FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2002-05-14** | Period of Report: **2002-03-31**
SEC Accession No. 0000950131-02-001955

FILER

FIRST CAPITAL INSTITUTIONAL REAL ESTATE LTD 1

CIK:**730212**| IRS No.: **592197264** | State of Incorp.:**FL** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-12538** | Film No.: **02645232**
SIC: **6500** Real estate

Mailing Address
2 N RIVERSIDE PLAZA
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CHICAGO IL 60606-2607

Business Address
TWO NORTH RIVERSIDE PLZ
SUITE 950
CHICAGO IL 60606
3122070020

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended March 31, 2002

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number 0-12538

First Capital Institutional Real Estate, Ltd.-1
(Exact name of registrant as specified in its charter)

<TABLE>

<S>	<C>
Florida (State or other jurisdiction of incorporation or organization)	59-2197264 (I.R.S. Employer Identification No.)
Two North Riverside Plaza, Suite 700, Chicago, Illinois (Address of principal executive offices)	60606-2607 (Zip Code)

</TABLE>

(312) 207-0020
(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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 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 [_]

Documents incorporated by reference:

The First Amended and Restated Certificate and Agreement of Limited Partnership filed as Exhibit A to the definitive Prospectus dated October 25, 1982, included in the Registrant's Registration Statement on Form S-11 (Registration No. 2-79092), is incorporated herein by reference in Part I of this report.

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BALANCE SHEETS
(All dollars rounded to nearest 00s)

<TABLE>
<CAPTION>

<S>	March 31, 2002 (Unaudited) <C>	December 31, 2001 <C>
ASSETS		
Cash and cash equivalents	$4,120,400	$4,131,900
Other assets	6,600	7,800
	$4,127,000	$4,139,700
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Accounts payable and accrued expenses	$ 36,400	$ 34,800
Due to Affiliates	3,800	3,500
Other liabilities	2,300	2,300
	42,500	40,600
Partners'capital:		
General Partners	615,000	615,100
Limited Partners (60,000 Units issued and outstanding)	3,469,500	3,484,000
	4,084,500	4,099,100

	$4,127,000	$4,139,700

</TABLE>

STATEMENTS OF PARTNERS' CAPITAL
For the quarter ended March 31, 2002 (Unaudited)
and the year ended December 31, 2001
(All dollars rounded to nearest 00s)

<TABLE>
<CAPTION>

<S>	General Partners <C>	Limited Partners <C>	Total <C>
Partners' capital, January 1, 2001	$614,600	$3,434,700	$4,049,300
Net income for the year ended December 31, 2001	500	49,300	49,800
Partners' capital, December 31, 2001	615,100	3,484,000	4,099,100
Net (loss) for the quarter ended March 31, 2002	(100)	(14,500)	(14,600)
Partners' capital, March 31, 2002	$615,000	$3,469,500	$4,084,500

</TABLE>

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

STATEMENTS OF INCOME AND EXPENSES
For the quarters ended March 31, 2002 and 2001
(Unaudited)
(All dollars rounded to nearest 00s
except per Unit amounts)

<TABLE>
<CAPTION>

<S>	2002 <C>	2001 <C>
Income:		
Interest	$ 19,300	$55,900

Expenses:		
General and administrative:		
Affiliates	2,800	1,600
Nonaffiliates	31,100	24,800
	33,900	26,400
Net (loss) income	$(14,600)	$29,500
Net (loss) income allocated to General Partners	$ (100)	$ 300
Net (loss) income allocated to Limited Partners	$(14,500)	$29,200
Net (loss) income allocated to Limited Partners per Unit (60,000 Units outstanding)	$ (0.24)	$ 0.49

</TABLE>

STATEMENTS OF CASH FLOWS
For the quarters ended March 31, 2002 and 2001
(Unaudited)
(All dollars rounded to nearest 00s)

<TABLE>
<CAPTION>

<S>	2002 <C>	2001 <C>
Cash flows from operating activities:		
Net (loss) income	$ (14,600)	$ 29,500
Adjustments to reconcile net (loss) income to net cash (used for) provided by operating activities:		
Changes in assets and liabilities:		
Decrease in other assets	1,200	--
Increase in accounts payable and accrued expenses	1,600	10,700
Increase in due to Affiliates	300	600
Net cash (used for) provided by operating activities	(11,500)	40,800

