and 5,129 for 2017 and 2016, respectively		
Contributed capital	5,956,000	5,956,000
Retained earnings	9,562,182	9,336,630
Total Shee Atiká, Incorporated shareholders' equity	15,518,182	15,292,630
Noncontrolling interest	230,964	189,325
Total equity	15,749,146	15,481,955
Total liabilities and equity	\$ 18,829,839	\$ 18,661,461

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Sales of Cube Cove parcels	\$ 4,927,599	\$ 3,955,465
Administrative fees from affiliated entities	2,018,075	1,337,632
Rentals from leased commercial properties	378,745	395,705
Contracts	48,885	33,645
Sales of developed lots		295,000
Other	13,977	1,215
Total revenue	7,387,281	6,018,662
Costs and Expenses		
General and administrative	3,567,783	3,447,329
Cost of Cube Cove parcels and direct selling costs	1,295,392	846,800
Depreciation and amortization	336,208	328,280
Scholarship and funeral benefit payments	176,850	214,704
Interest	122,238	107,925
Leased commercial properties	78,410	105,635
Contracts	32,624	18,607
Contributions	7,350	22,753
Cost of developed lots and direct selling costs		85,079
Other	6,025	21,540
Total costs and expenses	5,622,880	5,198,652
Income before income tax expense	1,764,401	820,010
Income Tax Benefit (Expense)		
Provision related to current operations	(867,000)	288,000
Provision related to effects of changes in tax rates	(694,000)	
	(1,561,000)	288,000
Net income	203,401	1,108,010
Net Loss Attributable to Noncontrolling Interests	22,151	56,369
Net income attributable to Shee Atiká, Incorporated	\$ 225,552	\$ 1,164,379

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2017 and 2016

	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, 2015	180,025	5,175	\$5,956,000	\$8,172,251	\$14,128,251	\$245,694	\$14,373,945
Class transfer due to change in ownership	46	(46)					
Net income (loss) for the year				1,164,379	1,164,379	(56,369)	1,108,010
Balances, December 31, 2016	180,071	5,129	5,956,000	9,336,630	15,292,630	189,325	15,481,955
Class transfer due to change in ownership	(75)	75					
Contributions						63,790	63,790
Net income (loss) for the year				225,552	225,552	(22,151)	203,401
Balances, December 31, 2017	179,996	5,204	\$5,956,000	\$9,562,182	\$15,518,182	\$230,964	\$15,749,146

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from:		
Sales of Cube Cove parcels	\$ 4,927,599	\$ 3,955,465
Sales of developed lots, net of direct costs		281,883
Administrative and other fees from affiliated entities	2,018,075	1,337,632
Rentals from leased commercial properties	378,745	375,267
Contracts	47,898	31,605
Other	13,977	1,215
Cash paid to/for:		
Contractors and suppliers	(2,400,479)	(2,683,715)
Employees	(1,254,373)	(1,001,306)
Scholarship and funeral benefit payments	(176,850)	(214,704)
Interest	(122,238)	(107,925)
Net cash flows from operating activities	3,432,354	1,975,417
Cash Flows from Investing Activities		
Purchases of property and equipment	(196,252)	(172,662)
Payment for deferred costs capitalized	(602,030)	(1,219,169)
Net cash flows from investing activities	(798,282)	(1,391,831)
Cash Flows from Financing Activities		
Net borrowing on loan payable to SAIL	57,081	1,010,088
Principal repayments on long-term debt	(64,298)	(60,134)
Net cash flows from financing activities	(7,217)	949,954
Net change in cash and cash equivalents	2,626,855	1,533,540
Cash and Cash Equivalents, beginning of year	2,979,876	1,446,336
Cash and Cash Equivalents, end of year	\$ 5,606,731	\$ 2,979,876
Reconciliation of net loss to net cash flows from operating activities		
Net income	\$ 203,401	\$ 1,108,010
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation and amortization	336,208	328,280
Cost of Cube Cove parcels sold	1,295,392	846,800
Cost of developed lots sold		71,962
Deferred income tax expense (benefit)	1,520,000	(303,000)
Other	51,508	
Changes in operating assets and liabilities		
Accounts receivable	(10,189)	1,160
Prepaid expenses and other assets	127,630	(39,616)
Accounts payable and accrued expenses	(91,596)	(38,179)
Net cash flows from operating activities	\$ 3,432,354	\$ 1,975,417

See Notes to Consolidated Financial Statements

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 that represent geographic areas. Shee Atiká is located in the Sealaska Corporation region. Pursuant to ANCSA, Shee Atiká received the surface estate of approximately 23,000 acres of property located on Admiralty Island ("Cube Cove"), 3,000 acres at Katlian Bay, and 30 acres on Alice and Charcoal Islands located near Sitka, Alaska, as well as \$250,000 in cash. The subsurface estate in this land was conveyed to Sealaska Corporation under ANCSA.

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 3,395 shareholders as of December 31, 2017.

As discussed in Note 2, Shee Atiká sold four and two parcels of land (out of 13) at Cube Cove in 2017 and 2016, respectively. Shee Atiká is also selling certain lots it is developing located on Alice Island. In addition, Shee Atiká leases commercial properties it owns, which are located in Sitka, Alaska.

In prior years, 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 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 did not have any active service contracts during the years ended December 31, 2017 or 2016, but is currently seeking new contracts.

The sale of parcels at Cube Cove is subject to the risk of the buyer electing not to make additional purchases. The sale of developed lots is subject to geographic risks (all are located in Sitka). Commercial leasing operations are also subject to geographic risks (all activities are also in Sitka) as well as the financial viability of the lessees. Shee Atiká's service contract activities are subject to competitive factors, program continuation, and appropriate contract management.

