

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

FMG RITA RANCH LIMITED PARTNERSHIP

CIK: **820047** | IRS No.: **232466343** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-16601** | Film No.: **96665963**
SIC: **6519** Lessors of real property, nec

Mailing Address
250 KING OF PRUSSIA RD
RADDNOR PA 19087

Business Address
250 KING OF PRUSSIA RD
RADNOR PA 19087
6109647234

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549
 Form 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE
 SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
 ENDED September 30, 1996.

---- 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: 0-16601 (formerly 33-16164-LA)

FMG RITA RANCH LIMITED PARTNERSHIP
 (Exact name of registrant)

Delaware

23-2466343

(State or other jurisdiction of
 incorporation or organization)

(I.R.S. Employer
 Identification No.)

250 King of Prussia Road, Radnor, PA 19087
 (Address of Principal Executive Offices)

Issuer's Telephone Number: (610 964-7234)

Indicate by check mark whether the registrant (a) 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

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

The unaudited financial statements of FMG Rita Ranch Limited
 partnership (the "Partnership") at September 30, 1996 are attached hereto as
 Exhibit A.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results
 of Operations.

Background

The Partnership is a Delaware limited partnership. The Partnership was
 formed on January 30, 1987 by FMG Western Region Acquisitions, Inc. (the
 "General Partner") and the initial limited partner, FM Initial, Inc., with an
 initial contribution of \$25,000 by the General Partner. The General Partner is
 an indirect wholly-owned subsidiary of The Fidelity Mutual Life Insurance
 Company (in Rehabilitation) ("Fidelity Mutual"). In accordance with the Amended

and Restated Limited partnership Agreement dated December 17, 1987 (the "Partnership Agreement"), FM Initial, Inc. withdrew from the partnership upon admittance of new limited partners. The Partnership was formed to acquire and realize appreciation in a certain 118 acre parcel of undeveloped land near Tucson, Arizona (the "Property") by holding it for investment and eventual sale, although there is no assurance that this will be attained.

Results of Operations

The Partnership's revenues for the third quarter of fiscal year 1996 consisted of interest income of \$1 and partnership transfer fees of \$25. Expenses for the third quarter of 1996 consisted of general and administrative costs of \$1,179, management fees of \$3,750, insurance of \$35 and real estate taxes of \$1,892.

The Partnership's revenues for the second quarter of fiscal year 1996 consisted of interest income of \$2 and partnership transfer fees of \$25. Expenses for the second quarter of 1996 consisted of general and administrative costs of \$1,875, management fees of \$3,750, insurance of \$34 and real estate taxes of \$2,604.

The Partnership's revenues for the first quarter of fiscal year 1996 consisted of interest income of \$2 and partnership transfer fees of \$75. Expenses for the first quarter of 1996 consisted of general and administrative costs of \$1,430, management fees of \$3,750, insurance of \$35 and real estate taxes of \$2,604.

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The Partnership's revenues for fiscal year 1995 consisted of interest income of \$89 and partnership transfer fees of \$25. Expenses for 1995 consisted primarily of general and administrative costs of \$7,051, management fees of \$15,000, insurance of \$127 and real estate taxes of \$10,415.

The Partnership's revenues for fiscal year 1994 consisted of interest income of \$8 and partnership transfer fees of \$250. Expenses for 1994 consisted primarily of general and administrative costs of \$4,481, insurance of \$1,801 and real estate taxes of \$13,597.

The current real estate forecast for Rita Ranch is that there will continue to be an absorption of vacant land in other Tucson submarkets, and improvements in the immediate area, in particular the residential sector which is one of the fastest growing in Tucson, Arizona. Unfortunately, the commercial and industrial market growth has been limited.

The General Partner is in the process of having an appraisal performed and if there is any impairment, it will be recorded during the fourth quarter of 1996.

Liquidity and Capital Resources

The Partnership has no cash reserve remaining at September 30, 1996. As shown in the accompanying financial statements, the Partnership has incurred substantial operating losses in each of the past three years. Such losses will continue until the Partnership begins to sell land parcels. In the partnership agreement, the General Partner has committed to contribute up to \$600,000 to the capital of the Partnership as the need for additional working capital arises. Cumulative amounts funded by the General Partner amounted to \$261,948 at September 30, 1996. Realization of the partnership's assets is dependent upon the continued funding of operating deficits by the General Partner and its affiliate. There can be no assurance, however, that the General Partner or its affiliate will continue to fund operating deficits.

The weak conditions in both the real estate and industrial sectors of Tucson are responsible for nearly halting sales of undeveloped industrial land for parcels greater than 25 acres. These unfavorable conditions have contributed to the substantial decrease in the value of the Partnership's land.

While growth in the Rita Ranch Planned Community is encouraging, we continue to believe that the property should be held until the demand for industrial land and corresponding values rebound.

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PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

The Partnership is not a direct party to, nor is the Partnership's property directly the subject of, any material legal proceedings. However, on November 6, 1992, the Commonwealth Court of Pennsylvania issued an order placing The Fidelity Mutual Life Insurance Company ("Fidelity Mutual"), the indirect parent of the General Partner of the Partnership, into rehabilitation under the control and authority of the Pennsylvania Insurance Commissioner pursuant to the provisions of the Pennsylvania Insurance Department Act, 40 P.S. Section 221.1 et seq. The Partnership is not a direct party to the order, but ownership of the stock of the General Partner is vested in the Insurance Commissioner pursuant to the Order.

Item 2 - Changes in Securities

There was no change in the partnership's securities during the third quarter of 1996.

