

FORM 10-K  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2005

Commission file number 0-17711

GATEWAY TAX CREDIT FUND, LTD.

(Exact name of Registrant as specified in its charter)

<u>Florida</u>	<u>59-2852555</u>
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

<u>880 Carillon Parkway, St. Petersburg, Florida</u>	<u>33716</u>
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code (727) 567-4830

Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class  
Units of Limited Partnership Interest

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       

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

<u>Title of Class</u>	<u>Number of Record Holders as of March 31, 2005</u>
Limited Partnership Interest	2,043
General Partner Interest	2

DOCUMENTS INCORPORATED BY REFERENCE  
Part III and IV - Registration Form S-11 and  
all Amendments and Supplements thereto.  
File No. 33-18142

## PART I

### Item 1. Business

Gateway Tax Credit Fund, Ltd. ("Gateway") is a Florida limited partnership. The general partners are Raymond James Tax Credit Funds, Inc., the Managing General Partner, and Raymond James Partners, Inc. both of which are sponsors of Gateway Tax Credit Fund, Ltd. and wholly-owned subsidiaries of Raymond James Financial, Inc. Gateway was formed October 27, 1987 and commenced operations as of June 30, 1988 with the first admission of Limited Partners.

Gateway is engaged in only one industry segment, to acquire limited partnership interests in unaffiliated limited partnerships ("Project Partnerships"), each of which owns and operates one or more apartment complexes eligible for Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code ("Tax Credits"), received over a ten year period. Subject to certain limitations, Tax Credits may be used by Gateway's investors to reduce their income tax liability generated from other income sources. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of its Limited Partnership Agreement. Gateway closed its initial offering of Limited Partnership Interests on March 1, 1990 after receiving capital contributions of \$1,000 from the General Partners and \$25,566,000 from Limited Partners.

Operating profits and losses, cash distributions from operations and Tax Credits are allocated 99% to the Limited Partners and 1% to the General Partners. Profit or loss and cash distributions from sales of interests in Project Partnerships will be allocated as described in the Limited Partnership Agreement.

Gateway has invested in 80 Project Partnerships, acquiring a 99% interest in these properties by becoming the sole limited partner in the Project Partnerships that own the properties. In October, 1996 Value Partners, Inc., an affiliate of Raymond James Tax Credit Funds, Inc., became the sole general partner of one of the Project Partnerships, Village Apartments of Sparta, Limited Partnership ("Sparta"). In October, 1997, Value Partners became the sole general partner of Village Apartments of Divernon ("Divernon") See Management's Discussion and Analysis of Financial Condition and Results of Operations for additional details.

The primary sources of funds for the year ended March 31, 2005 were from the maturity of Treasury Notes for \$142,000, interest income of \$8,525 earned on cash and cash equivalents, and \$118,839 in distributions received from Project Partnerships. As of March 31, 2005 Gateway had \$720,946 of Cash and Cash Equivalents.

All Project Partnerships are government subsidized. Most have mortgage loans from the Farmers Home Administration (now called USDA Rural Development) ("USDA RD") under Section 515 of the Housing Act of 1949. These mortgage loans are made at low interest rates for multi-family housing in rural and suburban areas, with the requirement that the interest savings be passed on to low income tenants in the form of lower rents. A significant portion of the Project Partnerships also receive rental assistance from USDA RD to subsidize certain qualifying tenants.

The General Partners do not believe the Project Partnerships are subject to the risks generally associated with conventionally financed non-subsidized apartment properties. Risks related to the operations of Gateway are described in detail on pages 21 through 33 of the Prospectus, as supplemented, under the caption "Risk Factors" which is incorporated herein by reference.

The investment objectives of Gateway are to:

- 1) Provide tax benefits to Limited Partners in the form of Tax Credits during the period in which each Project is eligible to claim tax credits;
- 2) Preserve and protect the capital contributions of Investors;
- 3) Participate in any capital appreciation in the value of the Projects; and
- 4) Provide passive losses to individual investors to offset passive income from other passive activities, and provide passive losses to corporate investors to offset business income.

The investment objectives and policies of Gateway are described in detail on pages 33 through 38 of the Prospectus, as supplemented, under the caption "Investment Objectives and Policies" which is incorporated herein by reference.

Gateway's goal was to invest in a diversified portfolio of Project Partnerships located in rural and suburban locations with a high demand for low-income housing. As of March 31, 2005 the capital contributions raised from Limited Partner investors were successfully invested in Project Partnerships which met the investment criteria. Management anticipates that competition for tenants will only be with other low income housing projects, and not with conventionally financed housing. With significant number of rural American households living below the poverty level in substandard housing, management believes there will be a continuing demand for affordable low income housing for the foreseeable future.

### Exit Strategy

The IRS compliance period for low-income housing tax credit properties is generally 15 years from occupancy following construction or rehabilitation completion.

With that in mind, the Partnership is continuing to review the Partnership's holdings, with special emphasis on the properties that are at or very near the satisfaction of the IRS compliance period requirements. The Partnership's review considers many factors including extended use low-income housing regulation requirements on the property (such as those due to mortgage restrictions or state compliance agreements), the condition of the property, and the tax consequences to the investors from the sale of the property.

Upon identifying those properties with the highest potential for a successful sale, refinancing or syndication, the Partnership expects to proceed with efforts to liquidate those properties. The Partnership's objective is to maximize the investor's return wherever possible and ultimately, to wind down those funds that no longer provide tax benefits to investors. As of March 31, 2005, two project partnerships, Clayfed Apartments and Westside Apartments have been sold.

Gateway has no direct employees. The General Partners have full and exclusive discretion in management and control of Gateway.

### Item 2. Properties

Gateway owns interest in properties through 99% limited partnership interests in 80 Project Partnerships. There are no investments in individual Project Partnerships which are material to Gateway taken as a whole with the largest single net investment comprising 19.45% of Gateway's total assets. The following table provides certain summary information regarding the Projects in which Gateway had an interest, excluding Sparta and Divernon, as of December 31, 2004:

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNITS	DATE ACQUIRED	PROPERTY COST	OCCUP.
-----	-----	-----	-----	-----	-----
Laynecrest	Medway, OH	48	6/88	\$ 1,861,785	98%
Martindale	Union, OH	30	6/88	1,194,871	93%
La Villa Elena	Bernalillo, NM	54	8/88	2,098,918	96%
Rio Abajo	Truth/Consequences, NM	42	9/88	1,844,455	83%
Fortville II	Fortville, IN	24	11/88	810,389	83%
Summitville	Summitville, IN	24	11/88	879,994	88%
Suncrest	Yanceyville, NC	40	12/88	2,151,340	100%
Brandywine III	Millsboro, DE	32	12/88	1,320,579	100%
Concord IV	Perryville, MD	32	12/88	1,426,341	100%
Dunbarton Oaks III	Georgetown, DE	32	12/88	1,414,121	97%
Federal Manor	Federalburg, MD	32	12/88	1,482,301	100%
Laurel Apts	Laurel, DE	32	12/88	1,401,430	94%
Mulberry Hill IV	Easton, MD	16	12/88	744,916	94%
Madison	Madison, OH	40	12/88	1,478,675	100%
Hannah's Mill	Thomaston, GA	50	12/88	1,812,786	94%
Longleaf Apts.	Cairo, GA	36	12/88	1,192,946	97%
Sylacauga Garden	Sylacauga, AL	45	12/88	1,621,553	100%
Monroe Family	Monroe, GA	48	12/88	1,788,673	88%
Casa Linda	Silver City, NM	41	3/89	1,773,691	98%
Rivermeade	Yorktown, VA	80	3/89	3,046,646	100%
Laurel Woods	Ashland, VA	40	3/89	1,549,636	95%
Keysville	Keysville, VA	24	3/89	914,521	96%
Crosstown	Kalamazoo, MI	201	4/89	6,318,535	98%
Riverside Apts.	Demopolis, AL	40	5/89	1,482,309	98%
Brookshire Apts.	McDonough, GA	46	6/89	1,791,399	100%
Sandridge Apts.	Fernandina Beach, FL	46	6/89	1,687,664	100%
Limestone Estates	Limestone, ME	25	6/89	1,420,783	76%
Eagle's Bay	Beaufort, NC	40	6/89	1,963,249	100%

Teton View	Rigby, ID	40	6/89	1,849,666	100%
Albany	Albany, KY	24	7/89	935,747	50%
Burkesville	Burkesville, KY	24	7/89	913,773	58%
Scotts Hill	Scotts Hill, TN	12	7/89	505,653	75%
Sage	Gallup, NM	44	7/89	2,000,895	91%
Claremont	Cascade, ID	16	8/89	633,120	100%
Middleport	Middleport, NY	25	9/89	1,167,852	96%
Oakwood Apts.	Columbus, NE	24	9/89	1,028,744	96%
Morgantown	Morgantown, IN	24	9/89	959,783	96%
Ashburn Housing	Ashburn, GA	41	9/89	1,300,760	95%
Cuthbert Elderly	Cuthbert, GA	32	9/89	1,028,295	97%
Sandhill Forest	Melrose, FL	16	9/89	573,562	94%
Oakwood Grove	Crescent City, FL	36	9/89	1,238,885	94%
Hastings Manor	Hastings, FL	24	9/89	863,203	92%
Lakewood Apts.	Norfolk, NE	72	9/89	3,228,803	94%
Robinhood Apts.	Springfield, TN	48	9/89	1,839,403	100%
Skyview Terrace	Springfield, TN	48	9/89	1,557,550	94%
Mabank 1988	Mabank, TX	42	9/89	1,407,095	100%
Buena Vista	Buena Vista, GA	25	9/89	814,227	100%
Woodcroft	Elizabethtown, NC	32	9/89	1,497,433	100%
Spring Creek	Quitman, GA	18	10/89	607,608	100%
Spring Creek	Cherokee, AL	24	11/89	1,009,828	83%
Milton Elderly	Milton, FL	43	11/89	1,341,729	98%
Winder Apartments	Winder, GA	48	11/89	1,762,725	98%
Hunters Ridge	Killen, AL	40	12/89	1,420,816	95%
Stone Arbor	Madison, NC	40	12/89	1,874,064	100%
Greeneville	Greeneville, TN	40	12/89	1,571,243	95%
Centralia II	Centralia, IL	24	12/89	976,228	92%
Poteau IV	Poteau, OK	32	12/89	716,016	72%
Barling	Barling, AR	48	12/89	1,152,864	92%
Booneville	Booneville, AR	50	12/89	1,682,587	86%
Augusta	Augusta, KS	66	12/89	2,381,719	83%
Meadows	Farmville, VA	40	12/89	1,588,193	83%
Kenly Housing	Kenly, NC	48	2/90	1,711,475	92%
Fairview South	Athens, TX	44	2/90	1,379,208	100%
River Road Apts.	Waggaman, LA	43	2/90	1,580,305	100%
Middlefield	Middlefield, OH	36	3/90	1,350,227	100%
Floresville	Floresville, TX	40	3/90	1,312,062	98%
Mathis Retirement	Mathis, TX	36	3/90	1,084,390	97%
Sabinal Housing	Sabinal, TX	24	3/90	780,115	88%
Kingsland Housing	Kingsland, TX	34	3/90	1,161,498	100%
Crestwood Villa II	Crestline, OH	36	3/90	1,373,883	86%
Poteau Prop. III	Poteau, OK	19	4/90	583,005	100%
Decatur Properties	Decatur, AR	24	4/90	969,816	83%
Broken Bow Prop II	Broken Bow, OK	46	4/90	1,957,868	96%
Turtle Creek II	Grove, OK	42	4/90	1,558,446	86%
Pleasant Valley	Grangeville, ID	32	4/90	1,486,389	100%
Hartwell Elderly	Hartwell, GA	24	4/90	821,329	100%
Pulaski Village	Pulaski, VA	44	7/90	1,856,314	100%
Southwood Apts.	Jacksonville, TX	40	7/90	1,245,506	88%

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3,014	\$ 114,116,411
=====	=====

The average effective rental per unit is \$4,027 per year (\$336 per month).

The average effective occupancy rate at December 31, 2004 was 94.2%

A summary of the cost of the properties, excluding Sparta and Divernon, as of December 31, 2004, 2003 and 2002 is as follows:

	12/31/04	12/31/03	12/31/02
Land	\$ 5,061,085	\$ 4,908,530	\$ 5,128,526
Land Improvements	1,569,073	1,567,738	1,623,847
Buildings	102,827,091	102,260,340	104,364,570
Furniture and Fixtures	4,659,162	5,056,328	4,446,351
	-----	-----	-----
Properties, at Cost	114,116,411	113,792,936	115,563,294
Less: Accum. Depreciation	54,943,648	51,556,360	49,390,571
	-----	-----	-----
Properties, Net	\$ 59,172,763	\$ 62,236,576	\$ 66,172,723
	=====	=====	=====

Item 3. Legal Proceedings

Gateway is not a party to any material pending legal proceedings.

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

As of March 31, 2005, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

Item 5. Market for the Registrant's Securities and Related Security Holder Matters

- (a) Gateway's Limited Partnership interests are not publicly traded. There is no market for the Registrant's Limited Partnership interests and it is unlikely that any will develop. No transfers of Limited Partnership Units are permitted without the prior written consent of the Managing General Partner. There have been several transfers over the last two years, with most being from individuals to their trusts or heirs. The Managing General Partner is not aware of the price at which the units are transferred. The conditions under which investors may transfer units is found under ARTICLE XII - "Transfer of a Limited Partnership Interest" on pages A-24 and A-25 of the Limited Partnership Agreement within the Prospectus, which is incorporated herein by reference.

- (b) Approximate Number of Equity Security Holders:

<u>Title of Class</u>	<u>Number of Record Holders as of March 31, 2005</u>
Limited Partnership Interest	2,043
General Partner Interest	2

Item 6. Selected Financial Data

	<u>2005</u> ----	<u>2004</u> ----	<u>2003</u> ----	<u>2002</u> ----	<u>2001</u> ----
Total Revenues	\$ 216,372	\$ 201,958	\$ 213,033	\$ 126,985	\$ 121,659
Net Loss	(1,018,200)	(55,577)	(771,799)	(577,139)	(787,797)
Equity in Income (Losses) of Project Partnerships	(371,209)	541,590	(253,927)	(202,920)	(366,069)
Total Assets	2,381,717	3,360,108	4,334,857	4,946,571	5,375,816
Investments In Project Partnerships	938,137	1,355,760	1,531,068	1,832,496	2,077,180
Per Limited Partnership Unit: (A)					
Tax Credits	.00	2.01	2.49	4.94	38.70
Portfolio Income	13.65	10.59	10.80	21.61	18.60
Passive Loss	(160.84)	(139.25)	(146.37)	(141.03)	(149.30)
Net Loss	(39.43)	(3.08)	(29.89)	(22.35)	(30.51)

(A) The Tax information is as of December 31, the year end of the Partnership for tax purposes.

