

**United States Bankruptcy Court
District of Arizona**

In re Snowflake Community Foundation

Debtor(s)

Case No. 2:15-bk-06264-MCW

Chapter 11

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY
OF
ENTITIES IN WHICH THE ESTATE OF SNOWFLAKE COMMUNITY FOUNDATION
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of 8/1/15 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of **Snowflake Community Foundation** holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab#
The Apache Railway Company	Sole Owner	A

This periodic report (the "Periodic Report") contains separate reports ("Entity Reports") on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity's business operations.

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR
DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of **Snowflake Community Foundation** holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.

Date: 8/14/15



Signature of Authorized Individual

Stephen M. Brophy

Name of Authorized Individual

Chief Restructuring Officer

Title of Authorized Individual

Exhibit A
Valuation Estimate for The Apache Railway Company

[Provide a statement of the entity's value and the value of the estate's interest in the entity, including a description of the basis for the valuation, the date of the valuation and the valuation method used. This valuation must be no more than two years old. Indicate the source of this information.]

NO CHANGE FROM PRIOR REPORT

Exhibit B
Financial Statements for The Apache Railway Company

SEE ATTACHED

The Apache Railway Company

Balance Sheet

As of July 31, 2015

ASSETS

Current Assets

Checking/Savings

10000 · Checking - Wells Fargo 8653 99,807.43

10500 · Savings - Wells Fargo 9277 2,218.72

Total Checking/Savings 102,026.15

Accounts Receivable

10002 · acct receivable 2 -25,425.00

11000 · Accounts Receivable 284,325.50

Total Accounts Receivable 258,900.50

Other Current Assets

13000 · Inventory 347,752.09

13100 · Prepaid Insurance 25,132.22

Total Other Current Assets 372,884.31

Total Current Assets 733,810.96

Fixed Assets

15000 · Land 186,000.00

15500 · Buildings 83,082.00

15600 · Certified Anti-Pollution 17,500.00

16300 · Equipment 234,999.50

16400 · Railway 5,535,555.50

16500 · Goodwill 18,735.00

16600 · Debt Issuance Costs 108,515.29

17000 · Accumulated Depreciation -300,606.90

17100 · Accumulated Amortization -2,146.91

Total Fixed Assets 5,881,633.48

TOTAL ASSETS 6,615,444.44

The Apache Railway Company

Balance Sheet

As of July 31, 2015

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

20001 · Accounts Payable	105,351.65
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Total Accounts Payable	105,351.65
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Other Current Liabilities

20000 · Payroll Withholding	3,154.05
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21000 · 401k withholding	3,021.61
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22000 · Deferred Tax Liability - Net	-17,000.00
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23000 · Defined Benefits	68,345.84
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24300 · payroll accruals	19,578.82
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24400 · Property Tax Payable	38,408.16
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24510 · Aztec Payable	155,000.00
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24520 · Interest Payables	2,375.00
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24600 · Other Accrued Liabilities	3,391.01
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Total Other Current Liabilities	276,274.49
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Total Current Liabilities	381,626.14
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Total Liabilities	381,626.14
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Equity

30000 · Opening Balance Equity	5,525,000.00
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30500 · Common Stock	800,000.00
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32000 · Unrestricted Net Assets	567.37
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33000 · AOCI - Transition Obligation	-105,278.00
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Net Income	13,528.93
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Total Equity	6,233,818.30
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TOTAL LIABILITIES & EQUITY	6,615,444.44
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The Apache Railway Company

Profit Loss

July 2015

Ordinary Income/Expense

Income

44000 · Freight Revenue	16,359.60
44100 · Miscellaneous Revenue	190.00
44400 · Car Repair Billing	155,563.20
44500 · Car Cleaning	6,330.00
44600 · Car Storage and Switching	22,785.21
51000 · Bank Interest	4.00

Total Income	201,232.01
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Cost of Goods Sold

51300 · Car Repair Material	65,172.24
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Total COGS	65,172.24
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Gross Profit	136,059.77
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Expense

