

# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For Quarter Ended June 30, 2003      Commission file number 0-11578

AMERICAN REPUBLIC REALTY FUND I

(Exact name of registrant as specified in its charter)

WISCONSIN  
(State or other jurisdiction of  
incorporation or organization)

39-1421936  
(IRS Employer  
Identification Number)

2800 N. Dallas Pkwy Suite 100  
Plano, Texas 75093-5994

(Address of principal executive offices)

Registrant's telephone number, including area code: (972) 836-8000.

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: Y      No: \_\_\_\_\_

REGISTRANT IS A LIMITED PARTNERSHIP

## TABLE OF CONTENTS

### Item 1. Financial Statements

The following Unaudited financial statements are filed herewith:

Consolidated Balance Sheet as of June 30, 2003 and December 31, 2002	Page 3
Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2003 and 2002	Page 4
Consolidated Statements of Cash Flows for the Three and Six months Ended June 30, 2003 and 2002	Page 5
Item 2. Results of Operations and Management's Discussion and Analysis of Financial Condition	Page 6
Liquidity and Capital Resources	Page 7
Other Information	Page 8
Signatures	Page 9

The statements, insofar as they relate to the period subsequent to December 31, 2002, are Unaudited.

PART 1. FINANCIAL INFORMATION

**Item 1. Financial Statements**

**AMERICAN REPUBLIC REALTY FUND I**

**Condensed Consolidated Balance Sheets**

	June 30 <u>2003</u> (Unaudited)	December 31, <u>2002</u>
<b>ASSETS</b>		
Real Estate assets, at cost		
Land	<b>\$1,822,718</b>	\$1,822,718
Buildings and improvements	<b>16,006,007</b>	16,006,007
	<b>17,828,725</b>	17,828,725
Less: Accumulated depreciation	<b>(12,796,239)</b>	(12,446,239)
Real Estate, net	<b>5,032,486</b>	5,382,486
Cash including cash investments	<b>239,781</b>	214,237
Escrow deposits	<b>561,235</b>	572,601
Prepaid Expenses	<b>115,822</b>	32,194
Deferred Financing Fees	<b>91,771</b>	103,242
TOTAL ASSETS	<b><u>\$6,041,095</u></b>	<b><u>\$6,304,760</u></b>
<b>LIABILITIES AND PARTNERS' EQUITY:</b>		
<b>LIABILITIES</b>		
Mortgage and notes payable	<b>\$10,130,593</b>	\$10,211,238
Amounts due affiliates	<b>(612)</b>	1,725
Real estate taxes payable	<b>150,498</b>	0
Security deposits	<b>76,965</b>	75,028
Accounts payable & accrued expenses	<b>179,487</b>	333,000
	<b>10,536,931</b>	10,620,991
Total liabilities	<b><u>10,536,931</u></b>	<b><u>10,620,991</u></b>
<b>PARTNERS CAPITAL (DEFICIT)</b>		
Limited Partners	<b>(4,535,166)</b>	(4,357,357)
General Partner	<b>39,330</b>	41,126
	<b>(4,495,836)</b>	(4,316,231)
Total Partners Capital (Deficit)	<b><u>(4,495,836)</u></b>	<b><u>(4,316,231)</u></b>
TOTAL LIABILITIES AND PARTNER DEFICIT	<b><u>\$6,041,095</u></b>	<b><u>\$6,304,760</u></b>

**AMERICAN REPUBLIC REALTY FUND I**  
**Condensed Consolidated Statement of Operations**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>REVENUES</b>				
Rental income	645,256	656,907	1,327,914	1,331,133
Other property	16,717	15,589	31,513	33,362
<b>Total revenues</b>	<u>661,973</u>	<u>672,496</u>	<u>1,359,427</u>	<u>1,364,495</u>
<b>EXPENSES</b>				
Salaries & wages	80,677	78,209	177,483	164,420
Maintenance & repairs	73,424	59,996	112,911	115,046
Utilities	54,113	49,980	108,276	101,551
Real estate taxes	75,249	76,248	150,498	152,496
General administrative	31,859	32,775	54,008	57,029
Contract services	28,152	27,059	54,470	53,612
Insurance	27,744	21,010	51,435	38,686
Interest	199,922	202,565	400,524	405,759
Depreciation and amortization	180,736	180,736	361,472	361,472
Property management fees (a)	33,096	33,567	67,955	68,105
<b>Total expenses</b>	<u>784,972</u>	<u>762,145</u>	<u>1,539,032</u>	<u>1,518,176</u>
<b>Net Income</b>	<u>(\$122,999)</u>	<u>(\$89,649)</u>	<u>(\$179,605)</u>	<u>(\$153,681)</u>
<b>NET INCOME PER UNIT</b>	<u>\$ (11.18)</u>	<u>\$ (8.15)</u>	<u>\$ (16.33)</u>	<u>\$ (13.97)</u>