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 Holdings Lincoln Street LLC ("Lincoln Street") is wholly-owned with a termination date of 2022. Lincoln Street owns and leases real property in Sitka, Alaska.
- Shee Atiká Holdings Alice Island LLC ("Alice Island") is wholly-owned with a termination date of 2027. Alice Island owns and leases real property in Sitka, Alaska. Alice Island is also in the process of developing lots on owned property to be sold or leased.
- Shee Atiká Enterprises LLC ("SAE") is majority-owned with an indefinite life; a related entity owns the minority interest – SAFE. SAE holds certification under Section 8(a). SAE did not have any significant operations during the years ended December 31, 2017 or 2016. Management believes that SAE could be used in the future to provide services under contracts with the United States government.
- Shee Atiká Commercial Services LLC ("SACS") is majority-owned with an indefinite life; a related entity owns the minority interest – SAFE. SACS did not have any significant operations during the years ended December 31, 2017 or 2016. Management is in the process of winding down SACS and does not expect SACS to have any significant future operations.
- Shee Atiká Management LLC ("SAM") is wholly-owned with a termination date of 2022. SAM did not have any significant operations during the years ended December 31, 2017 or 2016. Management is in the process of winding down SAM and does not expect SAM to have any significant future operations.
- Shee Atiká Languages LLC (majority-owned; dissolved in 2012; see discussion below on current status)

- Balanced Accounting Solutions, LLC ("BAS") is majority-owned with an indefinite life; a related entity owns the minority interest – SAFE. BAS was formed during 2017 to provide a wide array of accounting services to businesses primarily located in Sitka, Alaska. Prior to 2017, similar accounting services were offered through SAE.

- American Marine Technical Services, LLC ("AMTS") is majority-owned with an indefinite life; related entity, SAFE, holds a 39% interest, and an unrelated entity owns a 10% interest. AMTS holds certification under Section 8(a). AMTS was formed in 2017 for the purpose of partnering with the minority owner to provide contract services in the future and did not have any significant operations during the year ended December 31, 2017.

- Alaska Northstar Resources, LLC ("ANR") is wholly-owned with an indefinite life. ANR was formed in 2017 for the purpose of providing contract services in the future and did not have any significant operations during the year ended December 31, 2017.

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.

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.

PROPERTY AND EQUIPMENT/LEASED COMMERCIAL PROPERTIES/CUBE COVE PROPERTY

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 from the sales of parcels at Cube Cove and developed lots on Alice Island is recognized when the sales close (and adequate funding has been received) and title has passed to the purchaser. 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. Revenue from administrative fees from affiliated entities is recognized as assessed.

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, 2017 or 2016.

SCHOLARSHIP AND FUNERAL BENEFIT PAYMENTS

Shee Atiká recognizes benefits paid to shareholders for scholarship and funeral benefits as expenses when a shareholder has applied to receive such benefits and the related benefit application has been approved. Scholarship benefit applications are reviewed and approved by Shee Atiká's scholarship committee while funeral benefit applications are reviewed and approved by management. During the year ended December 31, 2017, Shee Atiká recognized expenses of \$176,850 related to these benefits. During the year ended December 31, 2016, Shee Atiká recognized expenses of \$214,704 related to these benefits.

SUBSEQUENT EVENTS

Shee Atiká has evaluated subsequent events through the date these consolidated financial statements were available to be issued, which was March 23, 2018.

2 CUBE COVE AND DEFERRED COSTS RELATED TO CUBE COVE

The Cube Cove property recorded on the consolidated balance sheets as of December 31, 2017 and 2016, relates to land on Admiralty Island. For several years, Shee Atiká has been in negotiations with the United States Forest Service ("USFS") to sell a portion or all of this land. During the years ended December 31, 2017 and 2016, Shee Atiká sold four and two parcels, respectively, (out of 13) of this property to the USFS. During the years ended December 31, 2017 and 2016, total proceeds of \$4,927,599 and \$3,955,465, respectively, have been reported as revenue in the consolidated statements of operations. The sales of these parcels resulted in a net gain of \$3,632,208 and \$3,108,665 for the years ended December 31, 2017 and 2016, respectively.

In relation to the efforts to sell the land to the USFS, Shee Atiká has incurred significant legal and other professional fees that are direct and incremental to the transaction. These costs amounted to \$2,384,592 and \$2,890,343 as of December 31, 2017 and 2016, respectively, and have been capitalized and are included in deferred costs related to Cube Cove property on the consolidated balance sheets. As sales of Cube Cove parcels occur, Shee Atiká allocates a portion of the capitalized costs against the gross proceeds received on the sale based on a pro rata basis in proportion to the fair value of each parcel sold. For the years ended December 31, 2017 and 2016, Shee Atiká allocated \$1,096,581 and \$697,859, respectively, of these deferred selling costs against the gain on sale.

3 LEASED COMMERCIAL PROPERTIES

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

	2017	2016
Buildings	\$ 6,168,411	\$6,155,132
Leasehold improvements	590,160	588,411
	6,758,571	6,743,543
Less: accumulated depreciation and amortization	(2,615,374)	(2,301,296)
	4,143,197	4,442,247
Land	891,829	875,514
	<u>\$ 5,035,026</u>	<u>\$ 5,317,761</u>

Depreciation expense for leased commercial properties amounted to \$314,078 and \$309,204 in 2017 and 2016, respectively.

The leased commercial buildings are leased under various operating leases expiring in various years through 2022. The approximate minimum future lease payments to be received on noncancelable operating leases are as follows for years ending December 31:

2018	\$ 338,225
2019	281,337
2020	218,712
2021	148,745
2022	81,929
Thereafter	233,828
	<u>\$ 1,302,776</u>

4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2017	2016
Furniture and equipment	\$ 541,508	\$ 524,157
Other	185,207	198,347
	726,715	722,504
Less: accumulated depreciation	(639,582)	(634,656)
	87,133	87,848
Land	1,929,833	1,773,199
	<u>\$ 2,016,966</u>	<u>\$ 1,861,047</u>

Depreciation expense for property and equipment amounted to \$22,130 and \$19,076 in 2017 and 2016, respectively.

Most of the land included above represents the Alice Island property (amounting to \$1,554,844 and \$1,398,210 at December 31, 2017 and 2016, respectively). Some of this property is in the process of being developed for eventual sale.