60100 · Pension & 401K benefits	3,778.17
60200 · Salaries Administration	12,137.92
60250 · Benefits Administration	539.69
60270 · Payroll Taxes Administration	3,160.92
60300 · Locomotive Wages	1,827.61
60350 · Benefits Locomotive	35.59
60370 · Payroll Taxes Locomotive	553.81
60400 · MOE Wages	31,380.52
60450 · MOE Benefits	3,756.53
60470 · Payroll Taxes MOE	8,376.46
60500 · MOW/Signals wages	4,314.08
60550 · MOW/Signals Benefits	452.87
60570 · MOW/Signals Payroll Taxes	1,048.63
60600 · Train Wages	5,395.12
60650 · Train Benefits	950.41
60670 · Train Payroll Taxes	1,411.34
60700 · Car Cleaning Wages	831.50
60750 · Car Cleaning Benefits	95.56
60770 · Car Cleaning Payroll Taxes	343.60
* 61500 · Outside Services	7,653.78 * scale calibration \$4256.36
61700 · Operating Supplies	6,015.03 train end of device annual calibration \$1017
* 62400 · Car Hire	-5,821.31 * March & April over estimated BNSF car hire
63300 · Insurance Expense	9,362.33
64300 · Meals and Entertainment	522.22
64900 · Fuels & Lubes	8,197.83
66000 · Payroll Processing Fees	410.80
66100 · Subscriptions	1,060.68
* 66400 · Membership Fees	2,810.54 * 2 quarters of AAR membership
66500 · Property Taxes	5,619.44

The Apache Railway Company

Profit Loss

July 2015

66700 · Legal & Professional Fees	797.50
67100 · Leases & Easements	535.00
67200 · Shipping & Freight	226.44
67800 · Small Tools and Equipment	76.62
68100 · Telephone Expense	470.50
68300 · Waste Removal Services	246.37
68600 · Utilities	2,279.76
68800 · Misc Expense	2,858.96
Total Expense	<u>123,712.82</u>

EBITDA 12,346.95

Other Expense

70000 · Depreciation	10,020.23
70100 · Amortization	39.03
Total Other Expense	<u>10,059.26</u>
	<u>-10,059.26</u>

Net Income **2,287.69**

Exhibit C

Description of Operations for The Apache Railway Company

[Describe the nature and extent of the estate's interest in the entity.

Describe the business conducted and intended to be conducted by the entity, focusing on the entity's dominant business segment(s). Indicate the source of this information.]

The Apache Railway Company (the "Company") is a Class III Railroad that operates from a connection with the BNSF Railway at Holbrook, Arizona. Its line, which includes 55.4 miles of owned track and 5 miles of leased track, extends from Holbrook to the vicinity of Snowflake, Arizona. The Company provides switching services and freight services to its customers. The Company also provides car repair services to BNSF Railway and other customers.

1 **CERTIFICATE OF SERVICE**

2 I certify that on this 18th day of August, 2015, I electronically transmitted the
3 attached document to the Clerk's office using the CM/ECF System for filing and
transmittal of a Notice of Electronic Filing to the following registrants:

4 EDWARD K. BERNATAVICIUS on behalf of U.S. Trustee U.S. TRUSTEE
edward.k.bernatavicius@usdoj.gov

5 JOHN J. FRIES on behalf of Creditor Aztec Land and Cattle Company, Limited
6 jfries@rcalaw.com, cbarnes@rcalaw.com

7 JEFFREY T. MURRAY on behalf of Creditor Town of Snowflake
jtmurray@sismurray.com, kmackin@sismurray.com

8 JUSTIN A. SABIN on behalf of Creditor Hackman Capital Equipment Acquisition
9 Company, LLC
justin.sabin@bryancave.com, kmgrady@bryancave.com

10 JUSTIN A. SABIN on behalf of Interested Party Apache Railroad Holdings, LLC
11 justin.sabin@bryancave.com, kmgrady@bryancave.com

12 BRYCE A. SUZUKI on behalf of Creditor Hackman Capital Equipment Acquisition
13 Company, LLC
bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

14 BRYCE A. SUZUKI on behalf of Defendant Apache Railroad Holdings, LLC
bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

15 BRYCE A. SUZUKI on behalf of Defendant Capital Recovery Group, LLC
16 bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

17 BRYCE A. SUZUKI on behalf of Defendant Hackman Capital Equipment Acquisition
18 Company, LLC
bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

19 BRYCE A. SUZUKI on behalf of Defendant Rabin Worldwide, Inc.
bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

20 BRYCE A. SUZUKI on behalf of Defendant Revere Finance LLC
21 bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

22 BRYCE A. SUZUKI on behalf of Interested Party Apache Railroad Holdings, LLC
23 bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

24 /s/ Renee L. Creswell