UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One)

# FORM 10-K

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

For the fiscal year ended March 31, 2006

or

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

For the transition period from ____________________ to ______________________

Commission File Number 0-19022

Gateway Tax Credit Fund II Ltd.
(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| Florida | 65-0142704 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer No.) |

| | |
|---|---|
| 880 Carillon Parkway, St. Petersburg, Florida | 33716 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's Telephone No., 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: Beneficial Assignee Certificates

| Title of Each Class | Number of Units March 31, 2006 |
|---|---|
| Beneficial Assignee Certificates | 2,571 |
| General Partner Interest | 2 |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES______ NO X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES______ NO X

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ____Accelerated filer ____Non-accelerated filer __X__

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) ______Yes ___X___No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrants most recently completed second fiscal quarter.

There is no market for the Registrants Limited Partnership interests.

DOCUMENTS INCORPORATED BY REFERENCE

Parts III and IV - Form S-11 Registration Statement
and all amendments and supplements thereto.
File No. 33-31821

PART I

Item 1. Business

Gateway Tax Credit Fund II 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 sponsors of Gateway Tax Credit Fund II Ltd. and wholly-owned subsidiaries of Raymond James Financial, Inc.

Pursuant to the Securities Act of 1933, Gateway filed a Form S-11 Registration Statement with the Securities and Exchange Commission, effective September 12, 1989, which covered the offering (the "Public Offering") of Gateway's Beneficial Assignee Certificates ("BACs") representing assignments of units for the beneficial interest of the limited partnership interest of the Assignor Limited Partner. The Assignor Limited Partner was formed for the purpose of serving in that capacity for the Fund and will not engage in any other business.

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. As of March 31, 2006, Gateway had received capital contributions of $1,000 from the General Partners and $37,228,000 from Assignees.

Gateway offered BACs in five series. BACs in the amounts of $6,136,000, $5,456,000, $6,915,000, $8,616,000 and $10,105,000 for Series 2, 3, 4, 5, and 6, respectively had been issued as of March 31, 2006. Each series is treated as a separate partnership, investing in a separate and distinct pool of Project Partnerships. Net proceeds from each series were used to acquire Project Partnerships which are specifically allocated to such series. Income or loss and all tax items from the Project Partnerships acquired by each series are specifically allocated among the Assignees of such series.

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

As of March 31, 2006, Gateway had invested in 146 Project Partnerships in total. Project Partnership investments by Series are as follows: 22 Project Partnerships for Series 2, 23 Project Partnerships for Series 3, 29 Project Partnerships for Series 4, 35 Project Partnerships for Series 5 and 37 Project Partnerships for Series 6. Gateway acquired its interests in these properties by becoming a limited partner in the Project Partnerships that own the properties. As of March 31, 2006 each series was fully invested in Project Partnerships and management plans no new investments in the future.

The primary source of funds from the inception of each series has been the capital contributions from Assignees. Gateway's operating costs are funded using the reserves, established for this purpose, the interest earned on these reserves and distributions received from Project Partnerships.

All but two of the Project Partnerships are government subsidized with mortgage loans from the Farmers Home Administration (now called United States Department of Agriculture - 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 nonsubsidized apartment properties. Risks related to the operations of Gateway are described in detail on pages 23 through 34 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 Assignees 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 contribution of Investors;
3) Participate in any capital appreciation in the value of the Projects; and
4) Provide passive losses to i) individual investors to offset passive income from other passive activities, and ii) corporate investors to offset business income.

The investment objectives and policies of Gateway are described in detail on pages 34 through 40 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, 2006 the investor capital contributions 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.

Gateway has no direct employees. Services are performed by the Managing General Partner and its affiliates and by agents retained by it. The Managing General Partner has full and exclusive discretion in management and control of Gateway.

Exit Strategy

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

Many of the Project Partnerships have reached the end of their tax-credit compliance period and those Project Partnerships that have yet to reach the end of their tax-credit compliance period will do so within the next three years. To-date, two of the Project Partnerships have been sold and, in accordance with the Gateway partnership agreement, the entire net proceeds received from these sales have been disbursed to the Limited Partners of those series of Gateway.

Gateway is presently evaluating the potential disposition of each of the Project Partnerships which have reached the end of their tax-credit compliance period and as opportunities arise, will endeavor to sell Gateway's interest in those Project Partnerships. The Partnerships objective is to maximize the investor's return wherever possible and ultimately, to liquidate the Project Partnerships that no longer provide tax benefits to investors.

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

Item 1A. Risk Factors

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.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties:

Gateway owns a majority interest in properties through its limited partnership investments in Project Partnerships. The largest single investment in a Project Partnership in Series 2, 3 and 4 is 0% of each series' total assets, Series 5 is 15.62% and series 6 is 18.66% of each series' total assets. The following table provides certain summary information regarding the Project Partnerships in which Gateway had an interest as of December 31, 2005:

SERIES 2

| PARTNERSHIP | LOCATION OF PROPERTY | # OF UNIT | DATE ACQUIRED | PROPERTY COST | OCCU-PANCY RATE |
|---|---|---|---|---|---|
| Claxton Elderly | Claxton, GA | 24 | 9/90 | $ 808,632 | 100% |
| Deerfield II | Douglas, GA | 24 | 9/90 | 854,562 | 75% |
| Hartwell Family | Hartwell, GA | 24 | 9/90 | 859,698 | 88% |
| Cherrytree Apts. | Albion, PA | 33 | 9/90 | 1,466,107 | 91% |
| Springwood Apts. | Westfield, NY | 32 | 9/90 | 1,564,010 | 91% |
| Lakeshore Apts. | Tuskegee, AL | 34 | 9/90 | 1,296,604 | 91% |
| Lewiston | Lewiston, NY | 25 | 10/90 | 1,233,935 | 92% |
| Charleston | Charleston, AR | 32 | 9/90 | 1,076,098 | 91% |
| Sallisaw II | Sallisaw, OK | 47 | 9/90 | 1,517,589 | 94% |
| Pocola | Pocola, OK | 36 | 10/90 | 1,245,870 | 97% |
| Inverness Club | Inverness, FL | 72 | 9/90 | 3,496,824 | 99% |
| Pearson Elderly | Pearson, GA | 25 | 9/90 | 781,460 | 96% |
| Richland Elderly | Richland, GA | 34 | 9/90 | 1,057,871 | 97% |
| Lake Park | Lake Park, GA | 48 | 9/90 | 1,794,542 | 98% |
| Woodland Terrace | Waynesboro, GA | 30 | 9/90 | 1,081,582 | 97% |
| Mt. Vernon Elderly | Mt. Vernon, GA | 21 | 9/90 | 700,935 | 95% |
| Lakeland Elderly | Lakeland, GA | 29 | 9/90 | 955,815 | 100% |
| Prairie Apartments | Eagle Butte, SD | 21 | 10/90 | 1,364,454 | 86% |
| Sylacauga Heritage | Sylacauga, AL | 44 | 12/90 | 1,782,517 | 84% |
| Manchester Housing | Manchester, GA | 49 | 1/91 | 1,781,614 | 100% |
| Durango C.W.W. | Durango, CO | 24 | 1/91 | 1,363,214 | 100% |
| Columbus Seniors | Columbus, KS | 16 | 5/92 | 534,818 | 100% |
| | | 724 | | $28,618,751 | |

The aggregate average effective rental per unit is $3,980 per year ($332 per month).

Item 2. Properties (continued):

SERIES 3

| PARTNERSHIP | LOCATION OF PROPERTY | # OF UNIT | DATE ACQUIRED | PROPERTY COST | OCCU-PANCY RATE |
|---|---|---|---|---|---|
| Poteau II | Poteau, OK | 52 | 8/90 | $ 1,789,148 | 92% |
| Sallisaw | Sallisaw, OK | 52 | 8/90 | 1,744,103 | 96% |
| Nowata Properties | Oolagah, OK | 32 | 8/90 | 1,148,484 | 84% |
| Waldron Properties | Waldron, AR | 24 | 9/90 | 860,273 | 100% |
| Roland II | Roland, OK | 52 | 10/90 | 1,804,010 | 88% |
| Stilwell | Stilwell, OK | 48 | 10/90 | 1,597,701 | 96% |
| Birchwood Apts. | Pierre, SD | 24 | 9/90 | 1,106,461 | 71% |
| Hornellsville | Arkport, NY | 24 | 9/90 | 1,167,065 | 100% |
| Sunchase II | Watertown, SD | 41 | 9/90 | 1,473,344 | 98% |
| CE McKinley II | Rising Sun, MD | 16 | 9/90 | 842,068 | 100% |
| Weston Apartments | Weston, AL | 10 | 11/90 | 347,577 | 100% |
| Countrywood Apts. | Centreville, AL | 40 | 11/90 | 1,599,541 | 100% |
| Wildwood Apts. | Pineville, LA | 28 | 11/90 | 1,099,442 | 96% |
| Hancock | Hawesville, KY | 12 | 12/90 | 440,425 | 100% |
| Hopkins | Madisonville, KY | 24 | 12/90 | 927,256 | 96% |
| Elkhart Apts. | Elkhart, TX | 54 | 1/91 | 1,676,515 | 89% |
| Bryan Senior | Bryan, OH | 40 | 1/91 | 1,188,292 | 98% |
| Brubaker Square | New Carlisle, OH | 38 | 1/91 | 1,459,016 | 92% |
| Southwood | Savannah, TN | 44 | 1/91 | 1,805,582 | 98% |
| Villa Allegra | Celina, OH | 32 | 1/91 | 1,150,622 | 100% |
| Belmont Senior | Cynthiana, KY | 24 | 1/91 | 935,143 | 100% |
| Heritage Villas | Helena, GA | 25 | 3/91 | 824,759 | 96% |
| Logansport Seniors | Logansport, LA | 32 | 3/91 | 1,384,751 | 100% |
| | | 768 | | $28,371,578 | |

The average effective rental per unit is $3,690 per year ($308 per month).