5 LOAN PAYABLE TO SAIL

Shee Atiká has a loan arrangement with an affiliate, Shee Atiká Investments, LLC ("SAIL"), that bears interest at 4% and is due in full on December 31, 2020. The loan 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. The balance due at December 31, 2017 and 2016, is \$1,871,131 and \$1,814,050, respectively. At December 31, 2017 and 2016, Shee Atiká's equity interest in Shee Atiká Holdings Alice Island LLC was \$4,213,762 and \$4,386,030, respectively.

6 LONG-TERM DEBT

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

	2017	2016
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.	\$ 743,370	\$ 807,668
Less: current portion	(68,240)	(63,893)
	<u>\$ 675,130</u>	<u>\$ 743,775</u>

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

2018	\$ 68,240
2019	73,340
2020	78,210
2021	523,580
	<u>\$ 743,370</u>

At December 31, 2017 and 2016, the basis of the commercial property pledged as security for the above note was \$2,961,015 and \$3,062,426, respectively.

7 INCOME TAXES

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

	2017	2016
Current expense	\$ (41,000)	\$ (15,000)
Deferred provision related to current operations	(826,000)	303,000
	(867,000)	288,000
Deferred provision related to effects of changes in tax rates	(694,000)	
Income tax benefit (expense)	\$ (1,561,000)	\$ 288,000

Shee Atiká's effective tax rate differs from statutory rates for 2017 and 2016. For 2017, the difference between the statutory tax rate and the tax rate in these financial statements is related to a corporate tax rate reduction (part of the 2017 Tax Cuts and Jobs Act). In general, the corporate tax rate reduced from 34% to 21%, reducing the value of the deferred tax asset (and creating more deferred tax expense). For 2016, this is primarily due to adjustments made to temporary book to tax differences. During the years ended December 31, 2017 and 2016, Shee Atiká paid \$40,000 and \$12,000, respectively, of federal alternative minimum taxes. No other federal income taxes were paid in 2017 or 2016.

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

	2017	2016
Deferred tax assets		
Net operating loss	\$ 1,925,000	\$ 3,217,000
Deferred costs	198,000	387,000
Alternative minimum tax credit carryforwards	214,000	186,000
Accrued compensation	40,000	123,000
Excess of tax basis in buildings and equipment	84,000	80,000
Other	39,000	65,000
	2,500,000	4,058,000
Deferred tax liabilities		
Excess of book basis in prepaid expenses and deferred costs		38,000
Net deferred tax asset	\$ 2,500,000	\$ 4,020,000

As of December 31, 2017 and 2016, Shee Atiká has federal net operating tax loss carryforwards of approximately \$6,780,000 and \$8,690,000, respectively. Shee Atiká also has alternative minimum tax credit carryforwards of \$214,000 and \$186,000 at December 31, 2017 and 2016, respectively. The net operating tax loss carryforwards expire in 2032 to 2035. The alternative minimum tax credit carryforwards do not expire. Shee Atiká used approximately \$1,930,000 and \$618,000 of net operating loss carryforwards during the years ended December 31, 2017 and 2016, respectively. Based on management's assessment of available positive and negative evidence that included, among other things, Shee Atiká's recent results of operations and expected future profitability (primarily related to anticipated gains resulting from the sale of the Cube Cove property), a valuation allowance was not considered necessary as of December 31, 2017 or 2016. There was no change in the valuation allowance for 2017 or 2016.

8 SETTLEMENT TRUSTS

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

The first settlement trust, 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 \$43.8 million and \$46.7 million at December 31, 2017 and 2016, respectively.

The second settlement trust, Shee Atiká Benefits Trust ("SABT"), was established to provide scholarships and funeral benefits to Shee Atiká's shareholders, who are also beneficiaries of the trust. SABT had net assets of approximately \$14,000 and \$18,000 at December 31, 2017 and 2016, respectively. In November 2013, the Board of Directors of Shee Atiká decided that beginning January 1, 2014, scholarship and funeral benefits would be paid by Shee Atiká instead of SABT. The Board of Directors of Shee Atiká is determining the future of SABT.

During 2003, Shee Atiká formed Shee Atiká Investments, LLC ("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, 2017 and 2016, are as follows:

- As further discussed in Note 5, in February 2009, SAIL provided a loan to Shee Atiká that accrues interest at 4% and is due in December 2020.
- Shee Atiká provides administrative services to SAFE, SABT, and SAIL. In 2017 and 2016, Shee Atiká charged administrative fees of \$2,018,075 and \$1,337,632, respectively, to SAFE and SAIL. There were no administrative fees charged to SABT during 2017 or 2016.

10 401(K) PLAN

Shee Atiká sponsors a 401(k) plan for the benefit of its employees. In general, employees are eligible to participate in the plan after reaching age 21 and six months of employment. Employer contributions totaled \$28,016 and \$29,868 in 2017 and 2016, 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, 2017 and 2016, and our report thereon dated March 23, 2018, which contains an unmodified opinion on those consolidated financial statements, appears on page 8. 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 20 and 21) 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 23, 2018