The above selected financial data should be read in conjunction with the financial statements and related notes appearing elsewhere in this report. This statement is not covered by the auditor's opinion included elsewhere in this report.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations -

As disclosed on the Statements of Operations, revenues and expenses were comparable for the years ended March 31, 2005, 2004 and 2003, except as described below.

There were no property sales or Partnership liquidations during fiscal year 2005. During fiscal year 2004, two of the Project Partnerships, Clayfed Apartments, Ltd. and Westside Apartments, Ltd., sold their property in July 2003 and subsequently liquidated. The sale of the properties resulted in a gain allocated to Gateway of \$1,792,746. Gateway received sale proceeds totaling \$674,675, of which \$672,175 was distributed to the Limited Partners at \$26.29 per limited partnership unit. Gateway had previously suspended losses reported by these Project Partnerships in conformity with its policy to not record losses which reduce the investment below zero. As a result of the net increase in the investment from the sale transactions, Gateway was able to recognize \$916,962 in previously suspended losses. Gateway's ending investment in these Project Partnerships, after adjusting for the gain on sale, cash proceeds received and suspended losses, was \$106,473, which is reported as a loss on disposition in the Combined Statements of Operations.

For the year ended March 31, 2005 the Project Partnerships reported a loss of \$371,209, while a loss of \$227,721 was reported for the year ended March 31, 2004. The increase in the reported loss was due to an increase in rental expenses at the Project Partnership level; however it is customary in the low-income housing tax credit real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. As a result, management expects Gateway will continue to report its equity in Project Partnerships as a loss for tax and financial reporting purposes.

In total, the Partnership reported a loss of \$1,018,200 for the year ended March 31, 2005. However, after adjusting for amortization, accreted interest income, the changes in operating assets and liabilities, and the equity in losses of Project Partnerships, net cash used in operating activities was \$539,978. The net cash provided by investing activities was \$174,830 consisting primarily of \$118,839 in cash distributions received from Project Partnerships and \$59,140 from matured Zero Coupons.

On October 1, 1997 Value Partners, Inc. became the sole general partner of Village Apartments of Divernon Limited Partnership ("Divernon"), replacing the former general partners. Value Partners, Inc. is an affiliate of Raymond James Tax Credit Funds, Inc., the managing general partner of Gateway. Divernon is a 12 unit property located in Divernon, Illinois in which Gateway invested as the sole limited partner on October 1, 1989. The property's average occupancy rate for the year declined from 67% in 2004 to 58% in 2005. Gateway loaned Divernon \$12,000, \$6,000, and \$15,832 to cover the operating deficits for 2002, 2003, and 2004 respectively. As of June 30, 1999, an updated workout plan with the USDA RD was implemented. Management is using rent incentives, vigorous advertising, and tight controls over repairs and maintenance to improve occupancy and cash flows in 2005.

### Liquidity and Capital Resources -

Gateway's capital resources are used to pay General and Administrative operating costs including personnel, supplies, data processing, travel, and legal and accounting associated with the administration and monitoring of Gateway and the Project Partnerships. The capital resources are also used to pay the Asset Management Fee due the Managing General Partner, but only to the extent that Gateway's remaining resources are sufficient to fund Gateway's ongoing needs. (Payment of any Asset Management Fee due but unpaid at the time Gateway sells its interests in the Project Partnerships is subordinated to the investors return of their original capital contribution.)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The sources of funds to pay the operating costs are short term investments and interest earned thereon, the maturity of U.S. Treasury Security Strips ("Zero Coupon Treasuries") which were purchased with funds set aside for this purpose, and cash distributed to Gateway from the operations of the Project Partnerships. At March 31, 2005, Gateway had \$720,946 of short-term investments (Cash and Cash Equivalents). Management believes these sources of funds are sufficient to meet Gateway's current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

For the year ending March 31, 2005, Gateway received \$118,839 in cash distributions from the Project Partnerships and it received \$142,000 from matured Zero Coupon Treasuries. The General and Administrative operating costs were \$194,967 and the Asset Management Fee actually paid was \$440,000.

Exit Strategy

The IRS compliance period for low-income housing tax credit properties is generally 15 years from occupancy following construction or rehabilitation completion.

With that in mind, the Partnership is continuing to review the Partnership's holdings, with special emphasis on the properties that are at or very near the satisfaction of the IRS compliance period requirements. The Partnership's review considers many factors including extended use low-income housing regulation requirements on the property (such as those due to mortgage restrictions or state compliance agreements), the condition of the property, and the tax consequences to the investors from the sale of the property.

Upon identifying those properties with the highest potential for a successful sale, refinancing or syndication, the Partnership expects to proceed with efforts to liquidate those properties. The Partnership's objective is to maximize the investors' return wherever possible and, ultimately, to wind down those funds that no longer provide tax benefits to investors. As of March 31, 2005, two project partnerships, Clayfed Apartments and Westside Apartments have been sold.

Disclosure of Contractual Obligations

Contractual Obligations	Total	Payment due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt Obligations	1,218,495 (1)	6,893	14,251	14,893	1,182,458
Capital Lease Obligations					
Operating Lease Obligations					
Purchase Obligations					
Other Long-Term Liabilities Reflected on the Registrant's Balance Sheet under GAAP	3,349,297 (2)	317,000	0	347,706	2,684,591

(1) The Long-Term Debt Obligations as of 3/31/2005 represent, on a combined basis, the accounts of Gateway, Village Apartments of Sparta Limited Partnership and Village Apartments of Divernon Limited Partnership ("Combined Entities"), two project partnerships in which Gateway has invested. As of October 1, 1996 and October 1, 1997, respectively, an affiliate of Gateway's Managing General Partner, Value Partners, Inc. became the general partner of the Combined Entities. Since the general partner of the Combined Entities is now an affiliate of Gateway, these combined statements include the long-term liabilities.

(2) The Other Long-Term Liabilities represent the asset management fees owed to the General Partners as of 03/31/2005. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. As referred to in Note 4, the Managing General Partner does not intend to demand payment of the portion of this balance reflected as due in greater than one year within the next 12 months.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of  
Gateway Tax Credit Fund, Ltd.

We have audited the accompanying combined balance sheets of Gateway Tax Credit Fund, Ltd. (a Florida Limited Partnership) as of March 31, 2005 and 2004 and the related combined statements of operations, partners' equity (deficit), and cash flows for each of the three years in the period ended March 31, 2005. These combined financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of certain Project Partnerships for which \$743,913 and \$1,327,088 of net investment included in these financial statements as of March 31, 2005 and 2004, respectively and for which net losses of \$272,469, \$130,296 and \$256,716 are included in the accompanying financial statements for each of the three years in the period ended March 31, 2005. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such underlying partnerships, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Gateway Tax Credit Fund, Ltd. as of March 31, 2005 and 2004 and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed under Item 14(a)(2) in the index are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audits and the reports of other auditors, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Spence, Marston, Bunch, Morris & Co.  
SPENCE, MARSTON, BUNCH, MORRIS & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

Clearwater, Florida  
June 28, 2005



PART I - Financial Information  
Item 1. Financial Statements

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED BALANCE SHEET

	2005	2004
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 720,946	\$ 1,092,672
Accounts Receivable	9,117	8,409
Investments in Securities	0	139,045
Prepaid Insurance	177	93
Tenant Security Deposits	5,883	6,316
	-----	-----
Total Current Assets	736,123	1,246,535
Investments in Project Partnerships, Net	938,137	1,355,760
Replacement Reserves	22,667	16,524
Rental Property at Cost, Net	684,790	741,289
	-----	-----
Total Assets	\$ 2,381,717	\$ 3,360,108
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 348,301	\$ 493,330
Accounts Payable	2,219	3,757
Accrued Real Estate Taxes	12,672	12,001
Tenant Security Deposits	5,400	5,800
Mortgage Notes Payable - Current	6,893	6,444
	-----	-----
Total Current Liabilities	375,485	521,332
	-----	-----
Long Term Liabilities:		
Payable to General Partners	3,032,297	2,839,013
Mortgage Notes Payable	1,211,602	1,218,629
	-----	-----
Total Long Term Liabilities	4,243,899	4,057,642
	-----	-----
Minority Interest in Local Limited Partnerships	(69,119)	(68,518)
	-----	-----
Partners' Equity (Deficit):		
Limited Partners (25,566 units outstanding at March 31, 2005 and 2004)	(1,953,424)	(945,406)
General Partners	(215,124)	(204,942)
	-----	-----
Total Partners' Equity (deficit)	(2,168,548)	(1,150,348)
	-----	-----
Total Liabilities and Partners' Equity (deficit)	\$ 2,381,717	\$ 3,360,108
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

	2005	2004	2003
	----	----	----
Revenues:			
Rental	\$ 125,995	\$ 125,628	\$ 124,401
Distribution Income	90,377	76,330	88,632
	-----	-----	-----
Total Revenues	216,372	201,958	213,033
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	476,680	479,165	491,021
General and Administrative:			
General Partner	116,631	117,118	68,891
Other	78,336	58,297	62,379
Rental Operating Expenses	102,850	87,014	97,493
Interest	85,105	85,824	86,228
Depreciation	59,648	58,510	59,129
Amortization	13,643	13,643	13,643
	-----	-----	-----
Total Expenses	932,893	899,571	878,784
	-----	-----	-----
Loss Before Equity in Losses of			
Project Partnerships and Other Income	(716,521)	(697,613)	(665,751)
Equity in Income (Losses) of Project	-----	-----	-----
Partnerships:			
Current Year Equity in Losses of			
Project Partnerships	(371,209)	(227,721)	(253,927)
Suspended Losses Utilized in Current			
Year	0	(916,962)	0
Gain on Sale of Partnership Assets	0	1,792,746	0
Loss on Disposition of Partnership			
Interests	0	(106,473)	0
Total Equity in Income (Losses) of	-----	-----	-----
Project Partnerships	(371,209)	541,590	(253,927)
	-----	-----	-----
Minority Interest in Loss of Combined			
Project Partnerships	601	432	4,906
Interest Subsidy	57,189	57,189	57,597
Interest Income	11,740	42,825	85,376
	-----	-----	-----
Net Loss	\$(1,018,200)	\$ (55,577)	\$ (771,799)
	=====	=====	=====
Allocation of Net Loss:			
Limited Partners	\$(1,008,018)	\$ (78,850)	\$ (764,081)
General Partners	(10,182)	23,273	(7,718)
	-----	-----	-----
	\$(1,018,200)	\$ (55,577)	\$ (771,799)
	=====	=====	=====
Net Loss Per Number of Limited			
Partnership Units	\$ (39.43)	\$ (3.08)	\$ (29.89)
Number of Limited Partnership Units	=====	=====	=====
Outstanding	25,566	25,566	25,566
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE YEARS ENDED MARCH 31, 2005, 2004 AND 2003:

	Limited Partners Equity (Deficit) -----	General Partners Equity (Deficit) -----	Total -----
Balance at March 31, 2002	\$ 569,700	\$ (220,497)	\$ 349,203
Net Loss	(764,081)	(7,718)	(771,799)
	-----	-----	-----
Balance at March 31, 2003	(194,381)	(228,215)	(422,596)
Net Loss	(78,850)	23,273	(55,577)
Distributions	(672,175)	0	(672,175)
	-----	-----	-----
Balance at March 31, 2004	(945,406)	(204,942)	(1,150,348)
Net Loss	(1,008,018)	(10,182)	(1,018,200)
	-----	-----	-----
Balance at March 31, 2005	\$(1,953,424)	\$ (215,124)	\$(2,168,548)
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2005, 2004 AND 2003:

	2005 ----	2004 ----	2003 ----
Cash Flows from Operating Activities:			
Net Loss	\$(1,018,200)	\$ (55,577)	\$(771,799)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	13,643	13,643	13,643
Depreciation	59,648	58,510	59,129
Distributions Included in Distribution Income	(86,068)	(71,378)	(83,682)
Accreted Interest Income on Investments in Securities	(2,955)	(36,997)	(74,700)
Equity in Losses of Project Partnerships	371,209	1,144,683	253,927
Gain on the Sale of Partnership Assets	0	(1,792,746)	0
Loss on the Disposition of Partnership Assets	0	106,473	0
Minority Interest in Losses of Combined Project Partnerships	(601)	(432)	(4,906)
Interest Income from Redemption of Securities	82,860	340,012	306,027
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(708)	35,975	(11,103)
(Increase) Decrease in Prepaid Insurance	(84)	172	363
Increase (Decrease) in Accounts Payable	(1,538)	1,548	(6,006)
Increase in Replacement Reserves	(6,143)	(16,524)	0
Increase (Decrease) in Security Deposits	33	(7,316)	400
Increase (Decrease) in Accrued Real Estate Taxes	671	(2,850)	586
Increase (Decrease) in Payable to General Partners	48,255	(238,116)	187,754
Net Cash Used in Operating Activities	(539,978)	(520,920)	(130,367)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	118,839	774,633	117,539
Redemption of Investment in Securities	59,140	173,988	179,974
Purchase of Equipment	(3,149)	(373)	(2,316)
Net Cash Provided by Investing Activities	174,830	948,248	295,197
Cash Flows from Financing Activities:			
Principal Payment on Debt	(6,578)	(6,147)	(5,742)
Distributions to Investors	0	(672,175)	0
Net Cash Used In Financing Activities	(6,578)	(678,322)	(5,742)
Increase (Decrease) in Cash and Cash Equivalents	(371,726)	(250,994)	159,088
Cash and Cash Equivalents at Beginning of Year	1,092,672	1,343,666	1,184,578
Cash and Cash Equivalents at End of Year	\$ 720,946	\$1,092,672	\$1,343,666
Supplemental Cash Flow Information:	\$ 27,917	\$ 28,635	\$ 28,631
Interest Paid	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
NOTES TO COMBINED FINANCIAL STATEMENTS  
March 31, 2005, 2004 AND 2003

NOTE 1 - ORGANIZATION:

Gateway Tax Credit Fund, Ltd. ("Gateway"), a Florida Limited Partnership, was formed October 27, 1987 under the laws of Florida. Operations commenced on June 30, 1988. Gateway invests, as a limited partner, in other limited partnerships ("Project Partnerships"), each of which owns and operates apartment complexes expected to qualify for Low-Income Housing Tax Credits. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of the Limited Partnership Agreement. Gateway closed the offering on March 1, 1990 after receiving Limited and General Partner capital contributions of \$25,566,000 and \$1,000, respectively. The fiscal year of Gateway for reporting purposes ends on March 31.