Item 3 - Defaults Upon Senior Securities

There was no default in the payment of principal, interest, a sinking or purchase fund installment or any other default with respect to any indebtedness of the Partnership. The Partnership has issued no preferred stock; accordingly, there has been no arrearages or delinquencies with respect to any such preferred stock.

Item 4 - Submission of Matters to a Vote of Security Holders

No matters were submitted to the Partners for a vote during the third quarter of 1996.

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

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Reports on Form 8-K

None

Exhibits (numbered in accordance with Item 601 of Regulation S-K)

<TABLE>

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Exhibit Numbers -----	Description -----	Page Number -----
<S>	<C>	<C>
3.1(a)	Certificate of Limited Partnership	*
3.1(b) & (4)	Restated Limited Partnership Agreement	**
9	not applicable	
11	not applicable	
12	not applicable	
13	not applicable	
16	not applicable	
18	not applicable	
19	not applicable	
22	not applicable	
23	not applicable	
24	not applicable	
25	not applicable	
28	not applicable	
29	not applicable	

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*Incorporated by reference to Exhibit 3.1 filed as part of the Exhibits to the Partnership's Registration Statement on Form S-18, Registration No. 33-16164-LA.

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** Incorporated by reference to Exhibit 3.2 filed as part of the partnership's Registration Statement on Form S-18, Registration No. 33-16164-LA.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

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Signature	Title	Date
-----	-----	-----
<S>	<C>	<C>
/s/ James W. Kelican, Jr.	Vice President,	11/12, 1996
-----	Director of	
James W. Kelican, Jr.	FMG Western	
	Region	
	Acquisitions,	
	Inc.	

/s/ Margaret Tamasitis	Assistant	11/12, 1996
-----	Secretary of	
Margaret Tamasitis	FMG Western	
	Region	
	Acquisitions,	
	Inc.	

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EXHIBIT A

FMG RITA RANCH LIMITED PARTNERSHIP

BALANCE SHEETS

ASSETS

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	September 30, 1996 (Unaudited)	December 31, 1995
	-----	-----
<S>	<C>	<C>
Land	\$350,000	\$350,000
Cash and cash equivalents	245	205
	-----	-----
	\$350,245	\$350,205
	=====	=====

LIABILITIES AND PARTNERS' EQUITY

LIABILITIES:

Accrued expenses	\$ 14,300	\$ 9,842
Due to affiliates	--	3,750
Partners' Equity	335,945	336,613
	-----	-----
	\$350,245	\$350,205
	=====	=====

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F M G RITA RANCH LIMITED PARTNERSHIP

STATEMENTS OF OPERATIONS AND PARTNERS' EQUITY

(Unaudited)

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	Three months ended September 30, 1996 ----- <C>	Three months ended September 30, 1995 ----- <C>	Nine months ended September 30, 1996 ----- <C>	Nine months ended September 30, 1995 ----- <C>
REVENUES:				
Interest income	\$ 1	\$ 2	\$ 5	\$ 6
Other income	25	25	125	25
	-----	-----	-----	-----
	26	27	130	31
	=====	=====	=====	=====
EXPENSES:				
Real estate taxes	1,892	1,246	7,100	7,811
Management fees	3,750	3,750	11,250	11,250
General and administrative	1,179	1,156	4,484	4,183
Insurance	35	30	104	92
	-----	-----	-----	-----
	6,856	6,182	22,938	23,336
	-----	-----	-----	-----
NET LOSS	\$ (6,830)	\$ (6,155)	\$ (22,808)	\$ (23,305)
Partners' equity, Beginning of period	339,025	332,952	336,613	339,196
Capital Contributions	3,750	12,250	22,140	23,156
	-----	-----	-----	-----
Partners' equity, End of period	\$ 335,945	\$ 339,047	\$ 335,945	\$ 339,047
	=====	=====	=====	=====
Weighted Average Number of Limited Partnership Units Outstanding	6,707	6,707	6,707	6,707
	=====	=====	=====	=====
Loss from Operations per Limited Partnership Interest	\$ (1.00)	\$ (.91)	\$ (3.36)	\$ (3.44)
	=====	=====	=====	=====

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F M G RITA RANCH LIMITED PARTNERSHIP

STATEMENTS OF OPERATIONS AND PARTNERS' EQUITY

(Unaudited)

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	NINE MONTHS ENDED SEPTEMBER 30		
	1996	1995	1994
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REVENUES:			
Interest income	\$ 5	\$ 6	\$ 6
Other income	125	25	200
	-----	-----	-----
	130	31	206
	-----	-----	-----
EXPENSES:			
Real estate taxes	7,100	7,811	10,315
Management fees	11,250	11,250	--
General and administrative	4,484	4,183	4,000
Insurance	104	92	1,770
	-----	-----	-----
	22,938	23,336	16,085
	-----	-----	-----
NET LOSS	\$ (22,808)	\$ (23,305)	\$ (15,879)
	=====	=====	=====

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F M G RITA RANCH LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS

(Unaudited)

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	FOR THE NINE MONTHS ENDED SEPTEMBER 30		
	1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (22,808)	\$ (23,305)	\$ (15,879)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Increase in General Partner's capital	22,140	23,156	22,243
Increase (decrease) in accrued expenses	4,458	90	(6,709)
Increase (decrease) in due to affiliate	(3,750)	--	--
	-----	-----	-----
Net cash provided by (used in) operating activities	\$ 40	\$ (59)	\$ (345)
	-----	-----	-----

Net increase (decrease) in cash	40	(59)	(345)
Cash, Beginning of period	205	292	615
	-----	-----	-----
Cash, End of period	\$ 245	\$ 233	\$ 270
	=====	=====	=====

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