Item 2. Properties (continued):

SERIES 4

| PARTNERSHIP | LOCATION OF PROPERTY | # OF UNIT | DATE ACQUIRED | PROPERTY COST | OCCU-PANCY RATE |
|---|---|---|---|---|---|
| Alsace | Soda Springs, ID | 24 | 12/90 | $ 838,229 | 96% |
| Seneca Apartments | Seneca, MO | 24 | 2/91 | 819,846 | 88% |
| Eudora Senior | Eudora, KS | 36 | 3/91 | 1,290,143 | 97% |
| Westville | Westville, OK | 36 | 3/91 | 1,101,686 | 97% |
| Wellsville Senior | Wellsville, KS | 24 | 3/91 | 810,970 | 92% |
| Stilwell II | Stilwell, OK | 52 | 3/91 | 1,657,974 | 98% |
| Spring Hill Sr. | Spring Hill, KS | 24 | 3/91 | 1,036,369 | 100% |
| Smithfield | Smithfield, UT | 40 | 4/91 | 1,935,434 | 100% |
| Tarpon Heights | Galliano, LA | 48 | 4/91 | 2,263,014 | 94% |
| Oaks Apartments | Oakdale, LA | 32 | 4/91 | 1,532,159 | 91% |
| Wynnwood Common | Fairchance, PA | 34 | 4/91 | 1,725,462 | 100% |
| Chestnut Apts. | Howard, SD | 24 | 5/91 | 1,079,682 | 38% |
| St. George | St. George, SC | 24 | 6/91 | 939,018 | 100% |
| Williston | Williston, SC | 24 | 6/91 | 998,739 | 92% |
| Brackettville Sr. | Brackettville, TX | 32 | 6/91 | 1,042,263 | 100% |
| Sonora Seniors | Sonora, TX | 32 | 6/91 | 1,047,032 | 100% |
| Ozona Seniors | Ozona, TX | 24 | 6/91 | 802,089 | 92% |
| Fredericksburg Sr. | Fredericksburg, TX | 48 | 6/91 | 1,444,252 | 98% |
| St. Joseph | St. Joseph, IL | 24 | 6/91 | 976,883 | 96% |
| Courtyard | Huron, SD | 21 | 6/91 | 878,367 | 100% |
| Rural Development | Ashland, ME | 25 | 6/91 | 1,429,003 | 84% |
| Jasper Villas | Jasper, AR | 25 | 6/91 | 1,111,694 | 92% |
| Edmonton Senior | Edmonton, KY | 24 | 6/91 | 906,714 | 96% |
| Jonesville Manor | Jonesville, VA | 40 | 6/91 | 1,764,925 | 100% |
| Norton Green | Norton, VA | 40 | 6/91 | 1,808,030 | 100% |
| Owingsville Senior | Owingsville, KY | 22 | 8/91 | 853,294 | 100% |
| Timpson Seniors | Timpson, TX | 28 | 8/91 | 815,916 | 89% |
| Piedmont | Barnesville, GA | 36 | 8/91 | 1,289,047 | 100% |
| S.F. Arkansas City | Arkansas City, KS | 12 | 8/91 | 412,028 | 100% |
| | | 879 | | $34,610,262 | |

The average effective rental per unit is $3,914 per year ($326 per month).

Item 2. Properties (continued):

SERIES 5

| PARTNERSHIP | LOCATION OF PROPERTY | # OF UNIT | DATE ACQUIRED | PROPERTY COST | OCCU-PANCY RATE |
|---|---|---|---|---|---|
| Seymour | Seymour, IN | 37 | 8/91 | $ 1,517,702 | 89% |
| Effingham | Effingham, IL | 24 | 8/91 | 980,617 | 92% |
| S.F. Winfield | Winfield, KS | 12 | 8/91 | 402,402 | 75% |
| S.F.Medicine Lodge | Medicine Lodge,KS | 16 | 8/91 | 572,924 | 88% |
| S.F. Ottawa | Ottawa, KS | 24 | 8/91 | 732,342 | 100% |
| S.F. Concordia | Concordia, KS | 20 | 8/91 | 695,908 | 100% |
| Carrollton Club | Carrollton, GA | 78 | 9/91 | 3,217,901 | 97% |
| Scarlett Oaks | Lexington, SC | 40 | 9/91 | 1,685,349 | 100% |
| Brooks Hill | Ellijay, GA | 44 | 9/91 | 1,760,233 | 100% |
| Greensboro | Greensboro, GA | 24 | 9/91 | 866,259 | 83% |
| Greensboro II | Greensboro, GA | 32 | 9/91 | 1,088,664 | 100% |
| Pine Terrace | Wrightsville, GA | 24 | 9/91 | 886,334 | 83% |
| Shellman | Shellman, GA | 27 | 9/91 | 901,648 | 81% |
| Blackshear | Cordele, GA | 46 | 9/91 | 1,602,433 | 100% |
| Crisp Properties | Cordele, GA | 31 | 9/91 | 1,128,784 | 90% |
| Crawford | Crawford, GA | 25 | 9/91 | 907,712 | 80% |
| Yorkshire | Wagoner, OK | 60 | 9/91 | 2,640,793 | 100% |
| Woodcrest | South Boston, VA | 40 | 9/91 | 1,629,574 | 100% |
| Fox Ridge | Russellville, AL | 24 | 9/91 | 889,941 | 100% |
| Redmont II | Red Bay, AL | 24 | 9/91 | 840,596 | 100% |
| Clayton | Clayton, OK | 24 | 9/91 | 871,530 | 100% |
| Alma | Alma, AR | 24 | 9/91 | 957,710 | 100% |
| Pemberton Village | Hiawatha, KS | 24 | 9/91 | 776,725 | 96% |
| Magic Circle | Eureka, KS | 24 | 9/91 | 823,643 | 96% |
| Spring Hill | Spring Hill, KS | 36 | 9/91 | 1,449,378 | 100% |
| Menard Retirement | Menard, TX | 24 | 9/91 | 759,136 | 96% |
| Wallis Housing | Wallis, TX | 24 | 9/91 | 578,333 | 83% |
| Zapata Housing | Zapata, TX | 40 | 9/91 | 1,243,118 | 98% |
| Mill Creek | Grove, OK | 60 | 11/91 | 1,741,669 | 100% |
| Portland II | Portland, IN | 20 | 11/91 | 815,439 | 95% |
| Georgetown | Georgetown, OH | 24 | 11/91 | 985,738 | 92% |
| Cloverdale | Cloverdale, IN | 24 | 1/92 | 1,016,431 | 100% |
| So. Timber Ridge | Chandler, TX | 44 | 1/92 | 1,328,429 | 95% |
| Pineville | Pineville, MO | 12 | 5/92 | 431,459 | 75% |
| Ravenwood | Americus, GA | 24 | 1/94 | 900,996 | 92% |
| | | 1,080 | | $39,627,850 | |

The average effective rental per unit is $3,823 per year ($319 per month).