Net cash from investing activities	--	--
Net cash from financing activities	--	--
Net (decrease) increase in cash and cash equivalents	(11,500)	40,800
Cash and cash equivalents at the beginning of the period	4,131,900	4,084,100
Cash and cash equivalents at the end of the period	$4,120,400	$4,124,900

</TABLE>

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)
March 31, 2002

1. Summary of significant accounting policies:

Definition of special terms:
Capitalized terms used in this report have the same meaning as those terms have in the Partnership's Registration Statement filed with the Securities and Exchange Commission on Form S-11. Definitions of these terms are contained in Article III of the First Amended and Restated Certificate and Agreement of Limited Partnership, which is incorporated herein by reference.

Accounting policies:
The Partnership has disposed of its real estate properties. Upon resolution of the environmental matter disclosed in Note 3, the Partnership will make a liquidating distribution to Partners and dissolve.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Partnership utilizes the accrual method of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

Preparation of the Partnership's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial information included in these financial statements is unaudited; however, in management's opinion, all adjustments (consisting of only normal, recurring accruals) necessary for a fair presentation of the results of operations for the periods included have been made. Results of operations for the three months ended March 31, 2002 are not necessarily indicative of the operating results for the year ending December 31, 2002.

Cash equivalents are considered all highly liquid investments with maturity of three months or less when purchased.

The Partnership has one reportable segment as the Partnership is in the disposition phase of its life cycle, wherein it is seeking to resolve post-closing matters related to the properties sold by the Partnership.

Reference is made to the Partnership's annual report for the year ended December 31, 2001, for a description of other accounting policies and additional details of the Partnership's financial condition, results of operations, changes in Partners' capital and changes in cash balances for the year then ended. The details provided in the notes thereto have not changed except as a result of normal transactions in the interim or as otherwise disclosed herein.

2. Related party transactions:

In accordance with the Partnership Agreement, subsequent to March 31, 1983, the Termination of the Offering, the General Partners are entitled to 10% of Cash Flow (as defined in the Partnership Agreement) as their Subordinated Partnership Management Fee, provided that Limited Partners first receive specified non-cumulative annual rates of return on their Capital Investment.

In accordance with the Partnership Agreement, Net Profits (exclusive of depreciation and Net Profits from the sale or disposition of Partnership properties) are allocated: first, to the General Partners, in an amount equal to the greater of the General Partners' Subordinated Partnership Management Fee or 1% of such Net Profits; and second, the balance, if any, to the Limited Partners. Net Profits from the sale or disposition of a Partnership property are allocated: first, to the General Partners, in an amount equal to the aggregate amount of depreciation previously allocated to them; second, to the General Partners and the Limited Partners with negative balances in their capital accounts pro rata in proportion to such respective negative balances, to the extent of the total of such negative balances; third, to the General Partners, in an amount necessary to make the aggregate amount of their capital accounts equal to the greater of the Sale Proceeds to be distributed to the General Partners with respect to the sale or disposition of such property or 1% of such Net Profits; and fourth, the balance, if any, to the Limited Partners. Net Losses (exclusive of depreciation and Net Losses from the sale, disposition or provision for value impairment of Partnership properties) are allocated 1% to the General Partners and 99% to the Limited Partners. All depreciation is allocated 10% to the General Partners and 90% to the Limited Partners. Net Losses from the sale, disposition or provision for value impairment of Partnership properties are allocated: first, to the extent that the balance in the General Partners' capital accounts exceeds their Capital Investment or the balance in the capital accounts of the Limited Partners exceeds the amount of their Capital Investment (collectively, the "Excess Balances"), to the General Partners and the Limited Partners pro rata in proportion to such Excess Balances until such Excess Balances are reduced to zero; second, to the General Partners and the Limited Partners and among them (in the ratio which their respective capital account balances bear to the aggregate of all capital account balances) until the balance in their capital accounts shall be reduced to zero; third, the balance, if any, 99% to the Limited Partners and 1% to the General Partners. In all events there shall be allocated to the General Partners not less than 1% of Net Profits and Net Losses from the sale, disposition or provision for value impairment of a Partnership property. The General Partners were not entitled to cash distributions for the three months ended March 31, 2002 and 2001. For the three months ended March 31, 2002 and 2001, the General Partners were allocated Net (Losses) Profits of $(100) and $300, respectively.

