

**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 9/1/15 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#
<b>The Apache Railway Company</b>	<b>Sole Owner</b>	<b>A</b>

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: 9/15/15

  
\_\_\_\_\_  
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 August 31, 2015**

**ASSETS**

**Current Assets**

**Checking/Savings**

10000 · Checking - Wells Fargo 8653 70,455.30

10500 · Savings - Wells Fargo 9277 2,368.78

**Total Checking/Savings** 72,824.08

**Accounts Receivable**

10002 · acct receivable 2 -25,425.00

11000 · Accounts Receivable 346,855.18

**Total Accounts Receivable** 321,430.18

**Other Current Assets**

13000 · Inventory 378,150.69

13100 · Prepaid Insurance 24,232.39

**Total Other Current Assets** 402,383.08

**Total Current Assets** 796,637.34

**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 -310,627.13

17100 · Accumulated Amortization -2,185.94

**Total Fixed Assets** 5,871,574.22

**TOTAL ASSETS** 6,668,211.56

**The Apache Railway Company**  
**Balance Sheet**  
**As of August 31, 2015**

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

20001 · Accounts Payable	87,937.00
<b>Total Accounts Payable</b>	<b>87,937.00</b>

**Other Current Liabilities**

20000 · Payroll Withholding	5,960.09
21000 · 401k withholding	1,920.45
22000 · Deferred Tax Liability - Net	-17,000.00
23000 · Defined Benefits	72,124.01
24300 · payroll accruals	19,578.82
24400 · Property Tax Payable	44,027.60
24510 · Aztec Payable	155,000.00
24520 · Interest Payables	2,375.00
24600 · Other Accrued Liabilities	37,878.05
<b>Total Other Current Liabilities</b>	<b>321,864.02</b>

<b>Total Current Liabilities</b>	<b>409,801.02</b>
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<b>Total Liabilities</b>	<b>409,801.02</b>
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**Equity**

30000 · Opening Balance Equity	5,525,000.00
30500 · Common Stock	800,000.00
32000 · Unrestricted Net Assets	567.37
33000 · AOCI - Transition Obligation	-105,278.00
Net Income	38,121.17
<b>Total Equity</b>	<b>6,258,410.54</b>

<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,668,211.56</b>
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**The Apache Railway Company**

**Profit Loss**

**August 2015**

**Ordinary Income/Expense**

**Income**

44000 · Freight Revenue	15,997.77
44100 · Miscellaneous Revenue	0.00
44200 · Leases and Easement Revenue	0.00
44400 · Car Repair Billing	156,824.76
44500 · Car Cleaning	31,467.00
44600 · Car Storage and Switching	19,039.72
44700 · Demurrage	0.00
51000 · Bank Interest	3.76

<b>Total Income</b>	<b>223,333.01</b>
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**Cost of Goods Sold**

51300 · Car Repair Material	53,705.25
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<b>Total COGS</b>	<b>53,705.25</b>
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<b>Gross Profit</b>	<b>169,627.76</b>
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**Expense**

60100 · Pension & 401K benefits	3,778.17
60200 · Salaries Administration	12,194.17
60250 · Benefits Administration	539.69
60270 · Payroll Taxes Administration	3,172.58
60300 · Locomotive Wages	2,446.16
60350 · Benefits Locomotive	35.59
60370 · Payroll Taxes Locomotive	682.17
60400 · MOE Wages	27,825.67
60450 · MOE Benefits	4,274.69
60470 · Payroll Taxes MOE	7,758.94
60500 · MOW/Signals wages	5,428.90
60550 · MOW/Signals Benefits	452.87
60570 · MOW/Signals Payroll Taxes	1,279.94
60600 · Train Wages	6,068.32
60650 · Train Benefits	950.41
60670 · Train Payroll Taxes	1,551.02
60700 · Car Cleaning Wages	2,560.00
60750 · Car Cleaning Benefits	95.56
60770 · Car Cleaning Payroll Taxes	702.27
61000 · Repair Material LOCO non-cs	0.00
61100 · Repair Material MOW	0.00
61300 · Training Expenses	1,541.10
61500 · Outside Services	2,509.46
61700 · Operating Supplies	6,118.68
61800 · Bank Charges	65.20
62400 · Car Hire	2,215.04
63300 · Insurance Expense	10,197.93

**The Apache Railway Company**

**Profit Loss**

**August 2015**

64300 · Meals and Entertainment	173.33
64900 · Fuels & Lubes	11,844.22
66000 · Payroll Processing Fees	375.60
66100 · Subscriptions	0.00
66400 · Membership Fees	0.00
66500 · Property Taxes	5,619.44
66700 · Legal & Professional Fees	4,391.70
67100 · Leases & Easements	535.00
67200 · Shipping & Freight	109.99
67800 · Small Tools and Equipment	949.33
68100 · Telephone Expense	469.98
68300 · Waste Removal Services	246.37
68500 · Pension Expense	150.00
68600 · Utilities	2,407.55
68800 · Misc Expense	3,259.22
<b>Total Expense</b>	<b><u>134,976.26</u></b>
 <b>EBITDA</b>	 <b>34,651.50</b>
 63400 · Interest Expense	 0.00
68700 · Income Tax Expense	0.00
70000 · Depreciation	10,020.23
70100 · Amortization	39.03
<b>Total Expense</b>	<b><u>10,059.26</u></b>
 <b>Net Income</b>	 <b><u><u>24,592.24</u></u></b>

## **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 September, 2015, I electronically transmitted the attached  
3 document to the Clerk's office using the CM/ECF System for filing and  
4 transmittal of a Notice of Electronic Filing to the following registrants:

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

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

9 RALPH L. LANDY on behalf of Creditor Pension Benefit Guaranty Corporation  
10 landy.ralph@pbgc.gov

11 JEFFREY T. MURRAY on behalf of Creditor Town of Snowflake  
12 jtmurray@simsmurray.com, kmackin@simsmurray.com

13 JUSTIN A. SABIN justin.sabin@bryancave.com, kmgrady@bryancave.com

14 BRYCE A. SUZUKI bryce.suzuki@bryancave.com, sally.erwin@bryancave.com

15 /s/ Renee L. Creswell

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ROTHGERBER