Item 2. Properties (continued):

SERIES 6

| PARTNERSHIP | LOCATION OF PROPERTY | # OF UNIT | DATE ACQUIRED | PROPERTY COST | OCCU-PANCY RATE |
|---|---|---|---|---|---|
| Spruce | Pierre, SD | 24 | 11/91 | $ 1,173,675 | 63% |
| Shannon | O'Neill, NE | 16 | 11/91 | 696,465 | 94% |
| Carthage | Carthage, MO | 24 | 1/92 | 759,587 | 100% |
| Coal City | Coal City, IL | 24 | 3/92 | 1,311,068 | 100% |
| Blacksburg Terrace | Blacksburg, SC | 32 | 4/92 | 1,372,973 | 100% |
| Frazer Place | Smyrna, DE | 30 | 4/92 | 1,676,842 | 100% |
| Ehrhardt | Ehrhardt, SC | 16 | 4/92 | 705,526 | 94% |
| Sinton | Sinton, TX | 32 | 4/92 | 1,053,059 | 100% |
| Frankston | Frankston, TX | 24 | 4/92 | 676,931 | 96% |
| Flagler Beach | Flagler Beach, FL | 43 | 5/92 | 1,653,116 | 100% |
| Oak Ridge | Williamsburg, KY | 24 | 5/92 | 1,045,646 | 83% |
| Monett | Monett, MO | 32 | 5/92 | 996,611 | 100% |
| Arma | Arma, KS | 28 | 5/92 | 898,503 | 96% |
| Southwest City | Southwest City, MO | 12 | 5/92 | 428,909 | 100% |
| Meadowcrest | Luverne, AL | 32 | 6/92 | 1,232,064 | 94% |
| Parsons | Parsons, KS | 48 | 7/92 | 1,532,968 | 100% |
| Newport Village | Newport, TN | 40 | 7/92 | 1,648,070 | 98% |
| Goodwater Falls | Jenkins, KY | 36 | 7/92 | 1,414,978 | 97% |
| Northfield Station | Corbin, KY | 24 | 7/92 | 1,022,561 | 96% |
| Pleasant Hill | Somerset, KY | 24 | 7/92 | 961,926 | 96% |
| Winter Park | Mitchell, SD | 24 | 7/92 | 1,312,854 | 100% |
| Cornell | Watertown, SD | 24 | 7/92 | 1,134,925 | 88% |
| Heritage Drive So. | Jacksonville, TX | 40 | 1/92 | 1,220,551 | 93% |
| Brodhead | Brodhead, KY | 24 | 7/92 | 973,069 | 83% |
| Mt. Village | Mt. Vernon, KY | 24 | 7/92 | 954,391 | 88% |
| Hazlehurst | Hazlehurst, MS | 32 | 8/92 | 1,228,639 | 100% |
| Sunrise | Yankton, SD | 33 | 8/92 | 1,493,443 | 97% |
| Stony Creek | Hooversville, PA | 32 | 8/92 | 1,652,683 | 100% |
| Logan Place | Logan, OH | 40 | 9/92 | 1,526,912 | 98% |
| Haines | Haines, AK | 32 | 8/92 | 3,087,737 | 94% |
| Maple Wood | Barbourville, KY | 24 | 8/92 | 1,039,790 | 100% |
| Summerhill | Gassville, AR | 28 | 9/92 | 844,240 | 100% |
| Dorchester | St. George, SC | 12 | 9/92 | 561,008 | 92% |
| Lancaster | Mountain View, AR | 33 | 9/92 | 1,389,193 | 97% |
| Autumn Village | Harrison, AR | 16 | 7/92 | 616,082 | 100% |
| Hardy | Hardy, AR | 25 | 7/92 | 931,989 | 100% |
| Dawson | Dawson, GA | 40 | 11/93 | 1,474,973 | 100% |
| | | 1,048 | | $43,703,957 | |

The average effective rental per unit is $4,294 per year ($358 per month).

Item 2. Properties (continued):

A summary of the book value of the fixed assets of the properties at December 31, 2005, 2004 and 2003 is as follows:

12/31/05

| | SERIES 2 | SERIES 3 | SERIES 4 |
|---|---|---|---|
| Land | $ 1,012,180 | $ 985,546 | $ 1,188,112 |
| Land Improvements | 153,721 | 131,281 | 222,427 |
| Buildings | 26,439,200 | 25,661,272 | 31,384,891 |
| Furniture and Fixtures | 975,046 | 1,593,479 | 1,814,832 |
| Construction in Progress | 38,604 | 0 | 0 |
| Properties, at Cost | 28,618,751 | 28,371,578 | 34,610,262 |
| Less: Accum.Depreciation | 13,623,386 | 16,335,525 | 15,441,345 |
| Properties, Net | $ 14,995,365 | $ 12,036,053 | $ 19,168,917 |

| | SERIES 5 | SERIES 6 | TOTAL |
|---|---|---|---|
| Land | $ 1,451,551 | $ 1,709,391 | $ 6,346,780 |
| Land Improvements | 159,501 | 556,191 | 1,223,121 |
| Buildings | 36,202,243 | 39,024,120 | 158,711,726 |
| Furniture and Fixtures | 1,814,555 | 2,414,255 | 8,612,167 |
| Construction in Progress | 0 | 0 | 38,604 |
| Properties, at Cost | 39,627,850 | 43,703,957 | 174,932,398 |
| Less: Accum.Depreciation | 17,923,547 | 18,360,632 | 81,684,435 |
| Properties, Net | $ 21,704,303 | $ 25,343,325 | $ 93,247,963 |

12/31/04

| | SERIES 2 | SERIES 3 | SERIES 4 |
|---|---|---|---|
| Land | $ 1,012,180 | $ 985,546 | $ 1,188,112 |
| Land Improvements | 136,496 | 123,414 | 222,427 |
| Buildings | 26,404,542 | 25,586,168 | 31,289,900 |
| Furniture and Fixtures | 936,014 | 1,556,321 | 1,758,655 |
| Construction in Progress | 38,604 | 0 | 0 |
| Properties, at Cost | 28,527,836 | 28,251,449 | 34,459,094 |
| Less: Accum.Depreciation | 12,747,926 | 15,378,450 | 14,409,096 |
| Properties, Net | $ 15,779,910 | $ 12,872,999 | $ 20,049,998 |

| | SERIES 5 | SERIES 6 | TOTAL |
|---|---|---|---|
| Land | $ 1,451,551 | $ 1,774,305 | $ 6,411,694 |
| Land Improvements | 159,501 | 536,092 | 1,177,930 |
| Buildings | 36,164,853 | 40,018,159 | 159,463,622 |
| Furniture and Fixtures | 1,771,643 | 2,426,481 | 8,449,114 |
| Construction in Progress | 0 | 0 | 38,604 |
| Properties, at Cost | 39,547,548 | 44,755,037 | 175,540,964 |
| Less: Accum.Depreciation | 16,798,175 | 17,672,479 | 77,006,126 |
| Properties, Net | $ 22,749,373 | $ 27,082,558 | $ 98,534,838 |

| | 12/31/03 SERIES 2 | SERIES 3 | SERIES 4 |
|---|---|---|---|
| Land | $ 1,012,180 | $ 985,546 | $ 1,188,112 |
| Land Improvements | 127,098 | 120,660 | 183,610 |
| Buildings | 26,395,217 | 25,582,402 | 31,227,211 |
| Furniture and Fixtures | 901,769 | 1,511,965 | 1,769,135 |
| Construction in Progress | 38,604 | 0 | 15,667 |
| Properties, at Cost | 28,474,868 | 28,200,573 | 34,383,735 |
| Less: Accum.Depreciation | 11,882,795 | 14,415,659 | 13,360,202 |
| Properties, Net | $ 16,592,073 | $ 13,784,914 | $ 21,023,533 |

| | SERIES 5 | SERIES 6 | TOTAL |
|---|---|---|---|
| Land | $ 1,456,671 | $ 1,774,305 | $ 6,416,814 |
| Land Improvements | 140,401 | 527,948 | 1,099,717 |
| Buildings | 36,930,190 | 39,965,083 | 160,100,103 |
| Furniture and Fixtures | 1,853,071 | 2,358,221 | 8,394,161 |
| Construction in Progress | 0 | 0 | 54,271 |
| Properties, at Cost | 40,380,333 | 44,625,557 | 176,065,066 |
| Less: Accum.Depreciation | 15,887,639 | 16,310,634 | 71,856,929 |
| Properties, Net | $ 24,492,694 | $ 28,314,923 | $104,208,137 |

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, 2006, 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 (BACs) are not publicly traded. There is no market for Gateway’s Limited Partnership interests and it is unlikely that any will develop. No transfers of Limited Partnership Interest or BAC Units are permitted without the prior written consent of the Managing General Partner. There have been several transfers from inception to date 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 - "Issuance of BAC’S" on pages A-29 and A-30 of the Limited Partnership Agreement within the Prospectus, which is incorporated herein by reference.

