

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-06-30**
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FILER

INTERSTATE LAND INVESTORS I LTD PARTNERSHIP

CIK: **835248** | IRS No.: **561610635** | State of Incorporation: **NC** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-18611** | Film No.: **99670762**
SIC: **6500** Real estate

Mailing Address

*P O BOX 1012
CHARLOTTE NC 282011012*

Business Address

*INTERSTATE TOWER
P O BOX 1012
CHARLOTTE NC 28201-1012
7043799164*

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-Q

(Mark One)

- Quarterly Report Under Section 13 or 15(d) of the
 Securities Exchange Act of 1934
 or
 Transition Report Pursuant to Section 13 or 15(d) of the
 Securities Exchange Act of 1934

For Quarterly Period Ended JUNE 30, 1999
 Commission file number 33-22420-A

INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP
 (Exact name of Registrant as specified in its charter)

NORTH CAROLINA
 (State or other jurisdiction of
 incorporation or organization)

56-1610635
 (I.R.S. Employer
 Identification No.)

IJL FINANCIAL CENTER, P.O. BOX 1012
 CHARLOTTE, NC 28201-1012
 (Address of principal executive offices)
 (Zip Code)

(704) 379-9164
 (Registrant's telephone number, including area code)

NOT APPLICABLE
 (Former name, former address and former fiscal year,
 if changed since last report)

Indicate by check mark whether the Registrant has (1) filed all reports required to be filed required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
 --- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

5,100 limited partnership units outstanding at July 21, 1999

Page 1 of 9 Sequentially Numbered Pages

INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP

Condensed Balance Sheets
 As of June 30, 1999, and December 31, 1998

<TABLE>
 <CAPTION>

June 30,
 1999

December 31,

	(Unaudited)	1998
<S>	<C>	<C>
ASSETS:		
Land Held for Sale	\$ 4,261,551	\$ 4,261,551
Cash and Cash Equivalents	128,174	145,111
Other Assets	1,059	1,059
	-----	-----
	\$ 4,390,784	\$ 4,407,721
	=====	=====
LIABILITIES AND PARTNERS' EQUITY (DEFICIT):		
Accrued Liabilities	7,144	7,084
Note Payable	107,625	107,625
	-----	-----
	114,769	114,709
	-----	-----
Class A Limited Partners' Interest	4,275,967	4,292,962
Subordinated Limited Partners' Interest	98	98
General Partners' Interest	(50)	(48)
	-----	-----
	4,276,015	4,293,012
	-----	-----
	\$ 4,390,784	\$ 4,407,721
	=====	=====

</TABLE>

See Notes to Condensed Financial Statements

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INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP
Condensed Statement of Operations

(Unaudited)

<TABLE>
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	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
<S>	<C>	<C>	<C>	<C>
INCOME:				
Interest Income	\$ 1,345	\$ 62	\$ 2,770	\$ 102
Other Income - Legal Settlement	0	500,000	0	500,000
	-----	-----	-----	-----
	1,345	500,062	2,770	500,102
EXPENSES:				

Property Taxes	30	28	60	57
Insurance Expense	216	216	216	216
Professional and Legal Fees	1,000	2,713	6,650	9,063
General and Administrative Costs	2,293	1,666	3,313	4,453
Interest Expense	0	786	0	1,757
	-----	-----	-----	-----
Total Expenses	3,539	5,409	10,239	15,546
	-----	-----	-----	-----
NET INCOME (LOSS) before taxes	(\$ 2,194)	\$494,653	(\$ 7,469)	\$ 484,556
Income Tax Expense	9,528	0	9,528	0
	-----	-----	-----	-----
NET INCOME (LOSS)	(11,722)	494,653	(16,997)	484,556
	=====	=====	=====	=====
NET INCOME (LOSS) ALLOCATION:				
General Partners	(1)	49	(2)	(2)
Class A Limited Partners	(11,721)	494,604	(16,995)	484,508
	-----	-----	-----	-----
Total Net Income (Loss) Allocated to Partners	(\$ 11,722)	\$494,653	(\$ 16,997)	\$ 484,506
	=====	=====	=====	=====
CLASS A LIMITED PARTNERSHIP UNITS OUTSTANDING	5,100	5,100	5,100	5,100
	-----	-----	-----	-----
NET INCOME (LOSS) PER CLASS A LIMITED PARTNERSHIP UNIT	(\$ 2.30)	\$ 96.99	(\$ 3.33)	\$ 95.00
	=====	=====	=====	=====

</TABLE>

See Notes to Condensed Financial Statements

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INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP
Condensed Statement of Partners' Equity (Deficit)
For the Six Months Ended June 30, 1999, and 1998

(Unaudited)

<TABLE>
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	General Partners	Limited Partners	Subordinated Limited Partner	Total
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Partners' Equity (Deficit) at December 31, 1997	(\$ 96)	\$ 4,123,584	\$ 86	\$ 4,123,574
Net Income (Loss) for the Six Months Ended June 30, 1998	48	484,508	0	484,556
	-----	-----	-----	-----

PARTNERS' EQUITY (DEFICIT)				
AT JUNE 30, 1998	(\$ 48)	\$ 4,608,092	\$ 86	\$ 4,608,130
	=====	=====	=====	=====

</TABLE>

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	General Partners	Limited Partners	Subordinated Limited Partner	Total
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Partners' Equity (Deficit) at December 31, 1998	(\$ 48)	\$ 4,292,962	\$ 98	\$ 4,293,012
Net Income (Loss) for the Six Months Ended June 30, 1999	(2)	(16,995)	0	(16,997)
	-----	-----	-----	-----