See Notes to Condensed Consolidated Financial Statements

# AMERICAN REPUBLIC REALTY FUND I

## Condensed Consolidated Statement of Cash Flows

See Notes to Condensed Consolidated Financial Statements

Unaudited

	Six Months Ended June 30,	
	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATING ACTIVITY</b>		
Net income (loss)	<b>(\$179,605)</b>	(\$153,681)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	<b>350,000</b>	350,000
Net Effect of changes in operating accounts		
Escrow deposits	<b>11,366</b>	119,370
Prepaid expenses	<b>(83,628)</b>	(64,077)
Accrued real estate taxes	<b>150,498</b>	152,496
Security deposits	<b>1,937</b>	(5,954)
Accounts payable	<b>(153,513)</b>	(183,962)
Other assets	<b>11,471</b>	11,471
Net cash provided by (used for) operating activities	<b><u>108,526</u></b>	<u>225,663</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment of mortgage notes payable	<b>(80,645)</b>	(74,556)
Proceeds from amounts due affiliates	<b>(2,337)</b>	(516)
Net cash used for investing activities	<b><u>(82,982)</u></b>	<u>(75,072)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>25,544</b>	150,591
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>214,237</b>	294,437
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$239,781</u></b>	<u>\$445,028</u>

### Basis of Presentation:

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Partnership believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Partnership's latest annual report on Form 10-K.

**Item 2. RESULTS OF OPERATIONS AND MANagements DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION**

**SECOND QUARTER 2003 COMPARED TO SECOND QUARTER 2002**

At June 30, 2003 the Partnership owned two properties with approximately 416,623 net rentable square feet. Both properties are apartment communities. The portfolio had an average occupancy of 90.2% for the second quarter of 2003, as compared to 87.4% for the second quarter of 2002.

**Revenue from property operations** decreased \$10,523, or 1.56%, for the second quarter of 2003, as compared to the 2002 second quarter. The decrease in rental income of \$11,651 or 1.77% is primarily due to a decrease in rental rates. The increase in other income of \$1,128 or 7.24% is primarily due to an increase in Late and other fee collections from the properties. The following table illustrates the components:

	<b><u>Increase (Decrease)</u></b>	<b><u>Percent Change</u></b>
Rental income	(11,651)	1.77%
Other property	1,128	7.24%
<b>Net Increase (Decrease)</b>	<b><u>(10,523)</u></b>	<b><u>1.56%</u></b>

**Property operating expenses** increased \$22,827 or 3.00%, for the second quarter of 2003, as compared to the same period in 2002. Insurance increased \$6,734 or 32.05% in connection with the annual policy renewal. The increase in maintenance & repairs expense of \$13,428 or 22.38% is represents pool repairs completed in the quarter. Utilities increased \$4,133 or 8.27% primarily due to increased gas and electrical costs. The following table illustrates the components by category:

	<b><u>Increase (Decrease)</u></b>	<b><u>Percent Change</u></b>
Salaries & wages	2,468	3.16%
Maintenance & repairs	13,428	22.38%
Utilities	4,133	8.27%
Real estate taxes	(999)	1.31%
General administrative	(916)	2.79%
Contract services	1,093	4.04%
Insurance	6,734	32.05%
Interest	(2,643)	1.30%
Depreciation and amortization	0	0.00%
Property management fees (a)	(471)	1.40%
<b>Net Increase (Decrease)</b>	<b><u>22,827</u></b>	<b><u>3.00%</u></b>

## SECOND QUARTER 2002 COMPARED TO SECOND QUARTER 2001

At June 30, 2002 the Partnership owned two properties with approximately 416,623 net rentable square feet. Both properties are apartment communities. The portfolio had an average occupancy of 87.4% for the second quarter of 2002, as compared to 95.9% for the second quarter of 2001.