(b) Approximate Number of Equity Security Holders:

| Title of Class | Number of Holders as of March 31, 2006 |
|---|---|
| Beneficial Assignee Certificates | 2,571 |
| General Partner Interest | 2 |

Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,:

| SERIES 2 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Total Revenues | $ 7,263 | $ 13,938 | $ 12,820 | $ 12,665 | $ 10,860 |
| Net Loss | (156,399) | (97,520) | (92,200) | (85,230) | (99,198) |
| Equity in Losses of Project Partnerships | (32,092) | (10,911) | (8,484) | (17,624) | (43,931) |
| Total Assets | 316,805 | 394,306 | 445,532 | 523,794 | 575,947 |
| Investments In Project Partnerships | 0 | 34,391 | 47,597 | 58,381 | 78,301 |
| Per BAC: (A) | | | | | |
| Tax Credits | .14 | .14 | .14 | 2.79 | 64.12 |
| Portfolio Income | 4.74 | 4.18 | 5.18 | 7.31 | 11.87 |
| Passive Loss | (129.62) | (142.06) | (157.55) | (146.95) | (148.48) |
| Net Loss | (25.23) | (15.73) | (14.88) | (13.75) | (16.00) |

FOR THE YEARS ENDED MARCH 31,:

| SERIES 3 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Total Revenues | $ 22,861 | $ 18,781 | $ 22,801 | $ 21,167 | $ 19,990 |
| Net Loss | (108,278) | (77,647) | (77,243) | (82,729) | (80,062) |
| Equity in Losses of Project Partnerships | 0 | 0 | (5,137) | (25,505) | (34,441) |
| Total Assets | 294,987 | 329,653 | 344,724 | 405,777 | 465,530 |
| Investments In Project Partnerships | 0 | 0 | 0 | 6,633 | 34,601 |
| Per BAC: (A) | | | | | |
| Tax Credits | 0 | 0 | .17 | 1.38 | 6.22 |
| Portfolio Income | 6.85 | 5.78 | 6.54 | 7.92 | 13.83 |
| Passive Loss | (137.15) | (147.47) | (159.39) | (137.28) | (154.72) |
| Net Loss | (19.65) | (14.09) | (14.02) | (15.01) | (14.53) |

Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,:

| SERIES 4 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Total Revenues | $ 18,473 | $ 16,181 | $ 27,960 | $ 14,116 | $ 15,207 |
| Net Loss | (138,304) | (102,967) | (98,159) | (160,313) | (185,366) |
| Equity in Losses of Project Partnerships | 0 | 0 | (8,763) | (77,657) | (118,314) |
| Total Assets | 396,889 | 445,208 | 472,775 | 536,633 | 663,983 |
| Investments In Project Partnerships | 0 | 0 | 0 | 12,279 | 96,741 |
| Per BAC: (A) | | | | | |
| Tax Credits | 1.22 | .21 | 1.22 | 2.98 | 82.68 |
| Portfolio Income | 5.99 | 5.11 | 4.16 | 8.48 | 12.51 |
| Passive Loss | (150.52) | (140.52) | (134.34) | (147.73) | (149.99) |
| Net Loss | (19.80) | (14.74) | (14.05) | (22.95) | (26.54) |

FOR THE YEARS ENDED MARCH 31,:

| SERIES 5 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Total Revenues | $ 22,819 | $ 27,663 | $ 16,981 | $ 20,909 | $ 21,532 |
| Net Income(Loss) | (208,790) | 15,153 | (265,039) | (261,993) | (268,277) |
| Equity in Losses of Project Partnerships | (22,512) | (26,110) | (133,705) | (159,492) | (189,327) |
| Total Assets | 508,067 | 773,331 | 827,194 | 1,073,840 | 1,298,281 |
| Investments In Project Partnerships | 151,630 | 202,405 | 229,630 | 376,275 | 550,146 |
| Per BAC: (A) | | | | | |
| Tax Credits | 0 | 2.33 | 8.66 | 54.70 | 153.83 |
| Portfolio Income | 5.79 | 5.39 | 4.81 | 6.71 | 12.75 |
| Passive Loss | (112.76) | (151.09) | (148.50) | (136.53) | (145.76) |
| Net Income(Loss) | (23.99) | (6.71) | (30.45) | (30.10) | (30.83) |

Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,:

| SERIES 6 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Total Revenues | $ 26,354 | $ 32,039 | $ 21,129 | $ 16,919 | $ 17,654 |
| Net Loss | (342,258) | (198,709) | (294,767) | (334,594) | (407,763) |
| Equity in Losses of Project Partnerships | (25,699) | (65,236) | (148,498) | (209,950) | (306,042) |
| Total Assets | 914,235 | 1,374,037 | 1,467,978 | 1,731,924 | 2,016,612 |
| Investments In Project Partnerships | 372,285 | 781,147 | 858,488 | 1,024,672 | 1,257,026 |
| Per BAC: (A) | | | | | |
| Tax Credits | 0 | 3.81 | 15.16 | 129.74 | 167.27 |
| Portfolio Income | 7.33 | 5.34 | 5.41 | 7.48 | 11.24 |
| Passive Loss | (96.72) | (99.58) | (109.10) | (115.70) | (127.50) |
| Net Loss | (42.09) | (19.47) | (28.88) | (32.78) | (39.95) |

(A) The per BAC tax information is as of December 31, the year end 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

This item should be read in conjunction with the financial statements and other items contained elsewhere in this report.

The Managing General Partner monitors developments in the area of legal and regulatory compliance. For example, the Sarbanes-Oxley Act of 2002 mandates or suggests additional compliance measures with regard to governance, disclosure, audit and other areas. In light of these changes, Gateway expects that it will incur higher expenses related to compliance.

Results of Operations, Liquidity and Capital Resources

Operations commenced on September 14, 1990, with the first admission of Assignees in Series 2. The proceeds from Assignees' capital contributions available for investment were used to acquire interests in Project Partnerships.

As disclosed on the statement of operations for each Series, interest income is comparable for the years ended March 31, 2006, March 31, 2005 and March 31, 2004. The General and Administrative expenses - General Partner, Third Party Professional Fees, and General and Administrative expenses - Other for the year ended March 31, 2006 have increased as compared to March 31, 2005 due to higher administrative costs and certain real estate valuation expenses incurred by Gateway during the year-ended March 31, 2006. These expenses for the year-ended March 31, 2005 were comparable to those incurred during the year-ended March 31, 2004.

The capital resources of each Series 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 to 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 unpaid at the time Gateway sells its interests in the Project Partnerships is subordinated to the return of the investors' original capital contributions).

The sources of funds to pay the operating costs of each Series 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 the Series from the operations of the Project Partnerships.

Series 2 - Gateway closed this series on September 14, 1990 after receiving $6,136,000 from 375 Assignees. As of March 31, 2006, the series had invested $4,524,678 in 22 Project Partnerships located in 10 states containing 724 apartment units. Average occupancy of the Project Partnerships was 94% at December 31, 2005.

Equity in Losses of Project Partnerships increased from $8,484 for the year ended March 31, 2004 to $10,911 for the year ended March 31, 2005 and to $32,092 for the year ended March 31, 2006. As presented in Note 5, Gateway's share of net loss decreased from $747,194 for the year ended March 31, 2004 to $679,662 for the year ended March 31, 2005 and to $637,400 for the year ended March 31,2006. Suspended Losses were $738,710 for the year ended March 31, 2004, $668,751 for the year ended March 31, 2005 and $605,308 for the year ended March 31, 2006. These losses would reduce the investment in Project Partnerships below zero. In general, it is common in the real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. (These Project Partnerships reported depreciation and amortization of $865,601, $869,716, and $875,459 for the years ended December 31, 2003, 2004, and 2005 respectively.) As a result, management expects that this Series, as well as those described below, will report its equity in Project Partnerships as a loss for tax and financial reporting purposes. Overall, management believes the Project Partnerships are operating as expected and are generating tax credits that meet projections.

At March 31, 2006, the Series had $250,529 of short-term investments (Cash and Cash Equivalents). It also had $66,276 in Zero Coupon Treasuries with annual maturities providing $66,285 in fiscal year 2007. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of $156,399 for the year ending March 31, 2006. However, after adjusting for Equity in Losses of Project Partnerships of $32,092 and the changes in operating assets and liabilities, net cash used in operating activities was $56,900. Cash provided by investing activities totaled $72,425, consisting of $8,863 in cash distributions from the Project Partnerships and $63,562 from matured Zero Coupon Treasuries.

Subsequent to Gateway's year end, one of the Project Partnerships, Lewiston Country Estates, was actively listed for sale on a commercial marketing website.

Series 3 - Gateway closed this series on December 13, 1990 after receiving $5,456,000 from 398 Assignees. As of March 31, 2006 the series had invested $3,888,713 in 23 Project Partnerships located in 12 states containing 768 apartment units. Average occupancy of the Project Partnerships was 95% as of December 31, 2005.

