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on its behalf by the undersigned, thereunto duly authorized.

PITTSBURGH & WEST VIRGINIA RAILROAD

By /s/ Robert A. Hamstead  
Robert A. Hamstead  
Vice President and Secretary-Treasurer

Date: February 27, 2006

Audited Financial Statements

PITTSBURGH AND WEST VIRGINIA RAILROAD

Years Ended December 31, 2001 and 2000

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All schedules are omitted for the reason they are not required or are not applicable.

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Shareholders  
Pittsburgh & West Virginia Railroad

We have audited the accompanying balance sheet of Pittsburgh & West

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Virginia Railroad as of December 31, 2001 and 2000, and the related statements of operations, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pittsburgh & West Virginia Railroad as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

/s/ Gibbons & KAwash  
January 15, 2002  
Charleston, WV

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### PITTSBURGH & WEST VIRGINIA RAILROAD

#### BALANCE SHEET

December 31, 2001 and 2000

	2001	2000
ASSETS		
Rentals receivable under capital lease - implicit interest rate of 10%	\$ 9,150,000	\$ 9,150,000
Cash	49,761	50,548
	\$ 9,199,761	\$ 9,200,548
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$ 22,950	\$ 23,286

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Contingency

Shareholders' equity:

Shares of beneficial interest, without par value. Authorized number of shares - unlimited; issued and outstanding - 1,510,000 shares	9,145,359	9,145,359
Income retained in the business	31,452	31,903
	9,176,811	9,177,262
	\$ 9,199,761	\$ 9,200,548

The accompanying notes are an integral part  
of these financial statements.

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PITTSBURGH & WEST VIRGINIA RAILROAD

STATEMENT OF OPERATIONS

Years Ended December 31, 2001, 2000 and 1999

	2001	2000	1999
Income available for distribution:			
Cash rental	\$ 915,000	\$ 915,000	\$ 915,000
Interest on invested funds	-	301	189
	915,000	915,301	915,189
Less general and administrative expenses	84,951	78,106	82,984
Net income	\$ 830,049	\$ 837,195	\$ 832,205
Per share:			
Net income	\$ .55	\$ .55	\$ .55
Cash dividends paid	\$ .55	\$ .55	\$ .55

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PITTSBURGH & WEST VIRGINIA RAILROAD

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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Years Ended December 2001, 2000 and 1999

	Shares of beneficial interest	Income retained in the business
Balance at December 31, 1998	\$ 9,145,359	\$ 23,503
Net income	-	832,205
Cash dividends paid	-	(830,500)
Balance at December 31, 1999	9,145,359	25,208
Net income	-	837,195
Cash dividends paid	-	(830,500)
Balance at December 31, 2000	9,145,359	31,903
Net income	-	830,049
Cash dividends paid	-	(830,500)
Balance at December 31, 2001	\$ 9,145,359	\$ 31,452

The accompanying notes are an integral part  
of these financial statements.

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PITTSBURGH & WEST VIRGINIA RAILROAD

STATEMENT OF CASH FLOWS

Years Ended December 31, 2001, 2000 and 1999

	2001	2000	1999
Cash flows from operating activities:			
Net income	\$ 830,049	\$ 837,195	\$ 832,205
Adjustments to reconcile net income to net cash provided by operating activities:			
Increase (decrease) in accounts payable and accrued liabilities	(336)	13	323
Net cash provided by operating activities	829,713	837,208	832,528
Cash flows used in financing			

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activities:			
Dividends paid	(830,500)	(830,500)	(830,500)
Net (decrease) increase in cash	(787)	6,708	2,028
Cash, beginning of year	50,548	43,840	41,812
Cash, end of year	\$ 49,761	\$ 50,548	\$ 43,840

The accompanying notes are an integral part  
of these financial statements.

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### PITTSBURGH & WEST VIRGINIA RAILROAD

#### NOTES TO FINANCIAL STATEMENTS

- 1 - Under the terms of a lease which became effective October 16, 1964 (the "lease"), Norfolk and Western Railway Company ("Norfolk and Western") - (the "lessee") leased all of Pittsburgh & West Virginia Railroad's (the "Trust") real properties, including its railroad lines, for a term of 99 years, renewable by the lessee upon the same terms for additional 99-year terms in perpetuity. The lease provides for a cash rental of \$915,000 per annum.

The lease may be terminated by the lessee either by expiration of the initial or any renewal term, or by default of Norfolk and Western. In the event of termination, Norfolk and Western is obligated to return to the Trust all properties covered by the lease, together with sufficient cash and other assets to permit operation of the railroad for a period of one year.

Under the terms of the lease, a noncash settlement account is maintained to record amounts due to or due from Norfolk and Western upon termination of the lease. The amount is credited with noncash rent equivalent to: (a) the deductions allowable to the Trust, for tax purposes for depreciation, amortization or retirements of the leased properties and amortization of debt discount and expense; and (b) all other expenses of the Trust, except those incurred for the benefit of the shareholders. The settlement account is charged with the cost of capital asset acquisitions and expenses of the Trust paid for by Norfolk and Western on behalf of the Trust (see Note 2).

- 2 - Prior to 1983, the lease was accounted for as an operating lease in accordance with the Statement of Financial Accounting Standards (SFAS) No. 13, "Accounting for Leases", because the railroad assets as accounted for under "betterment accounting" were considered similar to land. Effective January 1, 1983, the Interstate Commerce Commission (ICC) changed the method of accounting for railroad companies from "betterment accounting" (which was previously used by the Trust and most railroads) to

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"depreciation accounting." The leased assets, under "depreciation accounting," are no longer similar to land; and, effective January 1, 1983, under the provisions of Statement No. 13, the lease is considered a capital lease and the property deemed sold in exchange for rentals receivable under the lease. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires estimates by management. Accordingly, as of January 1, 1983, the rentals receivable of \$915,000 per annum, recognizing renewal options by the lessee to perpetuity, were estimated to have a present value of \$9,150,000, assuming an implicit interest rate of 10%.

SFAS 107 requires disclosure of the fair value of financial instruments for which it is practicable to estimate that value. Management has determined it is not practicable to estimate the fair value of rentals receivable under capital lease due to the lack of comparable financial instruments.

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At December 31, 2001 and 2000, the noncash settlement account (see Note 1) had a balance of \$12,429,042 and \$12,067,382, respectively, receivable from Norfolk and Western; however, because the account will not be settled until the expiration of the lease, no values have been reported in the accompanying financial statements for the balance of the account or the transactions affecting the balance.

- 3 - Under the provisions of the lease, the Trust may not issue, without the prior written consent of Norfolk and Western, any shares or options to purchase shares or declare any dividends on its shares of beneficial interest in an amount exceeding the value of the assets not covered by the lease plus the annual cash rent of \$915,000 to be received under the lease, less any expenses incurred for the benefit of shareholders. At December 31, 2001, all net assets are covered by the lease.

The Trust may not borrow any money or assume any guarantees except with the prior written consent of Norfolk and Western.

- 4 - The Trust was organized in Pennsylvania in 1967 as a business trust and has elected to be treated under the Internal Revenue Code as a real estate investment trust. As such, the Trust is exempt from Federal taxes on taxable income and capital gains to the extent that they are distributed to shareholders. In order to maintain qualified status, at least 95% of ordinary taxable income must be distributed; it is the intention of the Trustees to continue to make sufficient distributions of ordinary taxable income.

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