Raymond James Partners, Inc. and Raymond James Tax Credit Funds, Inc., wholly-owned subsidiaries of Raymond James Financial, Inc., are the General Partner and Managing General Partner, respectively.

Operating profits and losses, cash distributions from operations and tax credits are allocated 99% to the Limited Partners and 1% to the General Partners. Profit or loss and cash distributions from sales of properties will be allocated as formulated in the Limited Partnership Agreement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Combined Statements

The accompanying statements include, on a combined basis, the accounts of Gateway, Village Apartments of Sparta Limited Partnership and Village Apartments of Divernon Limited Partnership ("Combined Entities"), two Project Partnerships in which Gateway has invested. As of October 1, 1996 and October 1, 1997, respectively, an affiliate of Gateway's Managing General Partner, Value Partners, Inc. became the general partner of the Combined Entities. Since the general partner of the Combined Entities is now an affiliate of Gateway, these combined financial statements include the financial activity of the Combined Entities for all years presented. All significant intercompany balances and transactions have been eliminated. Gateway has elected to report the results of operations of the Combined Entities on a 3-month lag basis, consistent with the presentation of financial information of all Project Partnerships.

Recent Accounting Pronouncements

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." Gateway has adopted FIN 46 and applied its requirements to all Project Partnerships in which Gateway held an interest. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics, (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. FIN 46 requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE. The primary beneficiary, as is applicable to Gateway's circumstances, is the party in the Project Partnership equity group that is most closely associated with the Project Partnership.

As of March 31, 2005, Gateway determined that it held variable interests in 80 VIE's, which consist of Project Partnerships, which Gateway is not the primary beneficiary. Gateway's maximum exposure to loss as a result of its involvement with

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

unconsolidated VIE's is limited to Gateway's recorded investments in and receivables from those VIE's, which is approximately \$938,137 at March 31, 2005. Gateway may be subject to additional losses to the extent of any financial support that Gateway voluntarily provides to those Project Partnerships in the future.

Basis of Accounting

Gateway utilizes the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when obligations are incurred.

Gateway accounts for its investments as the sole limited partner in Project Partnerships ("Investments in Project Partnerships"), with the exception of the Combined Entities, using the equity method of accounting, because management believes that Gateway does not have a majority control of the major operating and financial policies of the Project Partnerships in which it invests. Gateway reports the equity in losses of the Project Partnerships on a 3-month lag in the Statements of Operations. Under the equity method, the Investments in Project Partnerships initially include:

- 1) Gateway's capital contribution,
- 2) Acquisition fees paid to the General Partner for services rendered in selecting properties for acquisition, and
- 3) Acquisition expenses including legal fees, travel and other miscellaneous costs relating to acquiring properties.

Quarterly the Investments in Project Partnerships are increased or decreased as follows:

- 1) Increased for equity in income or decreased for equity in losses of the Project Partnerships,
- 2) Decreased for cash distributions received from the Project Partnerships and,
- 3) Decreased for the amortization of the acquisition fees and expenses.

Amortization is calculated on a straight-line basis over 35 years, as this is the average estimated useful life of the underlying assets. The net amortization is as amortization expense on the Statements of Operations.

Pursuant to the limited partnership agreements for the Project Partnerships, cash losses generated by the Project Partnerships are allocated to the general partners of those partnerships. In subsequent years, cash profits, if any, are first allocated to the general partners to the extent of the allocation of prior years' cash losses.

Since Gateway invests as a limited partner, and therefore is not obligated to fund losses or make additional capital contributions, it does not recognize losses from individual Project Partnerships to the extent that these losses would reduce the investment in those Project Partnerships below zero. The suspended losses will be used to offset future income from the individual Project Partnerships.

Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the investment, Gateway recognizes an impairment loss. No impairment loss has been recognized in the accompanying financial statements.

Gateway, as a limited partner in the Project Partnerships, is subject to risks inherent in the ownership of property which are beyond its control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance and continued eligibility of tax credits. If the cost of operating a property exceeds the rental income earned thereon, Gateway may deem it in its best interest to voluntarily provide funds in order to protect its investment. However, Gateway does not guarantee any of the mortgages or other debt of the Project Partnerships.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

### Cash and Cash Equivalents

It is Gateway's policy to include short-term investments with an original maturity of three months or less in Cash and Cash Equivalents. Short-term investments are comprised of money market mutual funds.

### Accounts Receivable

Accounts receivable consists of tenant receivables. Tenant receivables are recorded when billed. An allowance for doubtful accounts has not been considered necessary based on historical loss experience. An account is considered past due when payment has not been rendered within thirty days of its due date. Uncollectible receivables are charged to rental revenue when project management has determined that collection efforts will not be successful.

### Capitalization and Depreciation

Land, buildings and improvements are recorded at cost and provides for depreciation using the modified accelerated cost recovery system method for financial and tax reporting purposes in amounts adequate to amortize costs over the lives of the applicable assets as follows:

Buildings	27-1/2 years
Equipment	7 years

Expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations.

### Rental Income

Rental income, principally from short-term leases on the Combined Entity's apartment units, is recognized as income under the accrual method as the rents become due.

### Concentrations of Credit Risk

Financial instruments which potentially subject Gateway to concentrations of credit risk consist of cash investments in a money market mutual fund that is a wholly-owned subsidiary of Raymond James Financial, Inc.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates that affect certain reported amounts and disclosures. These estimates are based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

### Investment in Securities

Effective April 1, 1995, Gateway adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"). Under FAS 115, Gateway is required to categorize its debt securities as held-to-maturity, available-for-sale or trading securities, dependent upon Gateway's intent in holding the securities. Gateway's intent is to hold all of its debt securities (U. S. Treasury Security Strips) until maturity and to use these reserves to fund Gateway's ongoing operations. Interest income is recognized ratably on the U.S. Treasury Strips using the effective yield to maturity.

### Income Taxes

No provision for income taxes has been made in these financial statements, as income taxes are a liability of the partners rather than of Gateway.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Reclassifications

For comparability, certain 2003 and 2004 amounts have been reclassified, where appropriate to conform with the financial statement presentation used in 2005.

NOTE 3 - INVESTMENT IN SECURITIES:

As of March 31, 2005 the Balance Sheet included no Investments in Securities. The remaining U.S. Treasury Security Strips were redeemed for their face value of \$142,000 in August 2004.

NOTE 4 - RELATED PARTY TRANSACTIONS:

The Payable to General Partners primarily represents the asset management fees owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. Within the next 12 months, the Managing General Partner does not intend to demand payment on the portion of Asset Management Fees payable classified as long-term on the Balance Sheet.

The General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses as follows:

Asset Management Fee - The Managing General Partner is entitled to an annual asset management fee equal to 0.45% of the aggregate cost of Gateway's interest in the projects owned by the Project Partnerships. The asset management fee will be paid only after all other expenses of Gateway have been paid. These fees are included in the Statements of Operations. Totals incurred for the years ended March 31, 2005, 2004 and 2003 were \$476,680, \$479,165 and \$491,021 respectively.

General and Administrative Expenses - The Managing General Partner, is reimbursed for general and administrative expenses of Gateway on an accountable basis. These expenses are included in the Statements of Operations. Totals incurred for the years ended March 31, 2005, 2004 and 2003 were \$116,631, \$117,118 and \$68,891 respectively.

NOTE 5 - RENTAL PROPERTY

A summary of the rental property is as follows at December 31, 2004:

	Cost	Accumulated Depreciation	Book Value
	-----	-----	-----
Land	\$ 47,000	\$ 0	\$ 47,000
Buildings	1,439,355	804,489	634,866
Furniture and Appliances	54,290	51,366	2,924
	-----	-----	-----
Net Book Value	\$1,540,645	\$855,855	\$684,790
	=====	=====	=====

A summary of the rental property is as follows at December 31, 2003:

	Cost	Accumulated Depreciation	Book Value
	-----	-----	-----
Land	\$ 47,000	\$ 0	\$ 47,000
Buildings	1,439,355	745,066	694,289
Furniture and Appliances	51,141	51,141	0
	-----	-----	-----
Net Book Value	\$1,537,496	\$796,207	\$741,289
	=====	=====	=====



NOTE 6 - MORTGAGE NOTE PAYABLE

The mortgage note payable for Sparta is the balance due on the note dated December 1, 1998 in the amount of \$827,361. The loan is at a stated interest rate of 6.125% for a period of 50 years, the loan also contains a provision for an interest subsidy which reduces the effective interest rate to 2.325%. At December 31, 2004 the development was in compliance with the terms of the subsidy agreement and is receiving the reduced rate which makes the monthly payments \$1,925.75.

Expected maturities of the mortgage note payable are as follows:

Year Ending	Amount
-----	-----
12/31/05	5,033
12/31/06	5,146
12/31/07	5,261
12/31/08	5,379
12/31/09	5,498
Thereafter	791,688
	-----
Total	\$ 818,005
	=====

The mortgage note payable for Divernon is the balance due on the note dated October 2, 1989 in the amount of \$416,113. The loan is at a stated interest rate of 8.75% for a period of 50 years, the loan also contains a provision for an interest subsidy which reduces the effective interest rate to 2.35%. At December 31, 2004 the development was in compliance with the terms of the subsidy agreement and is receiving the reduced rate which makes the monthly payment \$883.

Expected maturities of the mortgage note payable are as follows:

Year Ending	Amount
-----	-----
12/31/05	1,860
12/31/06	1,901
12/31/07	1,943
12/31/08	1,986
12/31/09	2,030
Thereafter	390,770
	-----
Total	\$ 400,490
	=====

NOTE 7 - TAXABLE INCOME (LOSS):

The following is a reconciliation between Net Loss as described in the financial statements and the Partnership loss for tax purposes:

	2005 ----	2004 ----	2003 ----
Net Loss per Financial Statements	\$ (1,018,200)	\$ (55,577)	\$ (771,799)
Equity in Losses of Project Partnerships for tax purposes in excess of losses for financial statement purposes	(378,427)	(225,098)	(528,030)
Losses suspended for financial reporting purposes	(1,984,370)	(1,355,991)	(2,297,126)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	58,355	17,867	32,752
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	(356,406)	186,980	180,883
Amortization Expense	13,644	12,913	12,987
Miscellaneous Income	(133,949)	(83,682)	(95,741)
Capital Loss	0	(11,581)	0
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$(3,799,353) =====	\$(1,514,169) =====	\$(3,466,074) =====
	December 31, 2004 -----	December 31, 2003 -----	December 31, 2002 -----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 0 =====	\$ 51,799 =====	\$ 63,771 =====

The Partnership's Investment in Project Partnerships is approximately \$25,666,641 higher for financial reporting purposes than for tax return purposes because (i) annual tax depreciation expense is higher than financial depreciation, (ii) certain expenses are not deductible for tax return purposes and (iii) losses are suspended for financial purposes but not for tax return purposes.

The differences in the assets and liabilities of the Fund for financial reporting purposes and tax reporting purposes for the year ended March 31, 2005 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	\$ 938,137	\$(24,728,504)	\$25,666,641
Other Assets	\$ 1,443,580	\$ 3,929,355	\$(2,485,775)
Liabilities	\$ 4,619,384	\$ 24,161	\$ 4,595,223

NOTE 8 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of March 31, 2005, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 80 Project Partnerships, excluding the Combined Entities, which own and operate government assisted multi-family housing complexes.

Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

The following is a summary of Investments in Project Partnerships, excluding the Combined Entities at March 31, 2005:

	MARCH 31, 2005	MARCH 31, 2004
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 17,706,016	\$ 17,706,016
Cumulative equity in losses of Project Partnerships (1)	(17,607,190)	(17,235,981)
Cumulative distributions received from Project Partnerships	(783,455)	(750,684)
	-----	-----
Investment in Project Partnerships before Adjustments	(684,629)	(280,649)
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	2,207,576	2,207,576
Accumulated amortization of acquisition fees and expenses	(584,810)	(571,167)
	-----	-----
Investments in Project Partnerships	\$ 938,137	\$ 1,355,760
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$18,592,904 for the year ended March 31, 2005 and cumulative suspended losses of \$16,608,534 for the year ended March 31, 2004 are not included.

The Partnership's equity as reflected by the Project Partnerships of \$(20,002,194) differs from the Partnership's Investments in Project Partnerships before acquisition fees and expenses and amortization of \$(684,629) primarily because of suspended losses on the Partnership's books.

NOTE 8 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships, excluding the Combined Entity beginning on the date of combination, on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of December 31 of each year:

	2004	2003	2002
	----	----	----
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 9,373,440	\$ 9,728,256	\$ 9,348,657
Investment properties, net	59,172,763	62,236,576	66,172,723
Other assets	490,196	85,771	635,392
	-----	-----	-----
Total assets	\$69,036,399	\$72,050,603	\$76,156,772
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 3,531,551	\$ 3,611,898	\$ 3,391,498
Long-term debt	87,638,861	87,934,669	90,589,956
	-----	-----	-----
Total liabilities	91,170,412	91,546,567	93,981,454
	-----	-----	-----
Partners' equity			
Gateway	(20,002,194)	(17,517,241)	(16,014,227)
General Partners	(2,131,819)	(1,978,723)	(1,810,455)
	-----	-----	-----
Total Partners' equity	(22,134,013)	(19,495,964)	(17,824,682)
	-----	-----	-----
Total liabilities and partners' equity	\$69,036,399	\$72,050,603	\$76,156,772
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$16,991,124	\$16,693,028	\$16,709,384
Gain on Sale of Partnership Assets	0	1,792,746	0
	-----	-----	-----
Total Revenue	16,991,124	18,485,774	16,709,384
	-----	-----	-----
Expenses:			
Operating expenses	9,301,845	9,016,473	9,171,835
Interest expense	6,613,496	6,764,573	6,606,103
Depreciation and amortization	3,455,156	3,436,960	3,508,268
	-----	-----	-----
Total expenses	19,370,497	19,218,006	19,286,206
	-----	-----	-----
Net loss	\$(2,379,373)	\$(732,232)	\$(2,576,822)
	=====	=====	=====
Other partners' share of net loss	\$ (23,794)	\$ (24,304)	\$ (25,769)
	=====	=====	=====
Partnerships' share of net loss	\$(2,355,579)	\$(707,928)	\$(2,551,053)
Suspended losses	1,984,370	2,272,953	2,297,126
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (371,209)	\$ 1,565,025	\$ (253,927)
	=====	=====	=====

Two of the Project Partnerships, Clayfed Apartments, Ltd. and Westside Apartments, Ltd., sold their property in July 2003 and subsequently liquidated. The sale of the properties resulted in a gain allocated to Gateway of \$1,792,746. Gateway received sale proceeds totaling \$674,675, of which \$672,675 was distributed to the Limited Partners at \$26.29 per limited partnership unit. Gateway had previously suspended losses reported by these Project Partnerships in conformity with its policy to not record losses which reduce the investment below zero. As a result of the net increase in the investment from the sale transactions, Gateway was able to recognize \$916,962 in previously suspended losses. Gateway's ending investment in these Project Partnerships, after adjusting for the gain on sale, cash proceeds received and suspended losses, was \$106,473, which is reported as a loss on disposition in the Combined Statements of Operations.