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET December 31, 2017

ASSETS	Total	Consolidating Entries	Shee Atiká Incorporated	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	Shee Atiká Languages LLC	Shee Atiká Commercial Services LLC	Shee Atiká Management LLC	Shee Atiká Enterprises LLC	American Marine Technical Services LLC	Alaska Northstar Resources LLC	Balanced Accounting Solutions LLC
Current Assets												
Cash and cash equivalents	\$ 5,606,731	\$ -	\$ 5,006,365	\$ 25,637	\$ 31,852	\$ 242,530	\$ 2,665	\$ 2,705	\$ 84,072	\$ 97,773	\$ 100,000	\$ 13,132
Accounts receivable	17,633	(52,895)	53,762	7,312	5,558			(100)				3,996
Income tax receivable	59,850		59,850									
Prepaid expenses and other	38,801		28,322	2,054	8,056							369
Total current assets	5,723,015	(52,895)	5,148,299	35,003	45,466	242,530	2,665	2,605	84,072	97,773	100,000	17,497
Leased Commercial Properties, net	5,035,026		440,443	1,633,466	2,961,117							
Property and Equipment, net	2,016,966		462,122	1,554,844								
Cube Cove Land	360,240		360,240									
Katlian Bay Land	810,000		810,000									
Deferred Costs Related to Cube Cove Property	2,384,592		2,384,592									
Deferred Tax Asset	2,500,000		2,500,000									
Due from (to) Related Company			(458,219)	999,650	(252,076)		(10)	(285,190)		(110)	(710)	(3,335)
Equity in Subsidiaries		(6,526,774)	6,526,774									
Total assets	\$ 18,829,839	\$ (6,579,669)	\$ 18,174,251	\$ 4,222,963	\$ 2,754,507	\$ 242,530	\$ 2,655	\$ (282,585)	\$ 84,072	\$ 97,663	\$ 99,290	\$ 14,162
LIABILITIES AND EQUITY												
Current Liabilities												
Accounts payable and accrued expenses	\$ 466,192	\$ (52,895)	\$ 436,917	\$ 9,201	\$ 17,121	\$ 52,895	\$ 100	\$ 150	\$ 100	\$ -	\$ -	\$ 2,603
Current portion of long-term debt	68,240				68,240							
Total current liabilities	534,432	(52,895)	436,917	9,201	85,361	52,895	100	150	100			2,603
Loan Payable to SAIL	1,871,131		1,871,131									
Long-Term Debt, less current portion	675,130				675,130							
Total liabilities	3,080,693	(52,895)	2,308,048	9,201	760,491	52,895	100	150	100			2,603
Equity												
Shee Atiká, Incorporated shareholders' equity												
Contributed capital	5,956,000	(7,397,545)	5,956,000	4,763,316	1,971,968	184,620	66,394	209,247	51,000	51,000	100,000	
Retained earnings (deficit)	9,562,182	870,771	9,910,203	(549,554)	22,048	(132,080)	(63,043)	(491,982)	(8,175)	(1,192)	(710)	5,896
Total Shee Atiká, Incorporated shareholders' equity	15,518,182	(6,526,774)	15,866,203	4,213,762	1,994,016	52,540	3,351	(282,735)	42,825	49,808	99,290	5,896
Noncontrolling interests	230,964					137,095	(796)		41,147	47,855		5,663
Total equity	15,749,146	(6,526,774)	15,866,203	4,213,762	1,994,016	189,635	2,555	(282,735)	83,972	97,663	99,290	11,559
Total liabilities and equity	\$ 18,829,839	\$ (6,579,669)	\$ 18,174,251	\$ 4,222,963	\$ 2,754,507	\$ 242,530	\$ 2,655	\$ (282,585)	\$ 84,072	\$ 97,663	\$ 99,290	\$ 14,162

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS For the Year Ended December 31, 2017

	Total	Consolidating Entries	Shee Atiká Incorporated	Shee Atiká Holdings Alice Island LLC	Shee Atiká Holdings Lincoln St. LLC	Shee Atiká Languages LLC	Shee Atiká Commercial Services LLC	Shee Atiká Management LLC	Shee Atiká Enterprises LLC	American Marine Technical Services LLC	Alaska Northstar Resources LLC	Balanced Accounting Solutions LLC
Revenues												
Sales of Cube Cove parcels	\$ 4,927,599	\$ -	\$ 4,927,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative fees from affiliated entities	2,018,075		2,018,075									
Rentals from leased commercial properties	378,745	(100,000)	55,687	135,393	287,665							
Contracts	48,885					4,702						44,183
Other	13,977	(52,895)	65,611		1,261							
Total revenue	7,387,281	(152,895)	7,066,972	135,393	288,926	4,702						44,183
Costs and Expenses												
General and administrative	3,567,783	(152,895)	3,556,173	108,172		52,896	3,256	181				
Costs of Cube Cove parcels and direct selling costs	1,295,392		1,295,392									
Depreciation and amortization	336,208		22,130	199,490	114,588							
Scholarship and funeral benefit payments	176,850		176,850									
Interest	122,238		70,919		51,319							
Leased commercial properties	78,410		6,945		71,465							
Contributions	7,350		7,350									
Contracts	32,624											32,624
Other	6,025								2,978	2,337	710	
Total costs and expenses	5,622,880	(152,895)	5,135,759	307,662	237,372	52,896	3,256	181	2,978	2,337	710	32,624
Income (loss) before minority interest and income tax expense	1,764,401		1,931,213	(172,269)	51,554	(48,194)	(3,256)	(181)	(2,978)	(2,337)	(710)	11,559
Income Tax Expense												
Provision related to current operations	(867,000)		(867,000)									
Provision related to effects of changes in tax rates	(694,000)		(694,000)									
	(1,561,000)		(1,561,000)									
Net income (loss)	203,401		370,213	(172,269)	51,554	(48,194)	(3,256)	(181)	(2,978)	(2,337)	(710)	11,559
Net Loss (Income) Attributable to Noncontrolling Interests	22,151					23,615	1,595		1,459	1,145		(5,663)
Net income (loss) attributable to Shee Atiká, Incorporated	\$ 225,552	\$ -	\$ 370,213	\$ (172,269)	\$ 51,554	\$ (24,579)	\$ (1,661)	\$ (181)	\$ (1,519)	\$ (1,192)	\$ (710)	\$ 5,896

INDEPENDENT AUDITORS' REPORT



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, 2017 and 2016, 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 SAFE as of December 31, 2017 and 2016, 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 LLP

March 23, 2018

STATEMENTS OF NET ASSETS – MODIFIED INCOME TAX BASIS

December 31, 2017 and 2016

	2017	2016
ASSETS		
Investment in Shee Atiká Investments, LLC	\$ 39,745,797	\$ 42,612,827
Investment in Shee Atiká Enterprises, LLC	44,229	45,688
Investment in American Marine & Technical Services, LLC	38,089	
Investment in Balanced Accounting Solutions, LLC	5,663	
Investment in Shee Atiká Commercial Services, LLC	1,253	(11,942)
Leased commercial property, net	7,188,142	7,014,174
Cash and cash equivalents	632,957	964,052
Income tax receivable	30,184	67,544
Other assets		101
Total assets	<u>47,686,314</u>	<u>50,692,444</u>
LIABILITIES		
Accounts payable	4,545	
Long-term debt	3,691,664	3,784,073
Distributions payable	195,572	171,534
Total liabilities	<u>3,891,781</u>	<u>3,955,607</u>
NET ASSETS	<u>\$ 43,794,533</u>	<u>\$ 46,736,837</u>