**Revenue from property operations** decreased \$48,754, or 6.76%, for the second quarter of 2002, as compared to the 2001 second quarter. The decrease in rental income of \$43,180 or 6.17% is primarily due to an increase in vacancy. The decrease in other income of \$5,574 or 26.34% is primarily due to an decrease in Late and other fee collections from the properties. The following table illustrates the components:

	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Rental income	(43,180)	6.17%
Other property	(5,574)	26.34%
<b>Net Increase (Decrease)</b>	<u>(48,754)</u>	<u>6.76%</u>

**Property operating expenses** decreased \$5,402 or 0.70%, for the second quarter of 2002, as compared to the same period in 2001, primarily due to decreases in maintenance & repair expense. The decrease in maintenance & repairs expense of \$12,245 or 16.95% is preventive maintenance projects being completed in 2001 Insurance increased \$7,314 or 53.4% in connection with the annual policy renewal. Salaries increased \$9,118 or 13.20% primarily due to increased on site maintenance. The following table illustrates the components by category:

	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Salaries & wages	9,118	13.20%
Maintenance & repairs	(12,245)	16.95%
Utilities	(2,506)	4.77%
Real estate taxes	4,998	7.01%
General administrative	(1,793)	5.19%
Contract services	(622)	2.25%
Insurance	7,314	53.40%
Interest	(2,443)	1.19%
Depreciation and amortization	(5,000)	2.69%
Property management fees (a)	(2,223)	6.21%
<b>Net Increase (Decrease)</b>	<u>(5,402)</u>	<u>0.70%</u>

## LIQUIDITY AND CAPITAL RESOURCES

While it is the General Partners primary intention to operate and manage the existing real estate investments, the General Partner also continually evaluates this investment in light of current economic conditions and trends to determine if this asset should be considered for disposal. At this time, there is no plan to dispose of either property.

As of June 30, 2003, the Partnership had \$239,781 in cash and cash equivalents as compared to \$214,237 as of December 31, 2002. The net increase in cash of \$25,544 is principally due to cash flow from operations.

On September 30, 2002 the partnership distributed \$25.00 per limited partnership unit to units of record September 30, 2002. This distribution was made from excess cash on hand from cash flow from operations.

Each asset of the fund refinanced its debt during July 1997. The fund retired debt with a face value of \$6,500,000 and replaced with debt of \$10,800,000. The new mortgages in the amounts of \$4,000,000, \$6,800,000 carry interest rates of 7.8% and 7.92% respectively. The notes come due

August, 2007. The Partnerships required principal payments due under the stated terms of the Partnerships mortgage notes payable are \$140,551 \$152,028, and \$164,442 for each of the next three years.

For the foreseeable future, the Partnership anticipates that mortgage principal payments (excluding any balloon mortgage payments), improvements and capital expenditures will be funded by net cash from operations. The primary source of capital to fund future Partnership acquisitions and balloon mortgage payments will be proceeds from the sale, financing or refinancing of the Properties.

## **Other Information**

Item 1.	Legal Proceedings
Item 2.	Changes in Securities None
Item 3.	Defaults Upon Senior Securities None
Item 4.	Submission of Matters to a Vote of Security Holders None
Item 5.	Other Information None
Item 6.	Exhibit and Reports on Form 8-K (A)The following documents are filed herewith or incorporated herein by reference as indicated as Exhibits:

### **Exhibit Designation**

2

### **Document Description**

Certificate of Limited partnership, as amended, incorporated by reference to Registration Statement No.2-81074 effective May 2, 1983.

Limited Partnership Agreement, incorporated by reference to Registration Statement No.2-81074effective May 2,1983.

11	Not Applicable
15	Not Applicable
18	Not Applicable
19	Not Applicable
20	Not Applicable
23	Not Applicable
24	Not Applicable

25	Power of Attorney, incorporated by reference to Registration Statement No. 2-81074 effective May 2, 1983.
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28	None
31.1	Certification Pursuant to Rules 13a-14 and 15d-14 Under the Securities Exchange Act of 1934, as



Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.

32.1

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

(B) Reports on Form 8-K for the quarter ended June 30, 2003.

1

None

## **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.

AMERICAN REPUBLIC REALTY FUND I  
a Wisconsin limited partnership

By: /s/ Robert J. Werra  
Robert J. Werra,  
General Partner

Date: August 1, 2003

## **Exhibit 31.1**

### **CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I Robert J. Werra, Acting Principal Executive Officer and Chief Financial Officer of American Republic Realty Fund I (“the Company”), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company and its consolidated subsidiaries is made known to me by others within those entities, particularly for the periods presented in this quarterly report;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
  - c. evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

**CERTIFICATION PURSUANT TO RULES 13a-14 AND 15d-14 UNDER  
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 - continued**

- d. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
  
- 5. I have disclosed based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and Audit Committee of the Board of Directors (or persons fulfilling the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Robert J. Werra

Robert J. Werra  
Acting Principal Executive Officer and Chief Financial Officer  
August 1, 2003

## Exhibit 32.1

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of American Republic Realty Fund I (“the Company”) on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (“the Report”), I, Robert J. Werra, Acting Principal Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert J. Werra

Robert J. Werra  
Acting Principal Executive Officer and Chief Financial Officer  
August 1, 2003