NOTE 8 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of December 31, 2004, the largest Project Partnership constituted 7.4% and 7.7% of the combined total assets and combined total revenues. As of December 31, 2003, the largest Project Partnership constituted 7.2% and 7.4% of the combined total assets and combined total revenues.

NOTE 9 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

<u>Year 2005</u>	<u>Quarter 1</u> <u>6/30/2004</u>	<u>Quarter 2</u> <u>9/30/2004</u>	<u>Quarter 3</u> <u>12/31/2004</u>	<u>Quarter 4</u> <u>3/31/2005</u>
Total Revenues	\$ 89,870	\$ 33,342	\$ 44,207	\$ 48,953
Net Income (Loss)	\$ (89,754)	\$ (378,351)	\$ 61,992	\$ (612,087)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (3.48)	\$ (14.65)	\$ 2.40	\$ (23.70)

<u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 75,161	\$ 43,088	\$ 40,986	\$ 42,723
Net Income (Loss)	\$ (161,360)	\$ (51,041)	\$ 619,608	\$ (462,784)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ ((6.25)	\$ (1.98)	\$ 23.99	\$ (18.84)

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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Crosstown Seniors Limited Dividend  
Housing Association Limited Partnership  
(a Michigan Limited Partnership)  
Kalamazoo, Michigan

We have audited the accompanying balance sheets of Crosstown Seniors Limited Dividend Housing Association Limited Partnership, (a Michigan Limited Partnership) as of December 31, 2004 and 2003, and the related statements of operations, statements of partners' equity (deficit), and statements of cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Crosstown Seniors Limited Dividend Housing Association Limited Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Schoonover Boyer & Associates

Columbus, Ohio  
January 28, 2005

Fentress, Brown, CPAs & Associates, LLC  
8001 Ravines Edge Court, Suite 112  
Columbus OH 43235-5423  
PHONE: 614-825-0011  
FAX: 614-825-0014

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Madison, Ltd.  
DBA Madison Woods Apartments  
Ravenna, Ohio

Rural Housing Service  
Servicing Office  
Wooster, Ohio

We have audited the accompanying balance sheets of Madison, Ltd. (a limited partnership), DBA Madison Woods Apartments, Case No. 41-043-341595553, as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989. 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, the 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 Madison, Ltd., DBA Madison Woods Apartments, Case No. 41-043-341595553, at December 31, 2004 and 2003, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program", issued in December 1989, we have also issued a report dated January 19, 2005, on our consideration of Madison, Ltd.'s internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 19, 2005

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Columbus, OH 43235-5423  
PHONE: 614-825-0011  
FAX: 614-825-0014

INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Middlefield, Limited  
DBA Lakeview Village II  
Ravenna, Ohio

Rural Housing Service  
Servicing Office  
Wooster, Ohio

We have audited the accompanying balance sheets of Middlefield, Limited (a limited partnership), DBA Lakeview Village II, Case No. 41-028-341618469, as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989. 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 Middlefield, Limited, DBA Lakeview Village II, Case No. 41-028-341618469, at December 31, 2004 and 2003, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 19, 2005, on our consideration of Middlefield, Limited's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 19, 2005



Henderson & Godbee, P.C.  
3488 N. Valdosta Road - P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Ashburn Housing Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Ashburn Housing, Ltd. (a Limited Partnership), Federal ID No.: 58-1830643, as of December 31, 2004 and 2003, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Ashburn Housing, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2005 on our consideration of Ashburn Housing, Ltd.'s internal control structure and a report dated January 21, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 21, 2005

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FAX: 229-245-1669

# INDEPENDENT AUDITORS' REPORT

To the Partners  
Buena Vista Housing, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Buena Vista Housing, Ltd. (a Limited Partnership), Federal ID No.: 58-1830642, as of December 31, 2004 and 2003, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Buena Vista Housing, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2005 on our consideration of Buena Vista Housing Ltd.'s internal control structure and a report dated January 21, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 21, 2005

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Valdosta, GA 31604-2241  
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FAX: 229-245-1669

INDEPENDENT AUDITORS' REPORT

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To the Partners  
Cuthbert Elderly Housing, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Cuthbert Elderly Housing, Ltd. (a limited partnership), Federal ID No.: 58-1830589, as of December 31, 2003 and 2002, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Cuthbert Elderly Housing, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2005 on our consideration of Cuthbert Elderly Housing Ltd.'s internal control structure and a report dated January 21, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 21, 2005

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FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Hannah's Mill Apartments, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Hannah's Mill Apartments, Ltd. (a limited partnership), Federal ID No.: 58-1786726, as of December 31, 2004 and 2003, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Hannah's Mill Apartments, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2005 on our consideration of Hannah's Mill Apartments, Ltd.'s internal control structure and a report dated January 21, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 21, 2005

Habif, Arogeti & Wynne, LLP  
5565 Glenridge Connector, Suite 200  
Atlanta, GA 30342  
PHONE: 404-892-9651  
FAX: 404-876-3913

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Milton Elderly Housing, LTD, LLLP

We have audited the accompanying balance sheets of MILTON ELDERLY HOUSING, LTD, LLLP (USDA Rural Development Case No. 09-057-592911560), a limited partnership, as of December 31, 2004 and 2003, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Audit Program of the Rural Development Services Office of the U.S. Department of Agriculture, formerly known as the Farmers Home Administration. Those standards require that we plan and perform the audits 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 MILTON ELDERLY HOUSING, LTD, LLLP as of December 31, 2004 and 2003, and the results of its operations, its changes in partner's equity (deficit), and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2005, on our consideration of MILTON ELDERLY HOUSING, LTD LLLP's internal control and our report dated February 28, 2005, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 14 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Habif, Arogeti & Wynne, LLP  
Atlanta, Georgia

February 28, 2005

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Valdosta, GA 31604-2241  
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FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Winder Apartments, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Winder Apartments, Ltd. (A Limited Partnership), Federal ID No.: 58-1786693, as of December 31, 2004 and 2003, and the related statements of income, partners' (deficit) and cash flows for the years then ended. The financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Winder Apartments, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 21, 2005 on our consideration of the Winder Apartments, Ltd.'s internal control structure and a report dated January 21, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 21, 2005

Donald W. Causey & Associates, P.C.  
516 Walnut Street - P.O. Box 775  
Gadsden, AL 35902  
PHONE: 256-543-3707  
FAX: 256-543-9800

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sylacauga Garden Apartments III, Ltd.  
Sylacauga, Alabama

We have audited the accompanying balance sheets of Sylacauga Garden Apartments III, Ltd., a limited partnership, RHS Project No.: 01-061-630953708 as of December 31, 2004 and 2003, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits 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 the 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 Sylacauga Garden Apartments III, Ltd., RHS Project No.:01-061-630953708 as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2004 and 2003, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2005 on our consideration of Sylacauga Garden Apartments III, Ltd.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Donald W. Causey & Associates, P.C.  
Certified Public Accountants

Gadsden, Alabama  
February 20, 2005

Bond & Tousignant, LLC  
1500 Lamy Lane - P.O. Box 14065  
Monroe, LA 71201-3734  
PHONE: 318-323-0717  
FAX: 318-323-0719

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
RIVER ROAD APARTMENTS ALPIC

We have audited the accompanying balance sheets of RIVER ROAD APARTMENTS, ALPIC, RHS Project No. 22-026-721099603 as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 RIVER ROAD APARTMENTS, ALPIC as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity (deficit) and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented on pages 15 through 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2005, on our consideration of RIVER ROAD APARTMENTS, ALPIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

/s/ Bond & Tousignant, LLC  
Certified Public Accountants

Monroe, Louisiana  
February 21, 2005



Baird, Kurtz, & Dobson, LLP  
5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Garden Walk of Augusta

A Division of Augusta Properties (A Limited Partnership)  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Garden Walk of Augusta, A Division of Augusta Properties (A Limited Partnership) as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Garden Walk of Augusta, A Division of Augusta Properties (A Limited Partnership) as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

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Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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Partners  
Booneville Properties, A Limited Partnership  
D/B/A Garden Walk of Booneville  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Booneville Properties, A Limited Partnership, D/B/A Garden Walk of Booneville as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Booneville Properties, A Limited Partnership, D/B/A Garden Walk of Booneville as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit..

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

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## INDEPENDENT AUDITORS' REPORT

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Partners  
Barling Properties, A Limited Partnership  
D/B/A Barling Place  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Barling Properties, A Limited Partnership, D/B/A Barling Place as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Barling Properties, A Limited Partnership, D/B/A Barling Place of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

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Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Poteau Properties IV, A Limited Partnership  
D/B/A Garden Walk on Michelle Lane  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Poteau Properties IV, A Limited Partnership, D/B/A Darden Walk on Michelle Lane as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Poteau Properties IV, A Limited Partnership, D/B/A Garden Walk on Michelle Lane as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

Baird, Kurtz, & Dobson, LLP  
5000 Rogers Avenue, Suite 700  
Fort Smith, AR 72903-2079  
PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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### Partners

Turtle Creek Properties Phase II, A Limited Partnership  
D/B/A Garden Walk of Grove III  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Turtle Creek Properties Phase II, A Limited Partnership, D/B/A Garden Walk of Grove III as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Turtle Creek Properties Phase II, A Limited Partnership, D/B/A Garden Walk of Grove III as of December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

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PHONE: 479-452-1040  
FAX: 479-452-5542

## INDEPENDENT AUDITORS' REPORT

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Partners  
Broken Bow Properties II, A Limited Partnership  
D/B/A Garden Walk of Broken Bow II  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Broken Bow Properties II, A Limited Partnership, D/B/A Garden Walk of Broken Bow II as of December 31, 2004 and 2003, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Broken Bow Properties II, A Limited Partnership, D/B/A Garden Walk of Broken Bow II as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

/s/ Baird, Kurtz, & Dobson, LLP

February 9, 2005

Brandt Solomon & Anderson LLP  
622 S. Minnesota Avenue  
Sioux Falls, SD 57104-4825  
PHONE: 605-336-0935  
FAX: 605-336-0983

## INDEPENDENT AUDITORS' REPORT

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Partners of Lakewood Apartments Limited Partnership  
Project Number 32-060-470717466

We have audited the accompanying balance sheets of Lakewood Apartments Limited Partnership, Project Number 32-060-470717466 as of December 31, 2004 and 2003 and the related statements of operations, changes in partners' deficit and cash flows for the years then ended. 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 U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Rural Development *Audit Program*. Those standards require that we plan and perform the audits 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 Lakewood Apartments Limited Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 2005, on our consideration of internal controls over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Brandt Solomon & Anderson LLP  
Certified Public Accountants & Consultants

Sioux Falls, South Dakota  
February 10, 2005

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3488 N. Valdosta Road  
P.O. Box 2241  
Valdosta, GA 31604-2241  
PHONE: 229-245-6040  
FAX: 229-245-1669

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Monroe Family, Ltd.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Monroe Family, Ltd. (a Georgia limited partnership), Federal ID No. 58-1768407, as of December 31, 2004 and 2003, and the related statements of operations, changes in partners' (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Monroe Family, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 31, 2005 on our consideration of the Monroe Family, Ltd.'s internal control structure and a report dated January 31, 2005 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Henderson & Godbee, P.C.  
Certified Public Accountants

January 31, 2005



Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Brandywine III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Brandywine III, LLLP as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Brandywine III, LLLP as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 5, 2005 on our consideration of Brandywine III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 5, 2005

Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Concord IV, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Concord IV, LLLP as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Concord IV, LLLP as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 5, 2005 on our consideration of Concord IV, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 5, 2005

Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Dunbarton Oaks III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Dunbarton Oaks III, LLLP as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Dunbarton Oaks III, LLLP as of December 31, 2004 and 2003, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 5, 2005 on our consideration of Dunbarton Oaks III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 5, 2005

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7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Federal Manor III, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Federal Manor III, LLLP as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Federal Manor III, LLLP as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 5, 2005, on our consideration of Federal Manor III, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 5, 2005

Regardie, Brooks & Lewis  
7101 Wisconsin Avenue, Suite 1012  
Bethesda, MD 20814  
PHONE: 301-654-9000  
FAX: 301-656-3056

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Laurel Apartments, LLLP  
Bethesda, Maryland

We have audited the accompanying balance sheets of Laurel Apartments, LLLP as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, Government Auditing Standards issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Laurel Apartments, LLLP as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 5, 2005 on our consideration of Laurel Apartments, LLLP's internal control and on its compliance with laws and regulations.

/s/ Regardie, Brooks & Lewis  
Certified Public Accountants

March 5, 2005

Grana & Teibel, CPAs, P.C.  
300 Corporate Parkway, Suite 116 N.  
Amherst, NY 14226-1258  
PHONE: 716-862-4270  
FAX: 716-862-0007

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Middleport Limited Partnership  
Case No. 37-032-161338763  
and  
RD Rural Housing Director  
29 Liberty Street, Suite 2  
Batavia, New York 14020-3294

We have audited the accompanying balance sheets of Middleport Limited Partnership as of December 31, 2004 and 2003, and the related statements of operations, partners' deficiency, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. 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 Middleport Limited Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 28, 2005, on our consideration of Middleport Limited Partnerships internal control structure and a report dated January 28, 2005, on its compliance with laws and regulations.

/s/ Grana & Teibel, CPAs, P.C.  
Certified Public Accountants

January 28, 2005

Bernard Robinson & Company, L.L.P.  
109 Muirs Chapel Road  
P.O. Box 19608  
Greensboro, NC 27419-9608  
PHONE: 336-294-4494  
FAX: 336-547-0840

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Kenly Housing Associates  
Charlotte, North Carolina

We have audited the accompanying balance sheets of Kenly Housing Associates (a North Carolina limited partnership) as of December 31, 2004 and 2003, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Kenly Housing Associates as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2005, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Bernard Robinson & Company, L.L.P.  
Certified Public Accountants

January 31, 2005

Duggan, Joiner & Company  
334 N.W. Third Avenue  
Ocala, FL 34475  
PHONE: 352-732-0171  
FAX: 352-867-1370

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Oakwood Grove, Ltd.