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to \$3,000 for income tax purposes)	\$ 435,380	\$ 1,066,814
Equity share in Shee Atiká Enterprises, LLC taxable income (loss)	(1,459)	4,712
Equity share in Shee Atiká Commercial Services, LLC taxable loss	(1,595)	(12,236)
Equity share in American Marine & Technical Services, LLC taxable loss	(911)	
Equity share in Balanced Accounting Solutions, LLC taxable income	5,663	
Rentals from leased commercial property	952,045	938,419
Other income	1,021	96
	<u>1,390,144</u>	<u>1,997,805</u>
Expenses		
SAI administrative fees	1,336,677	1,009,042
Depreciation	220,595	220,594
Interest	167,823	172,632
Leased commercial property expenses	15,872	39,618
Professional and custodian fees	18,446	26,480
Other administrative expenses	7,637	592
	<u>1,767,050</u>	<u>1,468,958</u>
Taxable income (loss)	(376,906)	528,847
Income Tax Expense	47,660	3,321
Change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	(424,566)	525,526
Adjustment to Fair Value of Investment in Shee Atiká Investments, LLC	(665,738)	(2,823,719)
Change in net assets	<u>\$(1,090,304)</u>	<u>\$(2,298,193)</u>

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Change in net assets	\$ (1,090,304)	\$ (2,298,193)
Distributions to unit holders	(1,852,000)	(1,852,000)
Total decrease in net assets	(2,942,304)	(4,150,193)
Net assets, beginning of year	46,736,837	50,887,030
Net assets, end of year	<u>\$ 43,794,533</u>	<u>\$ 46,736,837</u>

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, 2017, there were 185,200 trust units (of which 179,996 were Class A and 5,204 were Class B) held by 3,394 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 (\$10.00 per trust unit in 2017 and 2016) 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.

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

BASIS OF ACCOUNTING

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2017, SAFE adopted the provisions of Accounting Standards Update ("ASU") No. 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" issued by the Financial Accounting Standards Board ("FASB"). ASU 2015-07 was issued to address diversity in practice related to how certain

investments measured at net asset value are categorized in the fair value hierarchy. ASU 2015-07 provides that investments that are measured at fair value using net asset value per share as a practical expedient are no longer required to be categorized within the fair value hierarchy. SAFE's investment in SAIL is measured at net asset value. The provisions of this ASU have been applied retrospectively to all periods presented in these financial statements. The adoption of this ASU did not have a material effect on SAFE's financial statements.

RELATED PARTY TRANSACTIONS

For 2017, SAI charged administrative fees of \$1,336,677. SAFE paid these fees in full during 2017. For 2016, SAI charged administrative fees of \$1,009,042. SAFE paid these fees in full during 2016. As noted above, expenses are generally recognized when paid.

INVESTMENT IN SHEE ATIKÁ INVESTMENTS, LLC

SAIL exists to pool investment activity for SAFE and Shee Atiká Benefits Trust ("SABT"). 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. There are no funding commitments to SAIL or restrictions on redemptions from SAIL.

SAIL's investments are all primarily in fixed income mutual and exchange-traded funds, leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and a U.S. dollar performance fund.

The leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and U.S. dollar performance fund employ a leveraged investment strategy in that they invest in derivative instruments, which primarily consist of index swaps, futures contracts, and options to enhance performance (positive or negative) at a multiple (generally 125% to 200%) of the normal performance. See Note 2 below for summary of SAIL's investments held at December 31, 2017 and 2016.

INVESTMENT IN SHEE ATIKÁ ENTERPRISES, LLC

SAFE has a 49% ownership interest in Shee Atiká Enterprises, LLC ("SAE"). SAE holds certification under the U.S. Small Business Administration's 8(a) Business Development Program ("Section 8(a)"). SAE did not have any significant operations during the years ended December 31, 2017 or 2016. Management believes that SAE could be used in the future to provide services under contracts with the United States government. SAI owns 51% of SAE. The investment in SAE is recorded at its tax basis, which is accounted for by increasing the investment for contributions made, decreasing the investment for distributions received, and adjusting the investment for SAFE's share of taxable income or loss each year.

INVESTMENT IN SHEE COMMERCIAL SERVICES, LLC

SAFE has a 49% ownership interest in Shee Atiká Commercial Services, LLC ("SACS"). SACS did not have any significant operations during the years ended December 31, 2017 or 2016. Management is in the process of winding down SACS and does not expect SACS to have any significant future operations. 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 or loss each year.

INVESTMENT IN AMERICAN MARINE & TECHNICAL SERVICES, LLC

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

INVESTMENT IN BALANCED ACCOUNTING SOLUTIONS, LLC

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

LEASED COMMERCIAL PROPERTY

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

Revenue from rental of leased commercial property is recognized as received. All rental revenue in both 2017 and 2016 was from one lessee.

CASH AND CASH EQUIVALENTS

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

INCOME TAXES

SAFE has elected to be taxed at a rate of 10% on taxable income (no tax on certain dividends received and currently a lower tax rate on long-term capital gains) as defined in the Internal Revenue Code. SAFE cannot carry non-capital taxable losses back to previous years or forward to future years to offset taxable income. SAFE can carry capital losses realized on sales of investments forward to future years to offset capital gains (capital losses cannot be carried back to previous years). At December 31, 2017, SAFE had approximately \$8.4 million in capital loss carryforwards available that can be used to offset future capital gains, which, under current tax law, can be carried forward indefinitely.

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 2017 or 2016.

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.

RECLASSIFICATIONS

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

SUBSEQUENT EVENTS

SAFE has evaluated subsequent events through the date these financial statements were available to be issued, which was March 23, 2018.