Equity in Losses of Project Partnerships decreased from $5,137 for the year ended March 31, 2004 to $0 for the years ended March 31, 2005 and 2006. As presented in Note 5, Gateway's share of net loss increased from $704,663 for the year ended March 31, 2004 to $727,644 for the year ended March 31, 2005 and decreased to $595,587 for the year ended March 31, 2006. Suspended Losses increased from $699,526 for the year ended March 31, 2004 to $727,644 for the year ended March 31, 2005 and decreased to $595,587 for the year ended March 31, 2006. These losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of $983,259, $973,367 and $965,926 for the years ended December 31, 2003, 2004 and 2005, respectively.) Overall, management believes these Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $236,035 of short-term investments (Cash and Cash Equivalents). It also had $58,952 in Zero Coupon Treasuries with annual maturities providing $58,940 in fiscal year 2007. Management believes these sources of funds are sufficient to meet the Series' current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of $108,278 for the year ended March 31, 2006. However, after adjusting the changes in operating assets and liabilities, net cash used in operating activities was $61,909. Cash provided by investing activities totaled $79,397, consisting of $22,861 in cash distributions received from the Project Partnerships and $56,536 from matured Zero Coupon Treasuries.

Subsequent to Gateway's year-end, two of the Project Partnerships, Elkhart Apartments and Southwood Apartments, were actively listed for sale on a commercial marketing website.

Series 4 - Gateway closed this series on May 31, 1991 after receiving $6,915,000 from 465 Assignees. As of March 31, 2006, the series had invested $4,952,519 in 29 Project Partnerships located in 16 states containing 879 apartment units. Average occupancy of the Project Partnerships was 95% at December 31, 2005.

Equity in Losses of Project Partnerships decreased from $8,763 for the year ended March 31, 2004 to $0 for the years ended March 31, 2005 and 2006. As presented in Note 5, Gateway's share of net loss increased from $732,427 for the year ended March 31, 2004 to $806,547 for the year ended March 31, 2005 and decreased to $684,436 for the year ended March 31, 2006. Suspended Losses increased from $723,664 for the year ended March 31, 2004 to $806,547 for the year ended March 31, 2005 and decreased to $684,436 for the year ended March 31, 2006. These losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of $1,045,416, $1,045,249 and $1,044,298 for the years ended December 31, 2003, 2004 and 2005, respectively.) Overall, management believes these Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $322,204 of short-term investments (Cash and Cash Equivalents). It also had $74,685 in Zero Coupon Treasuries with annual maturities providing $74,700 in fiscal year 2007. Management believes these sources of funds are sufficient to meet the Series' current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of $138,304 for the year ended March 31, 2006. However, after adjusting for the changes in operating assets and liabilities, net cash used in operating activities was $72,344. Cash provided by investing activities totaled $90,101, consisting of $18,473 in cash distributions from the Project Partnerships and $71,628 from matured Zero Coupon Treasuries.

Subsequent to Gateway’s year-end, two of the Project Partnerships, St. Joseph and Rural Development, were actively listed for sale on a commercial marketing website.

Series 5 - Gateway closed this series on October 11, 1991 after receiving $8,616,000 from 535 Assignees. As of March 31, 2006, the series had invested $6,010,273 in 35 Project Partnerships located in 12 states containing 1,080 apartment units. Average occupancy of the Project Partnerships was 95% as of December 31, 2005.

One of the Project Partnerships, Highland View, LP, sold its property in December, 2004. The sale of the property resulted in a gain allocated to Gateway of $161,888. Gateway received sale proceeds totaling $157,127, which were distributed to the Limited Partners at $18.24 per limited partnership unit during fiscal year 2006.

Equity in Losses of Project Partnerships decreased from $133,705 for the year ended March 31, 2004 to $26,110 for the year ended March 31, 2005 and to $22,512 for the year ended March 31, 2006. As presented in Note 5, Gateway’s share of net loss decreased from $1,060,170 for the year ended March 31, 2004 to $772,904 for the year ended March 31, 2005 and to $724,141 for the year ended March 31, 2006. Suspended losses decreased from $926,465 for the year ended March 31, 2004 to $746,794 for the year ended March 31, 2005 and to $701,629 for the year ended March 31, 2006. These losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of $1,276,928, $1,247,246 and $1,203,506 for the years ended December 31, 2003, 2004 and 2005, respectively.) Overall, management believes these Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $262,439 of short-term investments (Cash and Cash Equivalents). It also had $93,086 in Zero Coupon Treasuries with annual maturities providing $93,075 in fiscal year 2007. Management believes these sources of funds are sufficient to meet the Series’ current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of $208,790 for the year ended March 31, 2006. However, after adjusting for Equity in Losses of Project Partnerships of $22,512 and the changes in operating assets and liabilities, net cash used in operating activities was $90,492. Cash provided by investing activities totaled $114,571 consisting of $25,298 in cash distributions from the Project Partnerships and $89,273 from matured Zero Coupon Treasuries.

Subsequent to Gateway’s year-end, four of the Project Partnerships, Seymour, Effingham, Fox Ridge, and Redmont II, were actively listed for sale on a commercial marketing website.

Series 6 - Gateway closed this series on March 11, 1992 after receiving $10,105,000 from 625 Assignees. As of March 31, 2006, the series had invested $7,250,034 in 37 Project Partnerships located in 19 states containing 1,048 apartment units. Average occupancy of the Project Partnerships was 96% as of December 31, 2005.

One of the Project Partnerships, Mountain Crest, L.P. sold its property during August 2005. Gateway received sale proceeds totaling $225,574 which were distributed to the Limited Partners, less $1,500 in legal expenses, at $22.17 per limited partnership unit during the quarter ended December 31, 2005. The remaining $46 of this distribution is shown as a Distribution Payable on the Balance Sheet. As disclosed on the Statement of Operations, Gateway recognized a gain on this sale of $224,074, based on the total sale proceeds, less legal expenses, and the net investment value of the sold property.

Equity in Losses of Project Partnerships decreased from $148,498 for the year ended March 31, 2004 to $65,236 for the year ended March 31, 2005 and to $25,699 for the year ended March 31, 2006. As presented in Note 5, Gateway’s share of net loss decreased from $698,909 for the year ended March 31, 2004 to $673,713 for the year ended March 31, 2005 and to $590,957 for the year ended March 31, 2006. Suspended losses increased from $550,411 for the year ended March 31, 2004 to $608,477 for the year ended March 31, 2005 and to $565,258 for the year ended March 31, 2006.  These losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of $1,357,379, $1,367,028 and $1,293,203 for the years ended December 31, 2003, 2004 and 2005, respectively.) 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. For the fiscal year ended March 31, 2006, impairment expense of $343,241 was recognized. There was no impairment expense in either fiscal year 2005 or fiscal year 2004. Overall, management believes these Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $463,580 of short-term investments (Cash and Cash Equivalents). It also had $78,370 in Zero Coupon Treasuries with annual maturities providing $83,000 in fiscal year 2007. Management believes these sources of funds are sufficient to meet the Series' current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of $342,258 for the year ended March 31, 2006. However, after adjusting for Equity in Losses of Project Partnerships, the gain on sale of partnership assets, the impairment of investments in Project Partnerships, and the changes in operating assets and liabilities, net cash used in operating activities was $87,492. Cash provided by investing activities totaled $331,849, consisting of cash distributions from the Project Partnerships, matured Zero Coupon Treasuries, and the sale proceeds from the sale of the Project Partnership referenced above. Cash used for financing activities consisted of distributions paid to the Limited Partners and related distribution expenses of the sale of the Project Partnership.

Disclosure of Contractual Obligations

| | | Payment due by period | | | |
|---|---|---|---|---|---|
| Contractual Obligations | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| | | | | | |
| Long-Term Debt Obligations | | | | | |
| Capital Lease Obligations | | | | | |
| Operating Lease Obligations | | | | | |
| Purchase Obligations | | | | | |
| Other Long-Term Liabilities Reflected on the Registrant's Balance Sheet under GAAP | 3,401,651 (1) | 312,171 | 0 | 1,318,192 | 1,771,288 |

(1) The Other Long-Term Liabilities represent the asset management fees owed to the General Partners as of March 31,2006. 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 twelve months.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

As a small business issuer, no information is required.

Item 8. Financial Statements and Supplementary Data

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Gateway Tax Credit Fund II Ltd.

We have audited the accompanying balance sheet of Gateway Tax Credit Fund II, Ltd. (a Florida Limited Partnership) as of March 31, 2006 and the related statements of operations, partners' equity (deficit), and cash flows for the year ended March 31, 2006. 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 Gateway Tax Credit Fund II, Ltd. as of March 31, 2005 and for each of the two years in the period ended March 31, 2005, were audited by other auditors whose report dated September 8, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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. 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 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 audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the 2006 financial statements referred to above present fairly, in all material respects, the financial position of Gateway Tax Credit Fund II, Ltd. at March 31, 2006, and the results of its operations and its cash flows for the year ended March 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed under Item 15(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, 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/ Reznick Group, P.C.
REZNICK GROUP, P.C.