We have audited the accompanying basic financial statements of Oakwood Grove, Ltd., as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of the partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Oakwood Grove, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2005 on our consideration of Oakwood Grove, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on pages 10 to 15 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information on pages 10 to 14 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information on page 15, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

/s/ Duggan, Joiner & Company  
Certified Public Accountants

January 18, 2005



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334 N.W. Third Avenue  
Ocala, FL 34475  
PHONE: 352-732-0171  
FAX: 352-867-1370

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sandhill Forest, Ltd.

We have audited the accompanying basic financial statements of Sandhill Forest, Ltd., as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of the partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Sandhill Forest, Ltd. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2005 on consideration of Sandhill Forest, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information presented on pages 10 to 17 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information on pages 10 to 16 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information on page 17, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and we express no opinion on it.

/s/ Duggan, Joiner & Company  
Certified Public Accountants

January 18, 2005

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Laurel Woods Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of Laurel Woods Associates as of December 31, 2004 and 2003, and the related statements of operations, changes in Partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 17, 2005, on our consideration of the Partnership's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 17, 2005  
Carmel, Indiana

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
The Meadows Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of The Meadows Associates as of December 31, 2004 and 2003, and the related statements of profit and (loss), changes in Partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 17, 2005, on our consideration of Partnership's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 17, 2005  
Carmel, Indiana

Dauby O'Connor & Zaleski LLC  
703 Pro Med Lane, Suite 300  
Carmel, IN 46032  
PHONE: 317-848-5700  
FAX: 317-815-6140

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Rivermeade Associates  
(A Virginia Limited Partnership)

We have audited the accompanying balance sheets of Rivermeade Associates as of December 31, 2004 and 2003, and the related statements of profit and (loss), changes in Partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 the Partnership as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 17, 2005, on our consideration of the Partnership's internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit as conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Dauby O'Connor & Zaleski LLC  
Certified Public Accountants

February 17, 2005  
Carmel, Indiana

Brown, Edwards & Company, LLP  
1969 Lee Highway  
Bristol, VA 24201  
PHONE: 276-466-5248  
FAX: 276-466-9241

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Greeneville Limited Partnership

We have audited the accompanying balance sheet of Greeneville Limited Partnership as of December 31, 2004, and the related statements of operations, partners' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Greeneville Limited Partnership as of December 31, 2003, and for the year then ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those statements in their report dated February 15, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audit 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 Greeneville Limited Partnership as of December 31, 2004, and the results of its operations, changes in partners' deficit, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2005 on our consideration of Greeneville Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

/s/ Brown, Edwards, & Company LLLP  
February 15, 2005

Thomas C. Cunningham, CPA PC  
23 Moore Street  
Bristol, VA 24201  
PHONE: 276-669-5531  
FAX: 276-669-5576

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Greeneville Limited Partnership

I have audited the accompanying balance sheets of Greeneville Limited Partnership as of December 31, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greeneville Limited Partnership as of December 31, 2003 and 2002, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of Greeneville Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC

February 15, 2004

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1969 Lee Highway  
Bristol, VA 24201  
PHONE: 276-466-5248  
FAX: 276-466-9241

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Pulaski Village Limited Partnership

We have audited the accompanying balance sheet of Pulaski Village Limited Partnership as of December 31, 2004, and the related statements of operations, partners' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Pulaski Village Limited Partnership as of December 31, 2003, and for the year then ended were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those statements in their report dated February 15, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audit provides 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 Pulaski Village Limited Partnership as of December 31, 2004, and the results of its operations, changes in partners' deficit, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2005 on our consideration of Pulaski Village Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Brown, Edwards & Company LLP  
February 15, 2005

Thomas C. Cunningham, CPA PC  
23 Moore Street  
Bristol, VA 24201  
PHONE: 276-669-5531  
FAX: 276-669-5576

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Pulaski Village Limited Partnership

I have audited the accompanying balance sheets of Pulaski Village Limited Partnership as of December 31, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pulaski Village Limited Partnership as of December 31, 2003 and 2002, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of Pulaski Village Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC

February 15, 2004



Simmons and Clubb  
410 S. Orchard, Suite 156  
Boise, ID 83705  
PHONE: 208-336-6800  
FAX: 208-343-2381

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Teton View Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of Teton View Limited Partnership as of December 31, 2004 and 2003, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the USDA, Rural Housing Service Audit Program issued in December 1989. 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 audit provides 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 Teton View Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 8, 2005, on our consideration of Teton View Limited Partnership's internal control and on its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership's tax returns have been filed allowing the partners to claim a benefit of a low income housing tax credit. Because the compliance and qualification standards of the low income tax housing tax credit are not related to the interest credit agreement and loan agreement, and because the low income housing tax credit related to income taxes which are the responsibility of each individual partner, the scope of our audit was not designed or intended to audit the partnership's compliance with the low income housing tax credit laws. Accordingly, our audit cannot be relied upon to give assurance with regard to the partnerships compliance with any of the low income housing tax credit laws.

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
February 8, 2005

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410 S. Orchard, Suite 156  
Boise, ID 83705  
PHONE: 208-336-6800  
FAX: 208-343-2381

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Pleasant Valley Housing Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of Pleasant Valley Housing Limited Partnership as of December 31, 2004 and 2003, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the USDA, Rural Housing Service Audit Program issued in December 1989. 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 audit provides 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 Pleasant Valley Housing Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 9, 2005, on our consideration of Pleasant Valley Housing Limited Partnership's internal control and on its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership's tax returns have been filed allowing the partners to claim a benefit of a low income housing tax credit. Because the compliance and qualification standards of the low income tax housing tax credit are not related to the interest credit agreement and loan agreement, and because the low income housing tax credit related to income taxes which are the responsibility of each individual partner, the scope of our audit was not designed or intended to audit the partnerships compliance with the low income housing tax credit laws. Accordingly, our audit cannot be relied upon to give assurance with regard to the partnerships compliance with any of the low income housing tax credit laws.

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
February 9, 2005

Dixon Hughes PLLC  
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High Point, NC 27261-2646  
PHONE: 336-889-5156  
FAX: 336-889-6168

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Eagles Bay Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Eagles Bay Limited Partnership as of December 31, 2004 and 2003 and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Eagles Bay Limited Partnership as of December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2005 on our consideration of Eagles Bay Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Hughes PLLC  
Certified Public Accountants and Advisors

January 26, 2005

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PHONE: 336-889-5156  
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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Stone Arbor Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Stone Arbor Limited Partnership as of December 31, 2004 and 2003 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Stone Arbor Limited Partnership as of December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2005 on our consideration of Stone Arbor Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Hughes PLLC  
Certified Public Accountants and Advisors

January 26, 2005

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PHONE: 336-889-5156  
FAX: 336-889-6168

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Suncrest Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheet of Suncrest Limited Partnership as of December 31, 2004 and 2003 and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audit provides 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 Suncrest Limited Partnership as of December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2005 on our consideration of Suncrest Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Hughes PLLC  
Certified Public Accountants and Advisors

January 31, 2005

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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Woodcroft Limited Partnership  
Raleigh, North Carolina

We have audited the accompanying balance sheets of Woodcroft Limited Partnership as of December 31, 2004 and 2003 and the related statements of operations, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Woodcroft Limited Partnership as of December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2005 on our consideration of Woodcroft Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Dixon Hughes PLLC  
Certified Public Accountants and Advisors

January 29, 2005

Brockway, Gersbach, McKinnon & Niemeier, P.C.  
P.O. Box 4083  
Temple, TX 76505-4083  
PHONE: 254-773-9907  
FAX: 254-773-1570

## INDEPENDENT AUDITORS' REPORT

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The Partners  
Mabank 1988 Limited  
Temple, Texas

We have audited the balance sheet of Mabank 1988 Limited (a Texas limited partnership) as of December 31, 2004 and 2003 and the related statements of partners' deficit, operations, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits 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 Mabank 1988 Limited as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2005 on our consideration of Mabank 1988 Limited's internal control and on its compliance with laws and regulations applicable to the financial statements. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information on pages 10 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information presented in the Year End Report/Analysis (Form FmHA 1930-8); Statement of Actual Budget and Income (Form 1930-7) for the year ended December 31, 2004, and the other Supplemental Data Required by the USDA Rural Development, are presented for purposes of complying with the requirements of USDA Rural Development and are not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Brockway, Gersbach, McKinnon & Niemeier, P.C.  
Certified Public Accountants

February 11, 2005

Mercer & Associates, P.C.  
525 Madison Street, Suite 100  
Huntsville, AL 35801  
PHONE: 256-536-4318  
FAX: 256-533-7193

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Hunter's Ridge, Ltd.

We have audited the accompanying balance sheet of Hunter's Ridge, Ltd., (a limited partnership) as of December 31, 2004 and 2003, and the related Statement of Operations, Partners' Capital and Cash Flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for financial and compliance audits issued by the Comptroller General of the United States. 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. We believe that our audit provides 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 Hunter's Ridge, Ltd., as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated February 20, 2005 on our consideration of Hunter's Ridge, Ltd's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

/s/ Mercer & Associates, P.C.  
Certified Public Accountants

January 27, 2005



Kenneth C. Boothe & Company, P.C.  
1001 East Farm Road 700  
Big Spring, TX 79720  
PHONE: 413-263-1324  
FAX: 413-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Casa Linda Limited Partnership

We have audited the accompanying balance sheets of Casa Linda Limited Partnership as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Casa Linda Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued a report dated February 2, 2005, on our consideration of Casa Linda Limited Partnership's internal control structure and its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 17 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 2, 2005  
Big Spring, Texas

Kenneth C. Boothe & Company, P.C.  
1001 East Farm Road 700  
Big Spring, TX 79720  
PHONE: 432-263-1324  
FAX: 432-263-2124

## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
La Villa Elena Limited Partnership

We have audited the accompanying balance sheets of La Villa Elena Limited Partnership as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 La Villa Elena Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued a report dated February 2, 2005, on our consideration of La Villa Elena Limited Partnership's internal control structure and its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 16 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 2, 2005  
Big Spring, Texas

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## INDEPENDENT AUDITORS' REPORT

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To the Partners,  
Rio Abajo Apartments Limited Partnership

We have audited the accompanying balance sheets of Rio Abajo Apartments Limited Partnership as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Rio Abajo Apartments Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued a report dated February 2, 2005, on our consideration of Rio Abajo Apartments Limited Partnership's internal control structure and on its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 16 through 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 2, 2005  
Big Spring, Texas

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Big Spring, TX 79720  
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## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sage Limited Partnership

We have audited the accompanying balance sheets of Sage Limited Partnership as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Sage Limited Partnership as of December 31, 2004 and 2003, and the results of its operations, changes in partner's equity, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued a report dated February 2, 2005, on our consideration of Sage Limited Partnership's internal control structure and its compliance with laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information shown on Pages 17 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kenneth C. Boothe & Company, P.C.  
Certified Public Accountants

February 2, 2005  
Big Spring, Texas

Mesarvey, Russell & Co. LLC  
3170 Presidential Drive  
Fairborn, OH 45324  
PHONE: 937-320-1717  
FAX: 937-320-1818

INDEPENDENT AUDITORS' REPORT  
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**To the Partners**  
**Laynecrest Associates Limited Partnership**

**Rural Development**  
**Hillsboro, Ohio**

We have audited the accompanying balance sheets of Laynecrest Associates Limited Partnership, Rural Development Case No. 41-012-311173675, as of December 31, 2004 and 2003, and the related statements of income, changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Rural Development "Audit Program". Those standards require that we plan and perform the audits 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 Laynecrest Associates Limited Partnership, as of December 31, 2004 and 2003 and the results of its operations, changes in partners deficit, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated January 26, 2005 on our consideration of Laynecrest Associates Limited Partnership's internal control over financial reporting and our tests of its compliance with laws and regulations, contracts and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Mesarvey, Russell & Co., LLC  
A Limited Liability Company  
Independent Certified Public Accountants

January 26, 2005

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Fairborn, OH 45324  
PHONE: 937-320-1717  
FAX: 937-320-1818

INDEPENDENT AUDITORS' REPORT  
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**To the Partners  
Martindale Limited Partnership**

**Rural Development  
Hillsboro, Ohio**

We have audited the accompanying balance sheets of Martindale Limited Partnership, Rural Development Case No. 41-057-311153919, as of December 31, 2004 and 2003, and the related statements of income, changes in Partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Rural Development "Audit Program". Those standards require that we plan and perform the audits 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 Martindale Limited Partnership, as of December 31, 2004 and 2003 and the results of its operations, changes in its Partners' deficit, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 3, 2005 on our consideration of Martindale Limited Partnership's internal control over financial reporting and a report dated February 3, 2005 on its compliance with laws and regulations, contracts and grant agreements and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Mesarvey, Russell & Co., LLC  
A Limited Liability Company  
Independent Certified Public Accountants

February 3, 2005

Johnson, Hickey & Murchison, P.C.  
651 East Fourth Street, Suite 200  
Chattanooga, TN 37403-1924  
PHONE: 423-756-0052  
FAX: 423-267-5945

## INDEPENDENT AUDITORS' REPORT

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### **To the General Partners of Robinhood Apartments, Ltd.:**

We have audited the accompanying balance sheets of Robinhood Apartments, Ltd. as of December 31, 2004 and 2003, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Robinhood Apartments, Ltd. as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2005, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Johnson, Hickey & Murchison, P.C.  
Certified Public Accountants

January 26, 2005

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## INDEPENDENT AUDITORS' REPORT

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### **To the General Partners of Skyview Terrace, Ltd.:**

We have audited the accompanying balance sheets of Skyview Terrace, Ltd. as of December 31, 2004 and 2003, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Skyview Terrace, Ltd. as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2005, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Johnson, Hickey & Murchison, P.C.  
Certified Public Accountants

January 20, 2005



Donald W. Causey & Associates, P.C.  
516 Walnut Street - P.O. Box 775  
Gadsden, AL 35902  
PHONE: 256-543-3707  
FAX: 256-543-9800

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Riverside Apartments, Ltd.  
Demopolis, Alabama

We have audited the accompanying balance sheets of Riverside Apartments, Ltd., a limited partnership, RHS Project No.: 01-046-630978050 as of December 31, 2004 and 2003, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits 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 the 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 Riverside Apartments, Ltd., RHS Project No.: 01-046-630978050 as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 11 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2004 and 2003, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2005 on our consideration of Riverside Apartments, Ltd.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Donald W. Causey & Associates, P.C.  
Certified Public Accountants  
Gadsden, Alabama

February 23, 2005

The Jeffries Group  
1277 Victor Road  
Atlanta, GA 30324  
PHONE: 404-231-4353  
FAX: 404-231-4338

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Brookshire Apartments, L.P.