2 INVESTMENT IN SAIL

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

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

	2017	2016
Investments, at fair value		
Fixed income mutual and exchange-traded funds	\$ 25,565,785	\$ 27,102,931
Leveraged fixed income funds	4,655,952	4,364,463
Inverse-fixed income funds	2,508,330	2,779,468
Inverse-equity funds	2,141,634	3,367,643
U.S. dollar performance fund	1,670,240	2,040,295
Total investments, at fair value	36,541,941	39,654,800
Cash and cash equivalents	1,260,327	1,091,231
Other assets	1,956,755	1,881,606
Members' equity	39,759,023	42,627,637
Gain (loss) on investment activity, including adjustment to fair value	485,651	(1,364,425)
Net loss	(230,437)	(1,757,637)

SAFE's ownership interest in SAIL was 99.97% and 99.96% of SAIL's total equity at December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, 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:

	2017	2016
Building	\$ 6,975,574	\$ 6,975,574
Land improvements	571,772	571,772
Leasehold improvements	689,899	295,336
Land	722,000	722,000
	8,959,245	8,564,682
Less: accumulated depreciation	(1,771,103)	(1,550,508)
	<u>\$ 7,188,142</u>	<u>\$ 7,014,174</u>

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

2018	\$ 965,010
2019	979,482
2020	994,176
2021	1,009,092
2022	1,024,224
Thereafter	1,563,246
	<u>\$ 6,535,230</u>

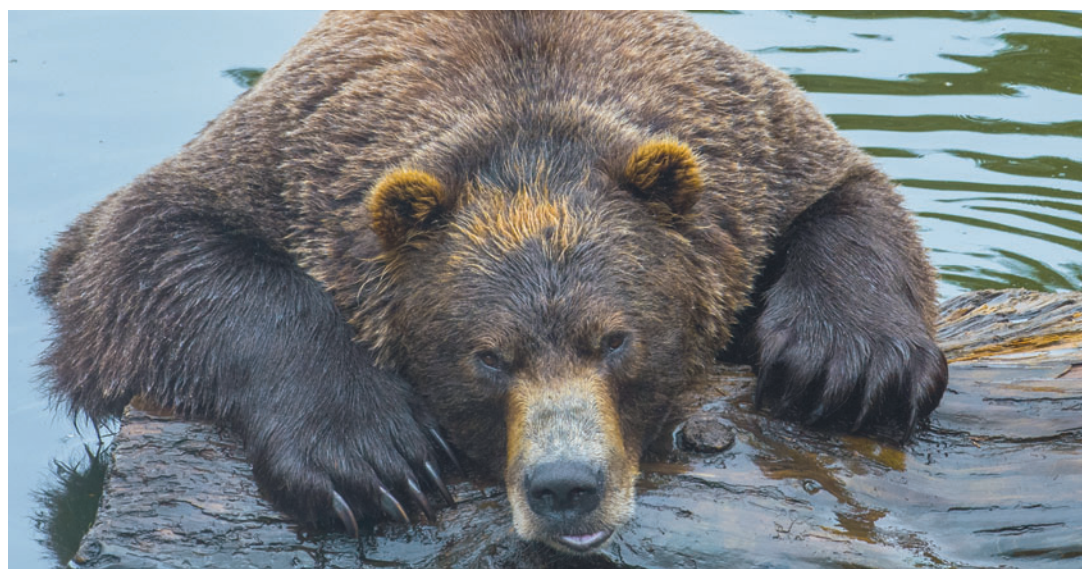
Under the terms of the lease, SAFE has committed to paying for certain tenant improvements to the property on behalf of the lessee, up to a maximum of \$799,919. As of December 31, 2017, SAFE has \$110,020 of this commitment remaining.

4 LONG-TERM DEBT

SAFE has a note payable to a bank due in monthly installments of \$14,034, including interest, with a final payment due on August 3, 2022. The note bears interest at the one-month LIBOR rate plus 1.9% (resulting in a rate of interest of 3.46% at December 31, 2017). However, SAFE has an interest rate swap in place that effectively fixes the interest rate of the loan over its term at 4.4%. The swap has a settlement value of approximately (\$5,000) at December 31, 2017. This amount is not recognized in the financial statements under the modified income tax basis of accounting.

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

2018	\$ 96,011
2019	100,424
2020	104,594
2021	109,845
2022	3,280,790
	<u>\$ 3,691,664</u>



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, 2017 and 2016, 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 SABT as of December 31, 2017 and 2016, 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 23, 2018

STATEMENTS OF NET ASSETS - MODIFIED INCOME TAX BASIS

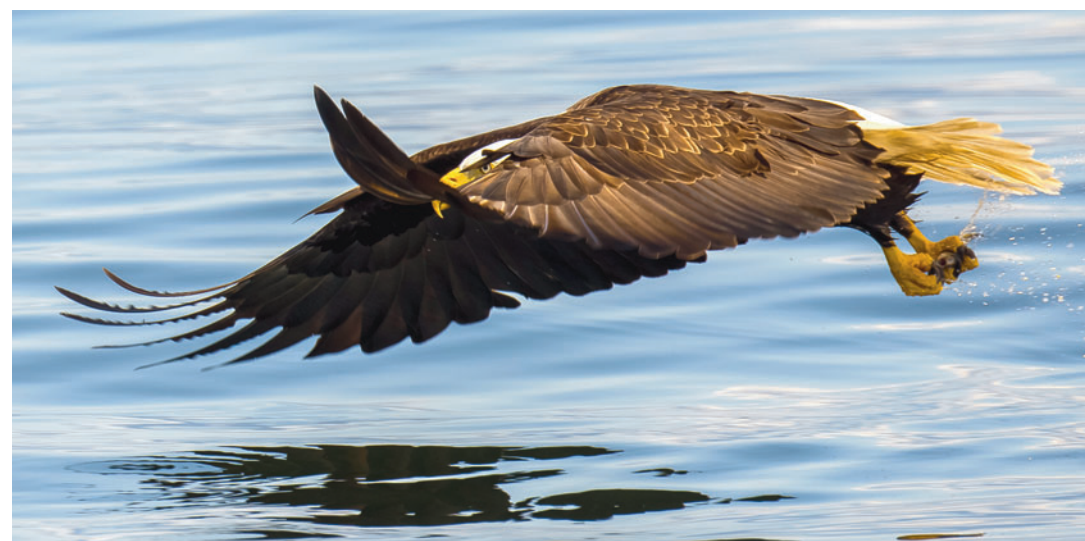
December 31, 2017 and 2016

	2017	2016
ASSETS		
Investment in Shee Atiká Investments, LLC	\$ 13,213	\$ 14,795
Cash and cash equivalents	502	4,051
Total assets	13,715	18,846
LIABILITIES		
Accounts payable		507
Total liabilities		507
NET ASSETS	\$ 13,715	\$ 18,339