Atlanta, Georgia
July 13, 2006

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Gateway Tax Credit Fund II Ltd.

We have audited the accompanying balance sheet of each of the five Series (Series 2 through 6) constituting Gateway Tax Credit Fund II Ltd. (a Florida Limited Partnership) as of March 31, 2005 and the related statements of operations, partners' equity (deficit), and cash flows of each of the five Series for the years ended March 31, 2005 and March 31, 2004, respectively. 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 did not audit the financial statements of certain Project Partnerships for which investments included on the balance sheet as of March 31, 2005 and net losses included on the statements of operations for each of the two years ended March 31, 2005 and March 31, 2004 are:

| | Investment March 31, | Partnership Loss Year Ended March 31, | |
|---|---|---|---|
| | 2005 | 2005 | 2004 |
| Series 2 | $ 0 | $ 0 | $ 0 |
| Series 3 | 0 | 0 | 0 |
| Series 4 | 0 | 0 | 0 |
| Series 5 | 0 | 0 | 0 |
| Series 6 | 4,200 | 5,938 | 3,291 |

Those 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 Company Accounting Oversight Board (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. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of each of the five Series (Series 2 through 6) constituting Gateway Tax Credit Fund II Ltd. as of March 31, 2005, and the results of their operations and their cash flows for the years ended March 31, 2005 and March 31, 2004, respectively, in conformity with accounting principles generally accepted in the United States of America.

/s/ Spence, Marston, Bunch, Morris & Co.
SPENCE, MARSTON, BUNCH, MORRIS & CO.
Certified Public Accountants

Clearwater, Florida
September 8, 2005

PART I - Financial Information
Item 1. Financial Statements

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| SERIES 2 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 250,529 | $ 235,004 |
| Investments in Securities | 66,276 | 63,596 |
| Total Current Assets | 316,805 | 298,600 |
| Investments in Securities | 0 | 61,315 |
| Investments in Project Partnerships, Net | 0 | 34,391 |
| Total Assets | $ 316,805 | $ 394,306 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 48,304 | $ 45,045 |
| Other Payable | 8,030 | 0 |
| Total Current Liabilities | 56,334 | 45,045 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 599,253 | 531,644 |
| Partners' Equity (Deficit): | | |
| Assignor Limited Partner | | |
| Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 2 had 6,136 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees | | |
| Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 2 had 6,136 at March 31, 2006 and 2005, issued and outstanding | (281,595) | (126,760) |
| General Partners | (57,187) | (55,623) |
| Total Partners' Equity (Deficit) | (338,782) | (182,383) |
| Total Liabilities and Partners' Equity (Deficit) | $ 316,805 | $ 394,306 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| SERIES 3 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 236,035 | $ 218,547 |
| Investments in Securities | 58,952 | 56,568 |
| Total Current Assets | 294,987 | 275,115 |
| Investments in Securities | 0 | 54,538 |
| Investments in Project Partnerships, Net | 0 | 0 |
| Total Assets | $ 294,987 | $ 329,653 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 52,905 | $ 49,309 |
| Other Payable | 7,300 | 0 |
| Total Current Liabilities | 60,205 | 49,309 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 493,156 | 430,440 |
| Partners' Equity (Deficit): | | |
| Assignor Limited Partner | | |
| Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 3 had 5,456 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees | | |
| Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 3 had 5,456 at March 31, 2006 and 2005, issued and outstanding | (207,975) | (100,780) |
| General Partners | (50,399) | (49,316) |
| Total Partners' Equity (Deficit) | (258,374) | (150,096) |
| Total Liabilities and Partners' Equity (Deficit) | $ 294,987 | $ 329,653 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| SERIES 4 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 322,204 | $ 304,447 |
| Investments in Securities | 74,685 | 71,666 |
| Total Current Assets | 396,889 | 376,113 |
| Investments in Securities | 0 | 69,095 |
| Investments in Project Partnerships, Net | 0 | 0 |
| Total Assets | $ 396,889 | $ 445,208 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 59,221 | $ 54,471 |
| Other Payable | 8,030 | 0 |
| Total Current Liabilities | 67,251 | 54,471 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 647,438 | 570,233 |
| Partners' Equity (deficit): | | |
| Assignor Limited Partner Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 4 had 6,915 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 4 had 6,915 at March 31, 2006 and 2005, issued and outstanding | (253,967) | (117,046) |
| General Partners | (63,833) | (62,450) |
| Total Partners' Equity (Deficit) | (317,800) | (179,496) |
| Total Liabilities and Partners' Equity (Deficit) | $ 396,889 | $ 445,208 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| SERIES 5 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 262,439 | $ 238,360 |
| Restricted Cash | 0 | 157,126 |
| Accounts Receivable - Other | 912 | 0 |
| Investments in Securities | 93,086 | 89,322 |
| Total Current Assets | 356,437 | 484,808 |
| Investments in Securities | 0 | 86,118 |
| Investments in Project Partnerships, Net | 151,630 | 202,405 |
| Total Assets | $ 508,067 | $ 773,331 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 77,770 | $ 72,789 |
| Distribution Payable | 0 | 157,126 |
| Other Payable | 3,650 | 700 |
| Total Current Liabilities | 81,420 | 230,615 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 511,577 | 418,856 |
| Partners' Equity (Deficit): | | |
| Assignor Limited Partner | | |
| Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 5 had 8,616 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees | | |
| Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 5 had 8,616 at March 31, 2006 and 2005, issued and outstanding | (82,842) | 123,860 |
| General Partners | (2,088) | 0 |
| Total Partners' Equity (Deficit) | (84,930) | 123,860 |
| Total Liabilities and Partners' Equity (Deficit) | $ 508,067 | $ 773,331 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| SERIES 6 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 463,580 | $ 444,751 |
| Accounts Receivable - Other | 0 | 700 |
| Investments in Securities | 78,370 | 74,664 |
| Total Current Assets | 541,950 | 520,115 |
| Investments in Securities | 0 | 72,775 |
| Investments in Project Partnerships, Net | 372,285 | 781,147 |
| Total Assets | $ 914,235 | $1,374,037 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 73,971 | $ 68,579 |
| Distribution Payable | 46 | 0 |
| Other Payable | 0 | 500 |
| Total Current Liabilities | 74,017 | 69,079 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 838,056 | 736,464 |
| Partners' Equity (Deficit): | | |
| Assignor Limited Partner<br>Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 6 had 10,105 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees<br>Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 6 had 10,105 at March 31, 2006 and 2005, issued and outstanding | 2,162 | 651,535 |
| General Partners | 0 | (83,041) |
| Total Partners' Equity (Deficit) | 2,162 | 568,494 |
| Total Liabilities and Partners' Equity (Deficit) | $ 914,235 | $1,374,037 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
BALANCE SHEET
MARCH 31, 2006 AND 2005