We have audited the accompanying balance sheet of Brookshire Apartments, L.P., RHS Project No. 10-075-581765612), as of December 31, 2004 and 2003 and the related statements of income, changes in partners' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides 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 Brookshire Apartments, L.P., RHS Project No.: 10-075-581765612, as of December 31, 2004 and 2003, and the results in its operations, changes in partners' capital, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2005 on our consideration of Brookshire Apartments, L.P. internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 13 through 16 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ The Jeffries Group  
Certified Public Accountants  
Atlanta, Georgia

Federal Employer Identification  
Number: 58-1976245

February 2, 2005  
Lead Auditor: Lewis M. Jeffries, CPA

The Jeffries Group  
1277 Victor Road  
Atlanta, Georgia 30324  
PHONE: 404-231-4353  
FAX: 404-231-4338

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Sandridge Apartments, Ltd.

We have audited the accompanying balance sheet of Sandridge Apartments, Ltd., RHS Project No. 058-17569-49, as of December 31, 2004 and 2003, and the related statements of income, changes in partners' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides 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 Sandridge Apartments, Ltd., RHS Project No.: 058-17569-49, as of December 31, 2004 and 2003, and the results in its operations, changes in partners' capital, and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2005 on our consideration of Sandridge Apartments', Ltd. internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on pages 13 through 16 and 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ The Jeffries Group  
Certified Public Accountants  
Atlanta, Georgia

Federal Employer Identification  
Number: 58-1976245

February 2, 2005  
Lead Auditor: Lewis M. Jeffries, CPA

Chester M. Kearney, CPA  
12 Dyer Street  
Presque Isle, ME 04769-1550  
PHONE: 207-764-3171  
FAX: 207-764-6362

## INDEPENDENT AUDITORS' REPORT

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Limestone Estates  
Caribou, Maine

To the Partners

We have audited the accompanying balance sheets of Limestone Estates, (a limited partnership) as of December 31, 2004 and 2003, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Limestone Estates as of December 31, 2004 and 2003, and the results of its operations, partners' deficit and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2005 on our consideration of Limestone Estates' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Chester M. Kearney, CPA  
Certified Public Accountants

Presque Isle, Maine  
February 1, 2005

Habif, Arogeti & Wynne, LLP  
5565 Glenridge Connector, Suite 200  
Atlanta, GA 30342  
PHONE: 404-892-9651  
FAX: 404-876-3913

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Longleaf Apartments, Ltd.

We have audited the accompanying balance sheets of LONGLEAF APARTMENTS, LTD. (Rural Development Case No. 10-065-581788240), a Georgia limited partnership, as of December 31, 2004 and 2003, and the related statements of operations, changes in partners' accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Rural Development Services Office of the U.S. Department of Agriculture, formerly known as the Farmers Home Administration, Audit Program. Those standards require that we plan and perform the audits 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 LONGLEAF APARTMENTS, LTD. as of December 31, 2004 and 2003, and the results of its operations, its changes in partners' accumulated deficit, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2005, on our consideration of LONGLEAF APARTMENTS, LTD's internal control and our report dated January 14, 2005, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 12 - 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Habif, Arogeti & Wynne, LLP  
Certified Public Accountants  
Atlanta, Georgia

January 14, 2005

Fentress, Brown, CPAs & Associates, LLC  
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Columbus, OH 43235-5423  
PHONE: 614-825-0011  
FAX: 614-825-0014

## INDEPENDENT AUDITORS' REPORT

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To the Partners of  
Crestwood Villa 2 Limited Partnership  
DBA Applewood Apartments  
Mansfield, Ohio

Rural Housing Service  
Servicing Office  
Findlay, Ohio

We have audited the accompanying balance sheets of Crestwood Villa 2 Limited Partnership (a limited partnership), DBA Applewood Apartments, Case No. 41-017-314612174, as of December 31, 2004 and 2003, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program" issued in December 1989. Those standards require that we plan and perform our audits 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 Crestwood Villa 2 Limited Partnership, DBA Applewood Apartments, Case No. 41-017-314612174, at December 31, 2004 and 2003, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 26, 2005, on our consideration of Crestwood Villa 2 Limited Partnership's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 26, 2005

Brenda P. McElwee, P.C.  
P.O. Box 2260  
Rockport, TX 78381  
PHONE: 361-729-9150  
FAX: 361-729-9216

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Fairview South, Ltd.

We have audited the accompanying balance sheets of Fairview South, Ltd. (a Texas Limited Partnership) Project No: 50-007-752209166-01-3 as of December 31, 2004 and 2003, and the related statements of partners' equity (deficit), operations, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership'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 and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Fairview South, Ltd. as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity (deficit) and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information on pages 11-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 2, 2005 on our consideration of Fairview South, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws and contracts. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Brenda P. McElwee, P.C.  
Certified Public Accountant

March 2, 2005

Brenda P. McElwee, P.C.  
P.O. Box 2260  
Rockport, TX 78381  
PHONE: 361-729-9150  
FAX: 361-729-9216

## INDEPENDENT AUDITORS' REPORT

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To the Partners  
Southwood Apartments, Ltd.

We have audited the accompanying balance sheets of Southwood Apartments, Ltd. (a Texas Limited Partnership) Project No: 49-037-752236420-01-6 as of December 31, 2004 and 2003, and the related statements of partners' equity (deficit), operations, and cash flows for the year then ended. These financial statements are the responsibility of the Partnership'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 Government Auditing Standards, issued by the Comptroller General of the United States. 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 Southwood Apartments, Ltd. as of December 31, 2004 and 2003, and the results of its operations, changes in partners' equity (deficit) and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 11-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 5, 2005 on our consideration of Southwood Apartments, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws and contracts. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Brenda P. McElwee, P.C.  
Certified Public Accountants

March 5, 2005



Item 9. Changes in and disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9a. Controls and Procedures

Within 90 days prior to the filing of this report, under the supervision and with the participation of the Partnership's management, including the Partnership's chief executive and chief financial officers, an evaluation of the effectiveness of the Partnership's disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities and Exchange Act of 1934) was performed. Based on this evaluation, such officers have concluded that the Partnership's disclosure controls and procedures were effective as of the date of that evaluation in alerting them in a timely manner to material information relating to the Partnership required to be included in this report and the Partnership's other reports that it files or submits under the Securities Exchange Act of 1934. There were no significant changes in the Partnership's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART III

Item 10. Directors and Executive Officers of Gateway

Gateway has no directors or executive officers. Gateway's affairs are managed and controlled by the Managing General Partner. Certain information concerning the directors and officers of the Managing General Partner are set forth below.

Raymond James Tax Credit Funds, Inc. - Managing General Partner

Raymond James Tax Credit Funds, Inc. is the Managing General Partner and is responsible for decisions pertaining to the acquisition and sale of Gateway's interests in the Project Partnerships and other matters related to the business operations of Gateway. Certain officers and directors of the Managing General Partner are as follows:

Ronald M. Diner, is President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc., with whom he has been employed since June 1983. Mr. Diner received an M.B.A. degree from Columbia University (1968) and a B.S. degree from Trinity College (1966). Prior to joining Raymond James & Associates, Inc., he managed the broker-dealer activities of Pittway Real Estate, Inc., a real estate development firm. He was previously a loan officer at Marine Midland Realty Credit Corp., and spent three years with Common, Dann & Co., a New York regional investment firm. He has served as a member of the Board of Directors of the Council for Rural Housing and Development, a national organization of developers, managers and syndicators of properties developed under the RECD Section 515 program, and is a member of the Board of Directors of the Florida Council for Rural Housing and Development. Mr. Diner has been a speaker and panel member at state and national seminars relating to the low-income housing credit.

J. Davenport Mosby, is a Vice President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc. which he joined in 1982. Mr. Mosby received an MBA from the Harvard Business School (1982). He graduated magna cum laude with a BA from Vanderbilt University where he was elected to Phi Beta Kappa.

Raymond James Partners, Inc. -

Raymond James Partners, Inc. has been formed to act as the general partner, with affiliated corporations, in limited partnerships sponsored by Raymond James Financial, Inc. Raymond James Partners, Inc. is a general partner for purposes of assuring that Gateway and other partnerships sponsored by affiliates have sufficient net worth to meet the minimum net worth requirements of state securities administrators.

Information regarding the officers and directors of Raymond James Partners, Inc., is included on pages 58 and 59 of the Prospectus under the section captioned "Management" (consisting of pages 56 through 59 of the Prospectus) which is incorporated herein by reference.

Item 11. Executive Compensation

Gateway has no directors or officers.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Neither of the General Partners, nor their directors and officers, own any units of the outstanding securities of Gateway as of March 31, 2005.

Gateway is a Limited Partnership and therefore does not have voting shares of stock. To the knowledge of Gateway, no person owns of record or beneficially, more than 5% of Gateway's outstanding units.

Item 13. Certain Relationships and Related Transactions

Gateway has no officers or directors. However, various kinds of compensation and fees are payable to the General Partners and their affiliates during the organization and operations of Gateway. Additionally, the General Partners will receive distributions from Gateway if there is cash available for distribution or residual proceeds as defined in the Partnership agreement. The amounts and kinds of compensation and fees are described on pages 13 to 15 of the Prospectus under the caption "Management Compensation", which is incorporated herein by reference. See Note 3 of Notes to Financial Statements in item 8 of this Annual Report on Form 10-K for amounts accrued or paid to the General Partners and their affiliates during the years ended March 31, 2005, 2004 and 2003.

The Payable to General Partners primarily represents the asset management fees owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. Within the next 12 months, the Managing General Partner does not intend to demand payment on the portion of Asset Management Fees payable classified as long-term on the Balance Sheet.

The General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses as follows:

Asset Management Fee - The Managing General Partner is entitled to an annual asset management fee equal to 0.45% of the aggregate cost of Gateway's interest in the projects owned by the Project Partnerships. The asset management fee will be paid only after all other expenses of Gateway have been paid. These fees are included in the Statements of Operations. Totals incurred for the years ended March 31, 2005, 2004 and 2003 were \$476,680, \$479,165, and \$491,021 respectively.

General and Administrative Expenses - Raymond James Tax Credit Funds, Inc., the Managing General Partner, is reimbursed for general and administrative expenses of Gateway on an accountable basis. These expenses are included in the Statements of Operations. Totals incurred for the years ended March 31, 2005, 2004 and 2003 were \$116,631, \$117,118, and \$68,891 respectively.

Item 14. Principal Accounting Fees & Services

The aggregate fees billed by the Partnership's principal accounting firm, Spence, Marston, Bunch, Morris and Co., for professional services rendered for the audit of the annual financial statements and review of financial statements included in the Partnerships quarterly reports on Form 10-Q for the years ended March 31, 2005 and 2004 were \$16,650 and \$16,650, respectively.

Tax - During fiscal 2005 and 2004, Spence, Marston, Bunch, Morris & Co. was engaged to prepare the Partnership's federal tax return, for which they billed \$5,000.

Other Fees - The Company's Audit Committee Charter requires that the Committee approve the engagement of the principal auditing firm prior to the rendering of any audit or non-audit services. During fiscal 2005, 100% of the audit related and other fees and 100% of the tax fees were pre-approved by the Audit Committee.



PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

a.(1) Financial Statements

(2) Financial Statement Schedules -

Schedule III - Real Estate and Accumulated Depreciation of Property Owned by Project Partnerships

All other schedules are omitted because they are not applicable or not required, or because the required information is shown either in the financial statements or in the notes thereto.

(3) Exhibit Index -

The following are included with Form S-11, Registration No. 33-18142 and amendments and supplements thereto previously filed with the Securities and Exchange Commission.

Table  
Number

1.1	Form of Soliciting Dealer Agreement
1.2	Form of Escrow Agreement between Gateway Tax Credit Fund, Ltd., and Southeast Bank
2.1	Purchase and Sale Agreement, dated June 30, 1988 pertaining to the acquisition of limited partnership interests in Martindale Limited Partnership
2.2	Purchase and Sale Agreement, dated June 30, 1988 pertaining to the acquisition of limited partnership interests in Laynecrest Associates Limited Partnership
2.3	Purchase and Sale Agreement, dated August 28, 1988 pertaining to the acquisition of limited partnership interests in La Villa Elena Limited Partnership
2.4	Purchase and Sale Agreement, date August 28, 1988 pertaining to the acquisition of limited partnership interests in Rio Abajo Limited Partnership
3.1	The form of Partnership Agreement of the Partnership is included as Exhibit "A" to the Prospectus
3.1.1	Amended Certificate of Limited Partnership of Gateway Tax Credit Fund, Ltd.
3.2	Articles of Incorporation of Raymond James Partners, Inc.
3.2.1	Bylaws of Raymond James Partners, Inc.
3.3	Articles of Incorporation of Raymond James Tax Credit Funds, Inc.
3.3.1	Bylaws of Raymond James Tax Credit Funds, Inc.
3.4	Amended and Restated Agreement and Certificate of Limited Partnership of Martindale Limited Partnership
3.5	Amended and Restated Agreement and Certificate of Limited Partnership of Laynecrest Associates Limited
3.6	Amended and Restated Agreement and Certificate of Limited Partnership of La Villa Elena Limited Partnership
3.7	Amended and Restated Agreement and Certificate of Limited Partnership of Rio Abajo Limited Partnership
3.8	Amended and Restated Agreement of Village Apartments of Fortville II, L.P. is included as Exhibit E to the document included as Exhibit 2.5
3.9	Amended and Restated Partnership Agreement of Village Apartments of Summitville II, L.P. is included as Exhibit E to the document included as Exhibit 2.6
3.10	Amended and Restated Partnership Agreement of Village Apartments of Madison, Ltd. is included as Exhibit E to the document included as Exhibit 2.7
3.11	Amended and Restated Partnership Agreement of Village Apartments of Monroe Family, Ltd. is included as Exhibit E to the document included as Exhibit 2.8
3.12	Amended and Restated Partnership Agreement of Village Apartments of Longleaf Apartments, Ltd. is included as Exhibit E to the document included as Exhibit 2.9
3.13	Amended and Restated Partnership Agreement of Village Apartments of Hannah's Mill Apartments, Ltd. is included as Exhibit E to the document included as Exhibit 2.10
3.14	Amended and Restated Partnership Agreement of Village Apartments of Sylacauga Garden Apartments III, Ltd.
3.15	Amended and Restated Partnership Agreement of Suncrest Limited Partnership is included as Exhibit E to the document included as Exhibit 2.12
3.16	Amended and Restated Partnership Agreement of Dunbarton Oaks III, Limited Partnership
3.17	Amended and Restated Partnership Agreement of Brandywine III Limited Partnership
3.18	Amended and Restated Partnership Agreement of Concord IV Limited Partnership
3.19	Amended and Restated Partnership Agreement of Mulberry Hill IV Associates Limited Partnership
3.20	Amended and Restated Partnership Agreement of Federal Manor Limited Partnership
3.21	Amended and Restated Partnership Agreement of Laurel Apartments Limited Partnership
3.22	Amended and Restated Partnership Agreement of Casa Linda Limited Partnership
3.23	Amended and Restated Partnership Agreement of Rivermeade Associates
3.24	Amended and Restated Partnership Agreement of Keysville Limited Partnership
3.25	Amended and Restated Partnership Agreement of Laurel Woods Associates
3.26	Amended and Restated Partnership Agreement of Meadows Associates