STATEMENTS OF REVENUE AND EXPENSES - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Equity share in Shee Atiká Investments, LLC taxable income (realized losses allocated limited to \$3,000 for income tax purposes)	\$ 148	\$ 392
Scholarship refund income	1,200	
Total revenue	1,348	392
Expenses		
Administrative expenses	5,742	7,802
Taxable loss and change in net assets before adjusting investment in Shee Atiká Investments, LLC to fair value	(4,394)	(7,410)
Adjustment to Fair Value of Investment in Shee Atiká Investments, LLC	(230)	(1,037)
Change in net assets	\$ (4,624)	\$ (8,447)



See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Change in net assets	\$ (4,624)	\$ (8,447)
Net assets, beginning of year	18,339	26,786
Net assets, end of year	\$ 13,715	\$ 18,339

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND FUTURE PLANS

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

SABT's Class A trust units are issued to SAI's shareholders in direct proportion to their shares of SAI voting common stock. Class B trust units are issued to any person who acquires SAI's shares and who is not a "Native" or a "Descendant of a Native" within the meaning of the Alaska Native Claims Settlement Act ("ANCSA"), in direct proportion to their shares of SAI nonvoting common stock. The trust units are not generally transferable. At December 31, 2017, there were 185,200 trust units (of which 179,996 were Class A and 5,204 were Class B) held by 3,394 beneficiaries.

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

After the tenth anniversary of SABT and each subsequent ten-year period measured from the tenth anniversary (the next modification date is November 8, 2027), the trustees may modify the terms of the trust agreement with 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.

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

BASIS OF ACCOUNTING

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

RELATED PARTY TRANSACTIONS

From time to time, SAI provides administrative services to SABT. SAI did not charge SABT administrative fees for 2017 or 2016.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2017, SABT adopted the provisions of Accounting Standards Update ("ASU") No. 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" issued by the Financial Accounting Standards Board ("FASB"). ASU 2015-07 was issued to address diversity in practice related to how certain investments measured at net asset value are categorized in the fair value hierarchy. ASU 2015-07 provides that investments that are measured at fair value using net asset value per share as a practical expedient are no longer required to be categorized within the fair value hierarchy. SABT's investment in SAIL is measured at net asset value. The provisions of this ASU have been applied retrospectively to all periods presented in these financial statements. The adoption of this ASU did not have a material effect on SABT's financial statements.

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. There are no funding commitments to SAIL or restrictions on redemptions from SAIL.

SAIL's investments are all primarily in fixed income mutual and exchange traded funds, leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and a U.S. dollar performance fund.

The leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and U.S. dollar performance fund employ a leveraged investment strategy in that they invest in derivative instruments, which primarily consist of index swaps, futures contracts, and options to enhance performance (positive or negative) at a multiple (generally 125% to 200%) of the normal performance. See Note 2 below for summary of SAIL's investments held at December 31, 2017 and 2016.

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 and currently a lower tax rate on long-term capital gains) as defined in the Internal Revenue Code. SABT cannot carry non-capital taxable losses back to previous years or forward to future years to offset taxable income. SABT can carry capital losses realized on sales of investments forward to future years to offset capital gains (capital losses cannot be carried back to previous years). At December 31, 2017, SABT had approximately \$174,000 in capital loss carryforwards available, which, under current tax law, can be carried forward indefinitely and can be used to offset future capital gains.

Because SAIL is a limited liability company, 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 2017 or 2016.

NOTE 1, CONTINUED

USE OF ESTIMATES

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

SUBSEQUENT EVENTS

SABT has evaluated subsequent events through the date these financial statements were available to be issued, which was March 23, 2018.

2 INVESTMENT IN SAIL

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

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

	2017	2016
Investments, at fair value		
Fixed income mutual and exchange-traded funds	\$ 25,565,785	\$ 27,102,931
Leveraged fixed income funds	4,655,952	4,364,463
Inverse-fixed income funds	2,508,330	2,779,468
Inverse-equity funds	2,141,634	3,367,643
U.S. dollar performance fund	1,670,240	2,040,295
Total investments, at fair value	36,541,941	39,654,800
Cash and cash equivalents	1,260,327	1,091,231
Other assets	1,956,755	1,881,606
Members' equity	39,759,023	42,627,637
Gain (loss) on investment activity, including adjustment to fair value	485,651	(1,364,425)
Net loss	(230,437)	(1,757,637)

SABT's ownership interest in SAIL was 0.03% and 0.04% of SAIL's total equity at December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, SABT and SAFE were the only members of SAIL.

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, 2017 and 2016, 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 SAIL as of December 31, 2017 and 2016, 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 23, 2018

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

December 31, 2017 and 2016

	2017	2016
ASSETS		
Investments, at fair value	\$ 36,541,941	\$ 39,654,800
Cash and cash equivalents	1,260,327	1,091,231
Loan receivable from Shee Atiká, Incorporated	1,871,131	1,814,050
Dividends receivable	85,624	67,556
Total assets	<u>\$ 39,759,023</u>	<u>\$ 42,627,637</u>
MEMBERS' EQUITY		
Members' equity	<u>\$ 39,759,023</u>	<u>\$ 42,627,637</u>

STATEMENTS OF REVENUE AND EXPENSES – MODIFIED INCOME TAX BASIS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenue		
Interest	\$ 78,141	\$ 53,000
Dividends	986,520	1,059,613
Net realized gain on sales of investments	86,958	347,717
Total revenue	1,151,619	1,460,330
Expenses		
SAI administrative fees	681,397	328,590
Investment management and custodian fees	20,855	37,690
Professional fees	13,836	26,932
Total expenses	716,088	393,212
Taxable income	435,531	1,067,118
Adjustment to Fair Value of Investments	(665,968)	(2,824,755)
Net loss	<u>\$ (230,437)</u>	<u>\$ (1,757,637)</u>

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

For the Years Ended December 31, 2017 and 2016

Balance, December 31, 2015	\$ 46,646,316
Net loss	(1,757,637)
Distributions	(2,261,042)
Balance, December 31, 2016	42,627,637
Net loss	(230,437)
Distributions	(2,638,177)
Balance, December 31, 2017	<u>\$ 39,759,023</u>

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, but its members can vote to extend its existence.