| TOTAL SERIES 2 - 6 | 2006 | 2005 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $1,534,787 | $1,441,109 |
| Restricted Cash | 0 | 157,126 |
| Accounts Receivable - Other | 912 | 700 |
| Investments in Securities | 371,369 | 355,816 |
| Total Current Assets | 1,907,068 | 1,954,751 |
| Investments in Securities | 0 | 343,841 |
| Investments in Project Partnerships, Net | 523,915 | 1,017,943 |
| Total Assets | $2,430,983 | $3,316,535 |
| LIABILITIES AND PARTNERS' EQUITY (Deficit) | | |
| Current Liabilities: | | |
| Payable to General Partners | $ 312,171 | $ 290,193 |
| Distribution Payable | 46 | 157,126 |
| Other Payable | 27,010 | 1,200 |
| Total Current Liabilities | 339,227 | 448,519 |
| Long-Term Liabilities: | | |
| Payable to General Partners | 3,089,480 | 2,687,637 |
| Partners' Equity (Deficit): | | |
| Assignor Limited Partner Units of limited partnership interest consisting of 40,000 authorized BAC's, of which Series 2-6 had 37,228 at March 31, 2006 and 2005 issued to the assignees | | |
| Assignees Units of beneficial interest of the limited partnership interest of the assignor limited partner, $1,000 stated value per BAC, Series 2-6 had 37,228 at March 31, 2006 and 2005, issued and outstanding | (824,217) | 430,809 |
| General Partners | (173,507) | (250,430) |
| Total Partners' Equity (Deficit) | (997,724) | 180,379 |
| Total Liabilities and Partners' Equity (Deficit) | $2,430,983 | $3,316,535 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| SERIES 2 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 7,263 | $ 13,938 | $ 12,820 |
| Total Revenues | 7,263 | 13,938 | 12,820 |
| Expenses: | | | |
| Asset Management Fee-General Partner | 67,609 | 67,609 | 67,822 |
| General and Administrative: | | | |
| General Partner | 47,681 | 32,074 | 32,065 |
| Third Party Professional Fees | 20,804 | 4,181 | 4,680 |
| Other | 7,747 | 7,749 | 5,518 |
| Amortization | 699 | 697 | 698 |
| Total Expenses | 144,540 | 112,310 | 110,783 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (137,277) | (98,372) | (97,963) |
| Equity in Losses of Project Partnerships | (32,092) | (10,911) | (8,484) |
| Interest Income | 12,970 | 11,763 | 14,247 |
| Net Loss | $ (156,399) | $ (97,520) | $ (92,200) |
| Allocation of Net Loss: | | | |
| Assignees | $ (154,835) | $ (96,545) | $ (91,278) |
| General Partners | (1,564) | (975) | (922) |
| | $ (156,399) | $ (97,520) | $ (92,200) |
| Net Loss Per Beneficial Assignee Certificate | $ (25.23) | $ (15.73) | $ (14.88) |
| Number of Beneficial Assignee Certificates Outstanding | 6,136 | 6,136 | 6,136 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| Series 3 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 22,861 | $ 18,781 | $ 22,801 |
| Total Revenues | 22,861 | 18,781 | 22,801 |
| Expenses: | | | |
| Asset Management Fee-General Partner | 62,716 | 62,717 | 63,022 |
| General and Administrative: | | | |
| General Partner | 49,848 | 33,531 | 33,523 |
| Third Party Professional Fees | 22,175 | 4,371 | 4,879 |
| Other | 8,430 | 6,345 | 5,611 |
| Amortization | 0 | 0 | 516 |
| Total Expenses | 143,169 | 106,964 | 107,551 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (120,308) | (88,183) | (84,750) |
| Equity in Losses of Project Partnerships | 0 | 0 | (5,137) |
| Interest Income | 12,030 | 10,536 | 12,644 |
| Net Loss | $(108,278) | $ (77,647) | $ (77,243) |
| Allocation of Net Loss: | | | |
| Assignees | $(107,195) | $ (76,871) | $ (76,471) |
| General Partners | (1,083) | (776) | (772) |
| | $(108,278) | $ (77,647) | $ (77,243) |
| Net Loss Per Beneficial Assignee Certificate | $ (19.65) | $ (14.09) | $ (14.02) |
| Number of Beneficial Assignee Certificates Outstanding | 5,456 | 5,456 | 5,456 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| SERIES 4 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 18,473 | $ 16,181 | $ 27,960 |
| Total Revenues | 18,473 | 16,181 | 27,960 |
| Expenses: | | | |
| Asset Management Fee - General Partner | 77,205 | 77,205 | 77,448 |
| General and Administrative: | | | |
| General Partner | 62,853 | 42,279 | 42,266 |
| Third Party Professional Fees | 23,071 | 5,511 | 6,236 |
| Other | 10,080 | 7,749 | 6,862 |
| Amortization | 0 | 0 | 671 |
| Total Expenses | 173,209 | 132,744 | 133,483 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (154,736) | (116,563) | (105,523) |
| Equity in Losses of Project Partnerships | 0 | 0 | (8,763) |
| Interest Income | 16,432 | 13,596 | 16,127 |
| Net Loss | $(138,304) | $(102,967) | $ (98,159) |
| Allocation of Net Loss: | | | |
| Assignees | $(136,921) | $(101,937) | $ (97,177) |
| General Partners | (1,383) | (1,030) | (982) |
| | $(138,304) | $(102,967) | $ (98,159) |
| Net Loss Per Beneficial Assignee Certificate | $ (19.80) | $ (14.74) | $ (14.05) |
| Number of Beneficial Assignee Certificates Outstanding | 6,915 | 6,915 | 6,915 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| SERIES 5 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 22,819 | $ 27,663 | $ 16,981 |
| Total Revenues | 22,819 | 27,663 | 16,981 |
| Expenses: | | | |
| Asset Management Fee - General Partner | 92,722 | 92,722 | 95,180 |
| General and Administrative: | | | |
| General Partner | 77,443 | 52,484 | 52,470 |
| Third Party Professional Fees | 17,978 | 8,841 | 7,838 |
| Other | 12,202 | 8,947 | 8,513 |
| Amortization | 25,784 | 2,005 | 4,560 |
| Total Expenses | 226,129 | 164,999 | 168,561 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (203,310) | (137,336) | (151,580) |
| Equity in Losses of Project Partnerships | (22,512) | (26,110) | (133,705) |
| Gain on Sale of Partnership Assets | 0 | 161,888 | 0 |
| Interest Income | 17,032 | 16,711 | 20,246 |
| Net Income (Loss) | $ (208,790) | $ 15,153 | $(265,039) |
| Allocation of Net Income (Loss): | | | |
| Assignees | (206,702) | (57,812) | $(262,389) |
| General Partners | (2,088) | 72,965 | (2,650) |
| | $(208,790) | $ 15,153 | $(265,039) |
| Net Loss Per Beneficial Assignee Certificate | $ (23.99) | $ (6.71) | $ (30.45) |
| Number of Beneficial Assignee Certificates Outstanding | 8,616 | 8,616 | 8,616 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| SERIES 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 26,354 | $ 32,039 | $ 21,129 |
| Total Revenues | 26,354 | 32,039 | 21,129 |
| Expenses: | | | |
| Asset Management Fee - General Partner | 101,592 | 104,509 | 104,953 |
| General and Administrative: | | | |
| General Partner | 81,777 | 55,400 | 55,384 |
| Third Party Professional Fees | 13,008 | 7,471 | 9,386 |
| Other | 13,194 | 10,328 | 9,221 |
| Amortization | 39,001 | 6,106 | 8,403 |
| Impairment of Investment in Project Partnerships | 343,241 | 0 | 0 |
| Total Expenses | 591,813 | 183,814 | 187,347 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (565,459) | (151,775) | (166,218) |
| Equity in Losses of Project Partnerships | (25,699) | (65,236) | (148,498) |
| Gain on Sale of Partnership Assets | 224,074 | 0 | 0 |
| Interest Income | 24,826 | 18,302 | 19,949 |
| Net Loss | $(342,258) | $(198,709) | $(294,767) |
| Allocation of Net Loss: | | | |
| Assignees | $(425,299) | $(196,722) | $(291,819) |
| General Partners | 83,041 | (1,987) | (2,948) |
| | $(342,258) | $(198,709) | $(294,767) |
| Net Loss Per Beneficial Assignee Certificate | $ (42.09) | $ (19.47) | $ (28.88) |
| Number of Beneficial Assignee Certificates Outstanding | 10,105 | 10,105 | 10,105 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

| TOTAL SERIES 2 - 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Revenues: | | | |
| Distribution Income | $ 97,770 | $ 108,602 | $ 101,691 |
| Total Revenues | 97,770 | 108,602 | 101,691 |
| Expenses: | | | |
| Asset Management Fee-General Partner | 401,844 | 404,762 | 408,425 |
| General and Administrative: | | | |
| General Partner | 319,602 | 215,768 | 215,708 |
| Third Party Professional Fees | 97,036 | 30,375 | 33,019 |
| Other | 51,653 | 41,118 | 35,725 |
| Amortization | 65,484 | 8,808 | 14,848 |
| Impairment of Investment in Project Partnerships | 343,241 | 0 | 0 |
| Total Expenses | 1,278,860 | 700,831 | 707,725 |
| Loss Before Equity in Losses of Project Partnerships and Other Income | (1,181,090) | (592,229) | (606,034) |
| Equity in Losses of Project Partnerships | (80,303) | (102,257) | (304,587) |
| Gain on Sale of Partnership Assets | 224,074 | 161,888 | 0 |
| Interest Income | 83,290 | 70,908 | 83,213 |
| Net Loss | $ (954,029) | $ (461,690) | $ (827,408) |
| Allocation of Net Loss: | | | |
| Assignees | $(1,030,952) | $ (529,887) | $ (819,134) |
| General Partners | 76,923 | 68,197 | (8,274) |
| | $ (954,029) | $ (461,690) | $ (827,408) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

