

Pioneer Railcorp and Subsidiaries

Consolidated Balance Sheet
March 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash	\$ 50,242	\$ 50,173
Trade receivables, less allowance for doubtful accounts of \$119,733 and \$85,021 respectively	4,462,288	2,566,719
Inventories	437,996	445,570
Prepays and other assets	524,916	439,485
Deferred income tax	72,940	113,342
Prepayment of income tax	201,698	661,237
Total current assets	5,750,080	4,276,526
Property and equipment, net	49,115,554	44,477,851
Intangible assets	706,229	790,255
Goodwill	559,255	559,255
	\$ 56,131,118	\$ 50,103,887
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 247,222	\$ 252,452
Current maturities of salary continuation liability and option obligation	411,886	390,838
Note payable	339,641	195,398
Accounts payable	2,363,101	1,751,756
Accrued expenses	2,671,893	1,789,061
Deferred income taxes	-	-
Total current liabilities	6,033,743	4,379,505
Long-Term Liabilities:		
Line-of-credit	12,144,859	12,308,802
Long-term debt	1,256,057	1,387,398
Deferred revenue	6,434,870	4,480,035
Salary continuation liability, net of current maturities	3,199,754	3,408,975
Option obligation, net of current maturities	494,449	704,488
Deferred income taxes	8,926,000	7,826,000
Interest rate swap	142,250	83,049
Total long-term liabilities	32,598,239	30,198,747
Commitments and Contingencies		
Equity:		
Pioneer Railcorp stockholders' equity		
Common stock, Class A (voting), par value \$0.001 per share, authorized 20,000,000 shares, issued 4,181,843 shares in 2014 and 2013	4,181	4,181
In treasury 331,450 shares 2014 and 2013	(331)	(331)
Outstanding 3,850,393 shares 2014 and 2013	3,850	3,850
Common stock, Class B (nonvoting), no par value, authorized 20,000,000 shares	-	-
Additional paid-in capital	448,847	448,847
Subsidiary's option to purchase Pioneer Class A common stock	(310,819)	(272,133)
Subsidiary's investment in Pioneer Class A common stock (shares 2014 1,708,640 and 2013 1,683,640)	(9,657,117)	(9,571,803)
Retained Earnings	26,509,964	24,366,982
Accumulated other comprehensive loss	(107,717)	(69,236)
Total Pioneer Railcorp stockholders' equity	16,887,008	14,906,507
Noncontrolling interest	612,128	619,128
Total equity	17,499,136	15,525,635
	\$ 56,131,118	\$ 50,103,887

Pioneer Railcorp and Subsidiaries

Consolidated Statement of Income
Quarter Ended March 31, 2015 and 2014

	2015	2014
Railway operating revenue	\$ 5,547,025	\$ 4,954,555
Operating expenses:		
Maintenance of way and structures	452,727	480,640
Maintenance of equipment	452,156	487,326
Transportation	1,475,639	1,495,336
General and administrative	1,958,464	1,980,969
Depreciation and amortization	876,400	787,964
Gain on sale of property and equipment	(15,000)	(304,552)
Gain from involuntary conversions of property and equipment	-	-
	5,200,386	4,927,683
Operating income	346,639	26,872
Other income (expenses):		
Lease income	359,931	337,577
Interest expense	(184,643)	(160,517)
Sale of income tax credits	-	-
Other, net	3,435	6,950
	178,723	184,010
Income before provision (benefit) for income taxes	525,362	210,882
Provision (benefit) for income taxes	-	-
Net income	525,362	210,882
Less: noncontrolling interest in preferred stock dividends of consolidated subsidiaries	-	-
Net income attributable to Pioneer Railcorp	525,362	210,882
Other comprehensive income (loss), net of tax expense (benefit):		
Adjustment applicable to change in fair value of interest swap contract, net of deferred taxes of (\$34,533) and (\$13,029) respectively	(107,717)	(69,236)
Comprehensive income	\$ 417,645	\$ 141,646

Pioneer Railcorp and Subsidiaries

Consolidated Statement of Cash Flow Quarter Ended March 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Net income	\$ 525,362	\$ 210,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	876,400	787,964
Provision for obligation to purchase common stock	-	-
Gain on sale of property and equipment	(10,000)	(304,552)
Deferred taxes	-	-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Trade receivables	(668,366)	878,848
Prepayment of income taxes	(84,085)	(30,002)
Inventories	(4,072)	(3,986)
Prepaid expenses and other assets	336,976	231,567
Increase (decrease) in liabilities:		
Accounts payable	26,968	(1,081,243)
Accrued expenses	(17,302)	(940,426)
Deferred revenue	296,773	(1,040,362)
Net cash provided by operating activities	1,278,654	(1,291,310)
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	10,000	346,088
Purchase of property and equipment	(1,334,024)	(700,822)
Investment in intangible assets	6,126	6,124
Net cash used in investing activities	(1,317,898)	(348,610)
Cash Flows from Financing Activities:		
Proceeds from short-term notes payable	-	-
Proceeds from long-term debt	6,772,689	7,695,977
Principal payments on short-term notes payable	(339,900)	(194,393)
Principal payments on long-term debt	(6,167,175)	(5,645,156)
Payments under salary continuation agreement	(49,973)	(46,374)
Payments under agreement to purchase common stock	(52,388)	(48,614)
Purchase of common stock by subsidiary	(124,000)	(121,501)
Net cash used in financing activities	39,252	1,639,939
Cash:		
Beginning of period	50,234	50,155
End of period	\$ 50,242	\$ 50,173
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Change in fair value of interest rate swap contract, net of deferred taxes of 2015 (\$34,533) and 2014 (\$13,029)	\$ (38,481)	\$ (69,236)