PARTNERS' EQUITY (DEFICIT)				
AT JUNE 30, 1999	(\$ 50)	\$ 4,275,967	\$ 98	\$ 4,276,015
	=====	=====	=====	=====

</TABLE>

See Notes to Condensed Financial Statements

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INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP

Condensed Statements of Cash Flows
For the six months ended June 30, 1999, and 1998

<TABLE>
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	Six Months Ended June 30, 1999 (Unaudited)	Six Months Ended June 30, 1998 (Unaudited)
	-----	-----
<S>	<C>	<C>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income (Loss)	(\$ 7,469)	\$ 484,556
Adjustments to reconcile net income (loss) to net cash provided by (used for) operations:		
Increase in Accrued Liabilities	60	1,116
	-----	-----
Net Cash Provided by (Used for) Operating Activities	(7,409)	485,672

CASH FLOWS FROM FINANCING ACTIVITIES:		
Income Tax Expense	(9,528)	0
Distributions to Limited Partners	0	0
Increase (Decrease) in Note Payable	0	(37,137)
	-----	-----
Net Cash Used for Provided by (Used for) Financing Activities	(9,528)	(37,137)
Increase (Decrease) in Cash and Cash Equivalents	(16,937)	448,535
	-----	-----
Cash and Cash Equivalents at Beginning of period	145,111	145,111
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 128,174	\$ 593,646
	=====	=====

</TABLE>

See Notes to Condensed Financial Statements

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INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

JUNE 30, 1999

1. BASIS OF PRESENTATION:

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 1999, are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

2. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES:

Interstate Land Investors I Limited Partnership (the "Partnership" or "Registrant") is a North Carolina limited partnership. The Partnership filed a registration statement in 1988 and offered the sale of the limited partnership interests to persons who were admitted as limited partners. The offering became effective September 7, 1988, and was terminated September 30, 1988. Capital Contributions of \$100 were received from the general partners and \$5,100,000 from the limited partners. The limited partnership interests were sold in \$1,000 units. On July 21, 1999, there were 523 unit holders of record. The Partnership's business now consists of holding for investment, disposing, and otherwise dealing in 97 acres of undeveloped land (the "Property") located in York County, South Carolina. As of July 21, 1999, the Partnership held all 97 acres of the Property.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1999, the Registrant had excess cash on hand in the amount of \$128,174. This amount reflects the remainder of the \$500,000 proceeds received from the William Garith Allen legal settlement and the payoff of the \$50,337 outstanding loan. Approximately \$160,000 was retained for working capital and \$306,000 was distributed to the partners on August 11, 1998.

Until the Registrant disposes of its approximately 96.74 acre tract of land located in York County, South Carolina, its only sources of additional capital are loans and the interest earned on its short-term investments.

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The Year 2000 Issue

The Registrant determined that the potential consequences of year 2000 will not have a material effect on business, results of operations, or financial condition. This conclusion was reached after researching computer programs and third party vendors that are currently used to manage this limited partnership. The Registrant is not solely reliant upon outside systems or vendors for record keeping. Information is on file in our offices which states that existing computer software is Y2K compliant. The computer hardware and peripherals located in the Registrant's offices are also Y2K ready.

If necessary, the Registrant can revert to manual methods for bookkeeping, check writing, preparation of financial statements and investor correspondence. Hard copies of essential information are available and will continue to be available well into the year 2000.

2. RESULTS OF OPERATIONS

The Partnership reported a net loss of \$16,997 for the six months ended June 30, 1999, as compared to the net income of \$484,556 for the six months ended June 30, 1998. The net loss is a return to the status quo for the June 30, 1999, quarter as the income for the June 30, 1998, quarter includes the proceeds from the settlement of the lawsuit with William Garith Allen that resulted in \$500,000 in extraordinary income for that quarter.

Professional and legal fees decreased from \$9,063 to \$6,650 reflecting reduced legal activity due to the settlement of the above referenced lawsuit. General and administrative expenses decreased from \$4,453 to \$3,313. The Partnership was required to pay NC State income tax in the amount of \$9,528 on income earned in 1998. Interest expense decreased from \$1,757 for the six months ended June 30, 1998 to zero for the current quarter. This decrease reflects the payoff of the outstanding loan. All other expenses were roughly in line with 1998 second quarter results.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Partnership has settled the claims against William Garith Allen in exchange for assignment to a third party, a \$500,000 cash payment and relinquishment of his interests in the Partnership. The Partnership and Mr. Allen have signed mutual releases in conjunction with this settlement.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

On October 31, 1998, the Partnership entered into a listing agreement with The Crosland Group to sell the property. The property is listed for sale at \$45,000 per acre.

On April 1, 1999, Interstate/Johnson Lane merged into Wachovia Corporation and officially changed its name to Wachovia Securities, Inc. The Registrant will be an affiliate of Wachovia Securities, Inc., but not be part of Wachovia Corporation's banking subsidiary. Personnel and offices will continue to operate as usual.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EX-27 FINANCIAL DATA SCHEDULE (FOR SEC USE ONLY)

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the six months ended June 30, 1999.

INTERSTATE LAND INVESTORS I LIMITED PARTNERSHIP

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERSTATE LAND INVESTORS I
LIMITED PARTNERSHIP
(Registrant)

BY: /s/J. CHRISTOPHER BOONE

J. CHRISTOPHER BOONE
ISC Realty Corporation,
General Partner and Principal Executive
Officer, Principal Financial Officer of the
Registrant

Date: July 21, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF INTERSTATE LAND INVESTORS I L.P. FOR THE 6 MONTHS ENDED JUNE 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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