- 3.27 Amended and Restated Partnership Agreement of Riverside Apts., Ltd.
- 3.28 Amended and Restated Partnership Agreement of Limestone Estates, Ltd.
- 3.29 Amended and Restated Partnership Agreement of Sandridge Apts., Ltd.
- 3.30 Amended and Restated Partnership Agreement of Brookshire Apts., Ltd.
- 3.31 Amended and Restated Partnership Agreement of Teton View Apts., Ltd.
- 3.32 Amended and Restated Partnership Agreement of Eagle's Bay Ltd. Partnership
- 3.33 Amended and Restated Partnership Agreement of Sage, Ltd.
- 3.34 Amended and Restated Partnership Agreement of Albany, Ltd.
- 3.35 Amended and Restated Partnership Agreement of Burkesville, Ltd.
- 3.36 Amended and Restated Partnership Agreement of Scotts Hill, Ltd.
- 3.37 Amended and Restated Partnership Agreement of Claremont Housing, Ltd.
- 3.38 Amended and Restated Partnership Agreement of Village Apartments of Sparta Ltd.
- 3.39 Amended and Restated Partnership Agreement of Crosstown Seniors Limited Dividend Housing Association Ltd.
- 3.40 Amended and Restated Partnership Agreement of Village Apartments of Divernon Ltd.
- 3.41 Amended and Restated Partnership Agreement of Oakwood Apartments Ltd.
- 3.42 Amended and Restated Partnership Agreement of Middleport Ltd.
- 3.43 Amended and Restated Partnership Agreement of Village Apartments of Morgantown Ltd.
- 3.44 Amended and Restated Partnership Agreement of Lakewood Apartments Ltd.
- 3.45 Amended and Restated Partnership Agreement of Mabank 1988 Limited
- 3.46 Amended and Restated Partnership Agreement of Ashburn Housing Ltd. L.P.
- 3.47 Amended and Restated Partnership Agreement of Cuthbert Elderly Housing, Ltd.
- 3.48 Amended and Restated Partnership Agreement of Buena Vista Housing, Ltd. L.P.
- 3.49 Amended and Restated Partnership Agreement of Spring Creek Apts., Ltd.
- 3.50 Amended and Restated Partnership Agreement of Milton Elderly Housing, Ltd., L.P.
- 3.51 Amended and Restated Partnership Agreement of Sandhill Forest, Ltd.
- 3.52 Amended and Restated Partnership Agreement of Oakwood Grove, Ltd.
- 3.53 Amended and Restated Partnership Agreement of Hastings Manor, Ltd.
- 3.54 Amended and Restated Partnership Agreement of Robinhood Apts., Ltd.
- 3.55 Amended and Restated Partnership Agreement of Skyview Terrace Apts., Ltd.
- 3.56 Amended and Restated Partnership Agreement of Stone Arbor Ltd.
- 3.57 Amended and Restated Partnership Agreement of Woodcroft Ltd.
- 3.58 Amended and Restated Agreement of Limited Partnership of Winder Apartments, Ltd., L.P.
- 3.59 Amended and Restated Partnership Agreement of Spring Creek Apartments, Ltd.
- 3.60 Amended and Restated Agreement of Limited Partnership of Hunters Ridge, Ltd.
- 8.1 Tax opinion and consent of Schifino & Fleischer, P.A.
- 24.1 Consent of Spence, Marston & Bunch, Certified Public Accountants
- 24.2 The consent of Gerald D. Myers, CPA
- 24.3 The consent of Kenneth Leventhal & Company
- 24.4 The consent of Schifino & Fleischer, P.A., to all references made to them in the Prospectus included as a part of the Registration Statement of Gateway Tax Credit Fund, Ltd., and all amendments thereto, is included in their opinions filed as Exhibit 8.1 to the Registration Statement
- 28.1 Table VI (Acquisition of Properties by Program) of Appendix II to Industry Guide 5, Preparation of Registration Statements Relating to Interests in Real Estate Limited Partnerships

Prospectus dated March 2, 1988

- b. Reports filed on Form 8-K - NONE
- c. Exhibits filed with this Report - NONE

## GATEWAY TAX CREDIT FUND, LTD.

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
 OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
 AS OF DECEMBER 31, 2004  
 Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	----	-----
Laynecrest	Medway, OH	48	\$ 1,442,147
Martindale	Union, OH	30	919,680
La Villa Elena	Bernalillo, NM	54	1,442,466
Rio Abajo	Truth or Consequences, NM	42	1,369,972
Fortville II	Fortville, IN	24	660,422
Summitville	Summitville, IN	24	721,112
Suncrest	Yanceyville, NC	40	1,447,496
Brandywine III	Millsboro, DE	32	1,066,858
Concord IV	Perryville, MD	32	1,065,572
Dunbarton Oaks III	Georgetown, DE	32	1,082,298
Federal Manor	Federalsburg, MD	32	1,138,419
Laurel Apts.	Laurel, DE	32	1,109,075
Mulberry Hill IV	Easton, MD	16	583,130
Madison	Madison, OH	40	1,279,179
Hannah's Mill	Thomaston, GA	50	1,446,382
Longleaf Apts.	Cairo, GA	36	952,562
Sylacauga Garden	Sylacauga, AL	45	1,386,491
Monroe Family	Monroe, GA	48	1,438,120
Casa Linda	Silver City, NM	41	1,355,412
Rivermeade	Yorktown, VA	80	2,504,115
Laurel Woods	Ashland, VA	40	1,251,620
Keysville	Keysville, VA	24	743,361
Crosstown	Kalamazoo, MI	201	3,894,630
Riverside Apts.	Demopolis, AL	40	1,140,922
Brookshire Apts.	McDonough, GA	46	1,366,964
Sandridge Apts.	Fernandina Beach, FL	46	1,293,203
Limestone Estates	Limestone, ME	25	1,130,787
Eagle's Bay	Beaufort, NC	40	1,455,964
Teton View	Rigby, ID	40	1,405,321
Albany	Albany, KY	24	723,539
Burkesville	Burkesville, KY	24	726,991
Scotts Hill	Scotts Hill, TN	12	403,175
Sage	Gallup, NM	44	1,448,578
Claremont	Cascade, ID	16	433,775
Middleport	Middleport, NY	25	933,083
Oakwood Apts.	Columbus, NE	24	774,727
Morgantown	Morgantown, IN	24	777,313
Ashburn Housing	Ashburn, GA	41	1,037,555
Cuthbert Elderly	Cuthbert, GA	32	808,003
Sandhill Forest	Melrose, FL	16	459,943
Oakwood Grove	Crescent City, FL	36	997,276
Hastings Manor	Hastings, FL	24	688,357
Lakewood Apts.	Norfolk, NE	72	2,393,478
Robinhood Apts.	Springfield, TN	48	1,441,783
Skyview Terrace	Springfield, TN	48	1,304,022
Mabank 1988	Mabank, TX	42	1,094,495
Buena Vista	Buena Vista, GA	25	646,186
Woodcroft	Elizabethtown, NC	32	1,136,904
Spring Creek	Quitman, GA	18	483,525
Spring Creek	Cherokee, AL	24	864,934
Milton Elderly	Milton, FL	43	1,064,876
Winder Apartments	Winder, GA	48	1,398,333
Hunters Ridge	Killen, AL	40	1,149,672
Stone Arbor	Madison, NC	40	1,465,637
Greeneville	Greeneville, TN	40	1,184,924
Centralia II	Centralia, IL	24	788,491
Poteau IV	Poteau, OK	32	568,673
Barling	Barling, AR	48	878,901
Booneville	Booneville, AR	50	1,332,556
Augusta	Augusta, KS	66	1,891,119
Meadows	Farmville, VA	40	1,307,493
Kenly Housing	Kenly, NC	48	1,316,664

Fairview South	Athens, TX	44	1,049,377
River Road Apts.	Waggaman, LA	43	1,035,824
Middlefield	Middlefield, OH	36	1,171,165
Floresville	Floresville, TX	40	1,021,201
Mathis Retirement	Mathis, TX	36	860,389
Sabinal Housing	Sabinal, TX	24	595,273
Kingsland Housing	Kingsland, TX	34	832,737
Crestwood Villa II	Crestline, OH	36	1,055,232
Poteau Prop. III	Poteau, OK	19	455,802
Decatur Properties	Decatur, AR	24	761,655
Broken Bow Prop II	Broken Bow, OK	46	1,459,954
Turtle Creek II	Grove, OK	42	1,225,359
Pleasant Valley	Grangeville, ID	32	1,131,167
Hartwell Elderly	Hartwell, GA	24	660,403
Pulaski Village	Pulaski, VA	44	1,367,563
Southwood Apts.	Jacksonville, TX	40	937,099
			-----
			\$ 87,638,861
			=====

## GATEWAY TAX CREDIT FUND, LTD.

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
 OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
 AS OF DECEMBER 31, 2004  
 Apartment Properties

Partnership	Cost At Acquisition		Net Improvements Capitalized Subsequent to Acquisition
	Land	Buildings, Improvements and Equipment	
Laynecrest	\$ 310,264	\$ 1,533,433	\$ 18,088
Martindale	243,665	928,824	22,382
La Villa Elena	128,000	1,672,703	298,215
Rio Abajo	88,500	1,610,884	145,071
Fortville II	25,000	780,355	5,034
Summitville	30,000	849,511	483
Suncrest	331,988	1,788,595	30,757
Brandywine III	105,508	1,154,434	60,637
Concord IV	120,440	1,198,338	107,563
Dunbarton Oaks III	123,135	1,205,530	85,456
Federal Manor	142,632	1,252,927	86,742
Laurel Apts.	144,680	1,156,847	99,903
Mulberry Hill IV	55,379	652,234	37,303
Madison	60,000	1,378,177	40,498
Hannah's Mill	60,000	1,754,918	(2,132)
Longleaf Apts.	54,700	1,135,966	2,280
Sylacauga Garden	70,000	1,521,755	29,798
Monroe Family	110,000	1,678,673	0
Casa Linda	153,730	1,518,228	101,733
Rivermeade	240,134	2,661,910	144,602
Laurel Woods	96,242	1,301,860	151,534
Keysville	30,000	793,750	90,771
Crosstown	408,338	5,164,734	745,463
Riverside Apts.	89,250	1,329,102	63,957
Brookshire Apts.	114,500	1,602,613	74,286
Sandridge Apts.	144,000	1,476,180	67,484
Limestone Estates	79,224	1,318,259	23,300
Eagle's Bay	175,735	1,752,762	34,752
Teton View	50,218	972,662	826,786
Albany	49,161	865,007	21,579
Burkesville	44,697	838,328	30,748
Scotts Hill	30,000	465,835	9,818
Sage	196,207	1,616,554	188,134
Claremont	23,500	505,789	103,831
Middleport	18,000	1,132,502	17,350
Oakwood Apts.	96,800	862,439	69,505
Morgantown	15,000	940,191	4,592
Ashburn Housing	35,000	1,265,760	0
Cuthbert Elderly	22,550	1,006,889	(1,144)
Sandhill Forest	28,091	544,545	926
Oakwood Grove	44,712	1,191,986	2,187
Hastings Manor	18,000	839,600	5,603
Lakewood Apts.	207,700	2,754,382	266,721
Robinhood Apts.	50,500	1,752,851	36,052
Skyview Terrace	40,112	1,424,008	93,430
Mabank 1988	57,200	1,210,248	139,647
Buena Vista	11,390	804,816	(1,979)
Woodcroft	82,500	1,402,798	12,135
Spring Creek	33,330	575,656	(1,378)
Spring Creek	20,000	589,739	400,089
Milton Elderly	50,000	1,292,395	(666)
Winder Apartments	73,500	1,692,510	(3,285)
Hunters Ridge	48,275	1,370,214	2,327
Stone Arbor	57,280	1,813,230	3,554
Greeneville	47,258	1,434,138	89,847
Centralia II	36,450	954,070	(14,292)
Poteau IV	33,000	683,016	0
Barling	62,500	1,049,173	41,191
Booneville	32,500	1,650,087	0



Augusta	101,300	2,280,419	0
Meadows	102,342	1,455,858	29,993
Kenly Housing	25,000	1,588,636	97,839
Fairview South	103,909	1,218,102	57,197
River Road Apts.	138,000	1,340,045	102,260
Middlefield	70,700	1,250,957	28,570
Floresville	75,524	1,050,346	186,192
Mathis Retirement	37,127	1,041,038	6,225
Sabinal Housing	18,000	752,263	9,852
Kingsland Housing	30,000	894,081	237,417
Crestwood Villa II	54,000	1,317,395	2,488
Poteau Prop. III	18,350	564,655	0
Decatur Properties	24,300	945,516	0
Broken Bow Prop II	70,000	1,887,868	0
Turtle Creek II	45,000	1,513,446	0
Pleasant Valley	65,227	1,342,952	78,210
Hartwell Elderly	49,800	771,529	0
Pulaski Village	75,000	1,650,373	130,941
Southwood Apts.	46,189	1,153,440	45,877
	-----	-----	-----
	\$ 6,500,243	\$101,693,839	\$ 5,922,329
	=====	=====	=====