SAI provides administrative services to SAIL. SAI charged administrative fees of \$681,397 and \$328,590 in 2017 and 2016, respectively.

BASIS OF ACCOUNTING

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

CASH AND CASH EQUIVALENTS

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

FAIR VALUE MEASUREMENTS

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

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

INVESTMENTS, AT FAIR VALUE

Investments in mutual funds 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.

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

SSAIL has evaluated subsequent events through the date these financial statements were available to be issued, which was March 23, 2018.

2 INVESTMENTS

Investments consist of fixed income mutual and exchange-traded funds, leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and a U.S. dollar performance fund.

Leveraged fixed income funds employ an investment strategy that seeks to provide investment results that match, before fees and expenses, 200% (in the case of the Direxon Fund) and 125% (in the case of the Profunds Fund) of the performance of the respective index. These investments are, in essence, betting on the performance of their respective indices.

Inverse-fixed income funds employ an investment strategy that seeks to provide investment results that match, before fees and expenses, 200% (in the case of the Direxon Fund) and 125% (in the case of the Profunds Fund) of the inverse (opposite) of the performance of the respective index. These investments are, in essence, betting against the performance of their respective indices.

Inverse-equity funds employ an investment strategy that seeks to provide investment results that match, before fees and expenses, 200% of the inverse (opposite) of the performance of the respective index. These investments are, in essence, betting against the performance of their respective indices.

The U.S. dollar performance fund employs an investment strategy that attempts to match 200% of the performance of the U.S. dollar index before fees and expenses. This fund is, in essence, betting on the positive performance of the U.S. dollar compared to certain other international currencies.

The leveraged fixed income funds, inverse-fixed income funds, inverse-equity funds, and U.S. dollar performance fund employ a leveraged investment strategy in that they invest in derivative instruments, which primarily consist of index swaps, futures contracts, and options, to enhance performance (positive or negative) at double (or 200%) the normal performance (for all of these funds except for the Profunds funds, where leverage is used to enhance performance (positive or negative) at 125% of normal performance).

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.

Investments are summarized in the following table at December 31:

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Fixed Income Mutual and Exchange Traded Funds				
Pimco Extended Duration				
Bond Fund	\$3,911,844	\$3,550,251	\$3,587,838	\$3,550,251
Pimco Income Fund	3,560,375	3,000,000	3,475,504	3,000,000
Fidelity Intermediate Treasury				
Bond Index Premium	2,234,645	2,196,729	2,232,102	2,196,729
TCW Total Return Bond Fund	2,124,761	2,114,683	3,160,145	3,144,496
Vanguard Long-Term				
Bond Fund	2,114,176	2,000,000	1,986,765	2,000,000
Vanguard Long-Term Corporate				
Bond Fund	2,083,074	2,000,000	1,939,259	2,000,000
Vanguard Fixed Income Long-Term				
Investment Grade Fund	2,025,528	2,000,000	1,919,847	2,000,000
Pimco Investment Grade				
Corporate Bond Fund	1,997,094	2,000,000	1,941,065	2,000,000
Victory Fund for Income Fund	1,970,107	2,500,000	2,074,515	2,500,000
Doubleline Total Return				
Bond Fund	1,872,864	1,973,623	2,864,351	3,000,000
Guggenheim Total Return				
Bond Fund	1,671,317	1,694,224	1,921,540	2,000,000
Leveraged Fixed Income Funds				
Profunds Long-Term U.S.				
Government Bond Fund 1.25X	2,633,158	2,491,089	2,395,439	2,491,089
Direxion 7-10YR Treasury Bond				
Bull 2X Fund	2,022,794	2,000,000	1,969,024	2,000,000
Inverse-Fixed Income Funds				
Profunds Inverse Long-Term U.S.				
Government Bond Fund 1.25X	1,622,296	2,000,000	1,842,346	2,000,000
Direxion 7-10YR Treasury Bond				
Bear 2X Fund	886,034	1,000,000	937,122	1,000,000
Inverse-Equity Funds				
Rydex Dynamic Inverse Nasdaq				
100 2X H	684,356	2,000,000	1,228,170	2,000,000
Rydex Inverse Dynamic Russell				
2000 2X	666,119	2,000,000	907,697	2,000,000
Rydex Inverse Dynamic				
S&P 500 2X H	426,055	1,000,000	631,593	1,000,000
Rydex Inverse Dow 2X Strategy H	365,104	1,000,000	600,183	1,000,000
U.S. Dollar Performance Fund				
Rydex Strengthening Dollar 2X	1,670,240	2,000,000	2,040,295	2,000,000
	<u>\$36,541,941</u>	<u>\$40,520,599</u>	<u>\$39,654,800</u>	<u>\$42,882,565</u>

3 LOAN RECEIVABLE FROM SAI

SAIL has provided a loan to SAI with an outstanding balance of \$1,871,131 and \$1,814,050 at December 31, 2017 and 2016, respectively. The loan bears interest at 4% and is due in full December 31, 2020. The loan is secured by a first position security interest in SAI's ownership of Shee Atiká Holdings Alice Island, LLC.





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.

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

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

Money Market Fund — An investment fund with the objective to earn interest for shareholders while maintaining a net asset value of \$1 per share. Typically, cash is invested in a

money market fund short-term while managers wait for the opportunity to move it into higher-yield investments.

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

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

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

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

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

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

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



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