Fees and reimbursements paid and payable by the Partnership to Affiliates as of March 31, 2002 were as follows:

<TABLE>

<S>	<C>	<C>
Reimbursement of expenses, at cost		
--Accounting	$1,000	$1,500
--Investor communications	1,500	2,300
Total	$2,500	$3,800

</TABLE>

3. Environmental matter:

In 1996, the Managing General Partner became aware of the existence of hazardous substances in the soil and groundwater under Lakewood Square Shopping Center ("Lakewood"). In connection with the 1997 sale of Lakewood, the purchaser assumed the obligation to remedy the hazardous substances in the manner required by law, which includes, but is not limited to, payment of all costs in connection with the remediation work. In addition, the purchaser provided the Partnership with certain indemnification protection in relation to clean-up costs and related expenses arising from the presence of these

hazardous substances. At the present time, the Managing General Partner is unaware of any claims or other matters referred to above against the Partnership. The California Regional Water Quality Control Board has approved the purchaser's revised remedial action plan (the "Plan") for the site. The remediation is scheduled to begin in 2002, provided the proper permits are obtained. There can be no assurance as to the timing of successful completion of the Plan. The Managing General Partner continues to monitor the documentation delivered by the purchaser regarding the purchaser's activities to remedy the hazardous substances
at Lakewood.

TRANSFER AGENT AND REGISTRAR
The Bank of New York
P.O. Box 7090
Troy, Michigan 48007-7090
(800) 447-7364

[LOGO] First Capital Institutional Real Estate, Ltd.-1

[Graphic]

sponsored by FIRST CAPITAL FINANCIAL LLC

Two North Riverside Plaza

Chicago, Illinois 60606

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

Reference is made to the Partnership's Annual Report for the year ended December 31, 2001 for a discussion of the Partnership's business.

Statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations, which are not historical facts, may be forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Partnership has substantially completed the disposition phase of its life cycle. The Partnership has sold its remaining property investments and is working toward resolution of post closing property sale matters.

Operations

Net income (loss) changed from $29,500 for the three months ended March 31, 2001 to $(14,600) for the three months ended March 31, 2002. The change was primarily due to a decrease in interest earned on the Partnership's short-term investments, which was due to a decrease in the rates earned on those investments.

Liquidity and Capital Resources

The decrease in the Partnership's cash position of $11,500 during the three months ended March 31, 2002 was due to net cash used for by operating activities. Liquid assets, including cash and cash equivalents, as of March 31, 2002 were comprised of amounts reserved for the Lakewood environmental matter (as hereafter discussed) and Partnership liquidation expenses.

Net cash provided by (used for) operating activities changed from $40,800 for the three months ended March 31, 2001 to $(11,500) for the three months ended March 31, 2002. The change was primarily the result of the change in net results, as previously discussed. In addition the change was due to the timing of the payment of certain Partnership expenses.

The Partnership has no financial instruments for which there are significant market risks.

As described in Note 3 of Notes to Financial Statements, the Partnership is awaiting resolution of an environmental matter at Lakewood. The Managing General Partner is continuing to monitor the documentation delivered by the purchaser of Lakewood regarding the purchaser's activities to remedy the hazardous substances at Lakewood. There can be no assurance as to the actual timeframe for the remediation or that it will be completed without cost to the Partnership. As a result of this, it will be necessary for the Partnership to remain in existence. When the environmental matter at Lakewood is satisfactorily remediated, Limited Partners will receive a final liquidating distribution of the remaining cash held by the Partnership, less amounts reserved for administrative expenses and any amounts deemed necessary to resolve, or provide for, any post closing matters.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits: None

(b) Reports on Form 8-K:

There were no reports filed on Form 8-K for the three months ended March 31, 2002.

SIGNATURES

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.

FIRST CAPITAL INSTITUTIONAL REAL ESTATE, LTD.-1

By: FIRST CAPITAL FINANCIAL LLC
MANAGING GENERAL PARTNER

/s/ DOUGLAS CROCKER II

Date: May 10, 2002

By: ________________________________
DOUGLAS CROCKER II
President and Chief Executive Officer

/s/ PHILIP G. TINKLER

Date: May 10, 2002

By: ________________________________
PHILIP G. TINKLER
Vice President--Finance and Treasurer