## GATEWAY TAX CREDIT FUND, LTD.

## SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION

## OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN

AS OF DECEMBER 31, 2004

Apartment Properties      Gross Amount At Which Carried At December 31, 2004

Partnership	Land	Buildings, Improvements and Equipment	Total
-----	-----	-----	-----
Laynecrest	\$ 324,659	\$ 1,537,126	\$ 1,861,785
Martindale	251,096	943,775	1,194,871
La Villa Elena	187,734	1,911,184	2,098,918
Rio Abajo	103,055	1,741,400	1,844,455
Fortville II	25,000	785,389	810,389
Summitville	30,000	849,994	879,994
Suncrest	349,456	1,801,884	2,151,340
Brandywine III	30,382	1,290,197	1,320,579
Concord IV	35,899	1,390,442	1,426,341
Dunbarton Oaks III	27,853	1,386,268	1,414,121
Federal Manor	86,281	1,396,020	1,482,301
Laurel Apts	40,971	1,360,459	1,401,430
Mulberry Hill IV	20,761	724,155	744,916
Madison	60,000	1,418,675	1,478,675
Hannah's Mill	60,000	1,752,786	1,812,786
Longleaf Apts.	54,700	1,138,246	1,192,946
Sylacauga Garden	70,000	1,551,553	1,621,553
Monroe Family	110,000	1,678,673	1,788,673
Casa Linda	158,341	1,615,350	1,773,691
Rivermeade	251,734	2,794,912	3,046,646
Laurel Woods	106,742	1,442,894	1,549,636
Keysville	34,534	879,987	914,521
Crosstown	600,414	5,718,121	6,318,535
Riverside Apts.	93,089	1,389,220	1,482,309
Brookshire Apts.	142,601	1,648,798	1,791,399
Sandridge Apts.	147,400	1,540,264	1,687,664
Limestone Estates	79,224	1,341,559	1,420,783
Eagle's Bay	181,070	1,782,179	1,963,249
Teton View	87,187	1,762,479	1,849,666
Albany	49,161	886,586	935,747
Burkesville	44,697	869,076	913,773
Scotts Hill	30,000	475,653	505,653
Sage	269,862	1,731,033	2,000,895
Claremont	29,041	604,079	633,120
Middleport	18,000	1,149,852	1,167,852
Oakwood Apts.	98,308	930,436	1,028,744
Morgantown	15,000	944,783	959,783
Ashburn Housing	35,000	1,265,760	1,300,760
Cuthbert Elderly	22,550	1,005,745	1,028,295
Sandhill Forest	28,091	545,471	573,562
Oakwood Grove	44,712	1,194,173	1,238,885
Hastings Manor	18,000	845,203	863,203
Lakewood Apts.	268,767	2,960,036	3,228,803
Robinhood Apts.	50,500	1,788,903	1,839,403
Skyview Terrace	40,112	1,517,438	1,557,550
Mabank 1988	108,531	1,298,564	1,407,095
Buena Vista	11,390	802,837	814,227
Woodcroft	82,500	1,414,933	1,497,433
Spring Creek	33,330	574,278	607,608
Spring Creek	20,000	989,828	1,009,828
Milton Elderly	50,000	1,291,729	1,341,729
Winder Apartments	73,500	1,689,225	1,762,725
Hunters Ridge	48,275	1,372,541	1,420,816
Stone Arbor	57,280	1,816,784	1,874,064
Greeneville	47,258	1,523,985	1,571,243
Centralia II	36,450	939,778	976,228
Poteau IV	33,000	683,016	716,016
Barling	62,500	1,090,364	1,152,864
Booneville	32,500	1,650,087	1,682,587
Augusta	101,300	2,280,419	2,381,719
Meadows	105,846	1,482,347	1,588,193

Kenly Housing	25,000	1,686,475	1,711,475
Fairview South	82,501	1,296,707	1,379,208
River Road Apts.	138,000	1,442,305	1,580,305
Middlefield	70,700	1,279,527	1,350,227
Floresville	76,669	1,235,393	1,312,062
Mathis Retirement	37,127	1,047,263	1,084,390
Sabinal Housing	18,000	762,115	780,115
Kingsland Housing	30,000	1,131,498	1,161,498
Crestwood Villa II	54,000	1,319,883	1,373,883
Poteau Prop. III	18,350	564,655	583,005
Decatur Properties	24,300	945,516	969,816
Broken Bow Prop II	70,000	1,887,868	1,957,868
Turtle Creek II	45,000	1,513,446	1,558,446
Pleasant Valley	65,227	1,421,162	1,486,389
Hartwell Elderly	49,800	771,529	821,329
Pulaski Village	75,000	1,781,314	1,856,314
Southwood Apts.	34,840	1,210,666	1,245,506
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	\$ 6,630,158	\$107,486,253	\$114,116,411
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GATEWAY TAX CREDIT FUND, LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2004  
Apartment Properties

Partnership	Accumulated Depreciation	Depreciable Life
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Laynecrest	\$ 1,189,859	5.0 - 27.5
Martindale	687,936	5.0 - 27.5
La Villa Elena	809,162	5.0 - 40.0
Rio Abajo	707,790	5.0 - 40.0
Fortville II	468,672	5.0 - 27.5
Summitville	511,147	5.0 - 27.5
Suncrest	698,886	5.0 - 40.0
Brandywine III	843,485	5.0 - 27.5
Concord IV	895,075	5.0 - 27.5
Dunbarton Oaks III	888,238	5.0 - 27.5
Federal Manor	904,163	5.0 - 27.5
Laurel Apts	899,127	5.0 - 27.5
Mulberry Hill IV	464,809	5.0 - 27.5
Madison	699,328	5.0 - 33.0
Hannah's Mill	944,488	5.0 - 30.0
Longleaf Apts.	623,787	5.0 - 30.0
Sylacauga Garden	1,031,785	5.0 - 27.5
Monroe Family	959,700	5.0 - 27.5
Casa Linda	647,259	5.0 - 40.0
Rivermeade	1,665,448	5.0 - 27.5
Laurel Woods	928,459	5.0 - 27.5
Keysville	551,193	5.0 - 27.5
Crosstown	2,622,786	5.0 - 40.0
Riverside Apts.	547,108	5.0 - 40.0
Brookshire Apts.	858,924	5.0 - 30.0
Sandridge Apts.	814,500	5.0 - 30.0
Limestone Estates	847,165	5.0 - 27.5
Eagle's Bay	629,619	5.0 - 50.0
Teton View	933,472	5.0 - 27.5
Albany	429,804	5.0 - 40.0
Burkesville	419,939	5.0 - 40.0
Scotts Hill	234,247	5.0 - 40.0
Sage	677,123	5.0 - 40.0
Claremont	356,626	5.0 - 27.5
Middleport	433,756	5.0 - 27.5
Oakwood Apts.	465,927	5.0 - 40.0
Morgantown	506,415	5.0 - 27.5
Ashburn Housing	646,070	5.0 - 30.0
Cuthbert Elderly	515,870	5.0 - 30.0
Sandhill Forest	230,294	5.0 - 35.0
Oakwood Grove	510,247	5.0 - 35.0
Hastings Manor	336,299	5.0 - 40.0
Lakewood Apts.	1,602,899	5.0 - 30.0
Robinhood Apts.	901,130	5.0 - 50.0
Skyview Terrace	798,808	5.0 - 50.0
Mabank 1988	663,302	5.0 - 35.0
Buena Vista	402,428	5.0 - 30.0
Woodcroft	474,384	5.0 - 50.0
Spring Creek	288,618	5.0 - 40.0
Spring Creek	273,518	5.0 - 30.0
Milton Elderly	652,800	5.0 - 30.0
Winder Apartments	872,098	5.0 - 50.0
Hunters Ridge	464,041	5.0 - 50.0
Stone Arbor	605,094	5.0 - 50.0
Greeneville	856,969	5.0 - 27.5
Centralia II	510,191	5.0 - 27.5
Poteau IV	408,797	5.0 - 25.0
Barling	671,155	5.0 - 25.0
Booneville	1,019,118	5.0 - 25.0
Augusta	1,400,434	5.0 - 25.0
Meadows	874,536	5.0 - 27.5
Kenly Housing	626,539	5.0 - 40.0

Fairview South	812,627	5.0 - 25.0
River Road Apts.	507,860	5.0 - 40.0
Middlefield	586,589	5.0 - 27.5
Floresville	463,922	5.0 - 50.0
Mathis Retirement	326,696	5.0 - 50.0
Sabinal Housing	240,211	5.0 - 50.0
Kingsland Housing	329,881	5.0 - 50.0
Crestwood Villa II	612,883	5.0 - 33.0
Poteau Prop. III	342,382	5.0 - 25.0
Decatur Properties	560,316	5.0 - 25.0
Broken Bow Prop II	971,366	5.0 - 25.0
Turtle Creek II	898,744	5.0 - 25.0
Pleasant Valley	772,389	5.0 - 27.5
Hartwell Elderly	403,887	5.0 - 27.5
Pulaski Village	1,013,007	5.0 - 27.5
Southwood Apts.	708,042	5.0 - 25.0
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	\$54,943,648	
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GATEWAY TAX CREDIT FUND, LTD.

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION

OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN

AS OF DECEMBER 31, 2004 Reconciliation of Land, Building & Improvements current year changes:

Balance at beginning of period - December 31, 2003		\$ 113,792,936
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Additions during period:

Acquisitions through foreclosure	0
Other acquisitions	389,343
Improvements, etc.	0
Other	0
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389,343

Deductions during period:

Cost of retired assets	(65,868)
Other	0
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(65,868)

Balance at end of period - December 31, 2004	
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\$114,116,411  
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Reconciliation of Accumulated Depreciation current year changes:

Balance at beginning of period -

December 31, 2003	\$ 51,556,360
Adjustment to Prior Year's Depreciation	0
Accumulated Depreciation of retired assets	(65,868)
Current year expense	3,453,156
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Balance at end of period - December 31, 2004	
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\$ 54,943,648  
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GATEWAY TAX CREDIT FUND, LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2004

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
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Laynecrest	48	\$ 1,442,147	10.63%	\$ 13,193	50
Martindale	30	919,680	9.50%	7,591	50
La Villa Elena	54	1,442,466	9.00%	11,397	50
Rio Abajo	42	1,369,972	9.50%	11,306	50
Fortville II	24	660,422	9.00%	5,214	50
Summitville	24	721,112	9.00%	5,691	50
Suncrest	40	1,447,496	9.00%	11,372	50
Brandywine III	32	1,066,858	9.00%	8,429	50
Concord IV	32	1,065,572	9.50%	8,822	50
Dunbarton Oaks III	32	1,082,298	9.00%	8,270	50
Federal Manor	32	1,138,419	9.00%	8,994	50
Laurel Apts	32	1,109,075	9.50%	9,191	50
Mulberry Hill IV	16	583,130	9.50%	4,822	50
Madison	40	1,279,179	9.50%	9,604	50
Hannah's Mill	50	1,446,382	9.50%	11,920	50
Longleaf Apts.	36	952,562	9.50%	7,852	50
Sylacauga Garden	45	1,386,491	9.00%	10,941	50
Monroe Family	48	1,438,120	9.00%	11,294	50
Casa Linda	41	1,355,412	9.50%	11,167	50
Rivermeade	80	2,504,115	8.75%	19,753	50
Laurel Woods	40	1,251,620	9.00%	9,677	50
Keysville	24	743,361	9.50%	6,137	50
Crosstown	201	3,894,630	7.88%	36,182	30
Riverside Apts.	40	1,140,922	9.25%	8,204	50
Brookshire Apts.	46	1,366,964	8.75%	10,486	50
Sandridge Apts.	46	1,293,203	9.00%	10,071	50
Limestone Estates	25	1,130,787	9.00%	8,910	50
Eagle's Bay	40	1,455,964	8.75%	11,153	50
Teton View	40	1,405,321	8.25%	10,261	50
Albany	24	723,539	9.00%	5,703	50
Burkesville	24	726,991	9.50%	5,996	50
Scotts Hill	12	403,175	8.75%	3,073	50
Sage	44	1,448,578	8.75%	11,087	50
Claremont	16	433,775	9.75%	3,750	50
Middleport	25	933,083	8.75%	7,144	50
Oakwood Apts.	24	774,727	9.50%	6,379	50
Morgantown	24	777,313	9.25%	6,226	50
Ashburn Housing	41	1,037,555	8.75%	7,935	50
Cuthbert Elderly	32	808,003	8.75%	6,189	50
Sandhill Forest	16	459,943	9.00%	3,615	50
Oakwood Grove	36	997,276	9.50%	8,215	50
Hastings Manor	24	688,357	9.00%	5,412	50
Lakewood Apts.	72	2,393,478	8.75%	18,332	50
Robinhood Apts.	48	1,441,783	9.75%	11,031	50
Skyview Terrace	48	1,304,022	8.50%	9,866	50
Mabank 1988	42	1,094,495	8.75%	8,345	50
Buena Vista	25	646,186	9.25%	5,187	50
Woodcroft	32	1,136,904	9.00%	8,912	50
Spring Creek	18	483,525	9.00%	4,591	50
Spring Creek	24	864,934	11.50%	5,223	50
Milton Elderly	43	1,064,876	9.25%	8,547	50
Winder Apartments	48	1,398,333	8.75%	10,709	50
Hunters Ridge	40	1,149,672	9.00%	9,032	50
Stone Arbor	40	1,465,637	9.25%	11,759	50
Greeneville	40	1,184,924	9.25%	9,511	50
Centralia II	24	788,491	8.75%	6,031	50
Poteau IV	32	568,673	9.00%	4,777	50
Barling	48	878,901	9.00%	7,382	50
Booneville	50	1,332,556	8.25%	10,250	50
Augusta	66	1,891,119	8.75%	14,465	50
Meadows	40	1,307,493	8.75%	10,010	50
Kenly Housing	48	1,316,664	8.75%	11,366	50
Fairview South	44	1,049,377	9.50%	8,648	50

River Road Apts.	43	1,035,824	8.75%	9,625	33
Middlefield	36	1,171,165	9.25%	8,579	50
Floresville	40	1,021,201	9.50%	8,466	50
Mathis Retirement	36	860,389	9.50%	7,082	50
Sabinal Housing	24	595,273	9.00%	4,674	50
Kingsland Housing	34	832,737	9.00%	6,554	50
Crestwood Villa II	36	1,055,232	9.00%	8,620	50
Poteau Prop. III	19	455,802	9.00%	3,569	50
Decatur Properties	24	761,655	8.75%	5,801	50
Broken Bow Prop II	46	1,459,954	8.75%	11,110	50
Turtle Creek II	42	1,225,359	9.00%	9,818	50
Pleasant Valley	32	1,131,167	8.75%	8,646	50
Hartwell Elderly	24	660,403	8.75%	5,045	50
Pulaski Village	44	1,367,563	9.25%	10,978	50
Southwood Apts.	40	937,099	8.75%	7,175	50

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\$ 87,638,861  
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SIGNATURES

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

GATEWAY TAX CREDIT FUND, LTD.  
(A Florida Limited Partnership)  
By: Raymond James Tax Credit Funds, Inc.

Date: July 12, 2005

By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

Date: July 12, 2005

By: /s/ Jonathan Oorlog  
Jonathan Oorlog  
Vice President and Chief Financial Officer

Date: July 12, 2005

By: /s/ Sandra C. Humphreys  
Sandra C. Humphreys  
Secretary and Treasurer

## CERTIFICATIONS\*

I, Ron Diner, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund, Ltd.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information include in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 12, 2005

By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

I, Jonathan Oorlog, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund, Ltd.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information include in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 12, 2005

By: /s/ Jonathan Oorlog  
Jonathan Oorlog  
Vice President and Chief Financial Officer