SERIES 2

| | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 61,063 | $ (53,726) | $ 7,337 |
| Net Loss | (91,278) | (922) | (92,200) |
| Balance at March 31, 2004 | (30,215) | (54,648) | (84,863) |
| Net Loss | (96,545) | (975) | (97,520) |
| Balance at March 31, 2005 | (126,760) | (55,623) | (182,383) |
| Net Loss | (154,835) | (1,564) | (156,399) |
| Balance at March 31, 2006 | $ (281,595) | $ (57,187) | $ (338,782) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 3 | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 52,562 | $ (47,768) | $ 4,794 |
| Net Loss | (76,471) | (772) | (77,243) |
| Balance at March 31, 2004 | (23,909) | (48,540) | (72,449) |
| Net Loss | (76,871) | (776) | (77,647) |
| Balance at March 31, 2005 | (100,780) | (49,316) | (150,096) |
| Net Loss | (107,195) | (1,083) | (108,278) |
| Balance at March 31, 2006 | $ (207,975) | $ (50,399) | $ (258,374) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 4 | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 82,068 | $ (60,438) | $ 21,630 |
| Net Loss | (97,177) | (982) | (98,159) |
| Balance at March 31, 2004 | (15,109) | (61,420) | (76,529) |
| Net Loss | (101,937) | (1,030) | (102,967) |
| Balance at March 31, 2005 | (117,046) | (62,450) | (179,496) |
| Net Loss | (136,921) | (1,383) | (138,304) |
| Balance at March 31, 2006 | $ (253,967) | $ (63,833) | $ (317,800) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

SERIES 5

| | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 601,187 | $ (70,315) | $ 530,872 |
| Net Loss | (262,389) | (2,650) | (265,039) |
| Balance at March 31, 2004 | 338,798 | (72,965) | 265,833 |
| Net Income (Loss) | (57,812) | 72,965 | 15,153 |
| Distributions | (157,126) | 0 | (157,126) |
| Balance at March 31, 2005 | 123,860 | 0 | 123,860 |
| Net Loss | (206,702) | (2,088) | (208,790) |
| Balance at March 31, 2006 | $ (82,842) | $ (2,088) | $ (84,930) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 6 | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 1,140,076 | $ (78,106) | $ 1,061,970 |
| Net Loss | (291,819) | (2,948) | (294,767) |
| Balance at March 31, 2004 | 848,257 | (81,054) | 767,203 |
| Net Loss | (196,722) | (1,987) | (198,709) |
| Balance at March 31, 2005 | 651,535 | (83,041) | 568,494 |
| Net Income (Loss) | (425,299) | 83,041 | (342,258) |
| Distributions | (224,074) | 0 | (224,074) |
| Balance at March 31, 2006 | $ 2,162 | $ 0 | $ 2,162 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| TOTAL SERIES 2 - 6 | Assignees | General Partners | Total |
|---|---|---|---|
| Balance at March 31, 2003 | $ 1,936,956 | $ (310,353) | $ 1,626,603 |
| Net Loss | (819,134) | (8,274) | (827,408) |
| Balance at March 31, 2004 | 1,117,822 | (318,627) | 799,195 |
| Net Income (Loss) | (529,887) | 68,197 | (461,690) |
| Distributions | (157,126) | 0 | (157,126) |
| Balance at March 31, 2005 | 430,809 | (250,430) | 180,379 |
| Net Income (Loss) | (1,030,952) | 76,923 | (954,029) |
| Distributions | (224,074) | 0 | (224,074) |
| Balance at March 31, 2006 | $ (824,217) | $(173,507) | $ (997,724) |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 2 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Loss | $(156,399) | $(97,520) | $(92,200) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | | |
| Amortization | 699 | 697 | 698 |
| Accreted Interest Income on Investments in Securities | (4,927) | (9,361) | (13,179) |
| Equity in Losses of Project Partnerships | 32,092 | 10,911 | 8,484 |
| Distributions Included in Other Income | (7,263) | (13,438) | (12,820) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase in Payable to General Partners | 70,868 | 46,294 | 13,938 |
| Increase in Other Payable | 8,030 | 0 | 0 |
| Net Cash Used in Operating Activities | (56,900) | (62,417) | (95,079) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 8,863 | 15,038 | 14,422 |
| Redemption of Investment in Securities | 63,562 | 61,299 | 58,586 |
| Net Cash Provided by Investing Activities | 72,425 | 76,337 | 73,008 |
| Increase (Decrease) in Cash and Cash Equivalents | 15,525 | 13,920 | (22,071) |
| Cash and Cash Equivalents at Beginning of Year | 235,004 | 221,084 | 243,155 |
| Cash and Cash Equivalents at End of Year | $ 250,529 | $ 235,004 | $ 221,084 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 3 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Loss | $(108,278) | $ (77,647) | $ (77,243) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | | |
| Amortization | 0 | 0 | 516 |
| Accreted Interest Income on Investments in Securities | (4,382) | (8,327) | (11,722) |
| Equity in Losses of Project Partnerships | 0 | 0 | 5,137 |
| Distributions Included In Other Income | (22,861) | (18,781) | (22,801) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase in Payable to General Partners | 66,312 | 62,576 | 16,190 |
| Increase in Other Payable | 7,300 | 0 | 0 |
| Net Cash Used in Operating Activities | (61,909) | (42,179) | (89,923) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 22,861 | 18,781 | 23,780 |
| Redemption of Investment in Securities | 56,536 | 54,256 | 52,112 |
| Net Cash Provided by Investing Activities | 79,397 | 73,307 | 75,892 |
| Increase (Decrease) in Cash and Cash Equivalents | 17,488 | 31,128 | (14,031) |
| Cash and Cash Equivalents at Beginning of Year | 218,547 | 187,419 | 201,450 |
| Cash and Cash Equivalents at End of Year | $ 236,035 | $ 218,547 | $ 187,419 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 4 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Loss | $(138,304) | $(102,967) | $ (98,159) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | | |
| Amortization | 0 | 0 | 671 |
| Accreted Interest Income on Investments in Securities | (5,552) | (10,549) | (14,851) |
| Equity in Losses of Project Partnerships | 0 | 0 | 8,763 |
| Distributions Included In Other Income | (18,473) | (16,173) | (27,960) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase in Payable to General Partners | 81,955 | 75,400 | 34,302 |
| Increase in Other Payable | 8,030 | 0 | 0 |
| Net Cash Used in Operating Activities | (72,344) | (54,289) | (97,234) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 18,473 | 16,173 | 30,805 |
| Redemption of Investment in Securities | 71,628 | 69,078 | 66,018 |
| Net Cash Provided by Investing Activities | 90,101 | 85,251 | 96,823 |
| Increase (Decrease) in Cash and Cash Equivalents | 17,757 | 30,962 | (411) |
| Cash and Cash Equivalents at Beginning of Year | 304,447 | 273,485 | 273,896 |
| Cash and Cash Equivalents at End of Year | $ 322,204 | $ 304,447 | $ 273,485 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 5 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Income (Loss) | $(208,790) | $ 15,153 | $(265,039) |
| Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities: | | | |
| Amortization | 25,784 | 2,005 | 4,560 |
| Accreted Interest Income on Investments in Securities | (6,919) | (13,147) | (18,510) |
| Equity in Losses of Project Partnerships | 22,512 | 26,110 | 133,705 |
| Gain on Sale of Partnership Assets | 0 | (161,888) | 0 |
| Distributions Included In Other Income | (22,819) | (27,063) | (16,981) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase in Accounts Receivable | (912) | 0 | 0 |
| Increase (Decrease) in Payable to General Partners | 97,702 | (69,716) | 18,393 |
| Increase in Other Payable | 2,950 | 700 | 0 |
| Net Cash Used in Operating Activities | (90,492) | (227,846) | (143,872) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 25,298 | 30,934 | 25,358 |
| Redemption of Investment in Securities | 89,273 | 86,098 | 82,286 |
| Net Cash Provided by Investing Activities | 114,571 | 117,032 | 107,644 |
| Increase (Decrease) in Cash and Cash Equivalents | 24,079 | (110,814) | (36,228) |
| Cash and Cash Equivalents at Beginning of Year | 238,360 | 349,174 | 385,402 |
| Cash and Cash Equivalents at End of Year | $ 262,439 | $ 238,360 | $ 349,174 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| SERIES 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Loss | $(342,258) | $(198,709) | $(294,767) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | | |
| Amortization | 39,001 | 6,106 | 8,403 |
| Impairment of Investment in Project Partnerships | 343,241 | 0 | 0 |
| Accreted Interest Income on Investments in Securities | (9,931) | (14,483) | (18,286) |
| Equity in Losses of Project Partnerships | 25,699 | 65,236 | 148,498 |
| Gain on Sale of Partnership Assets | (224,074) | 0 | 0 |
| Distributions Included In Other Income | (26,354) | (32,039) | (21,129) |
| Changes in Operating Assets and Liabilities: | | | |
| Decrease (Increase) in Accounts Receivable | 700 | (700) | 0 |
| Increase in Payable to General Partners | 106,984 | 104,268 | 30,821 |
| Decrease (Increase) in Other Payables | (500) | 500 | 0 |
| Net Cash Used in Operating Activities | (87,492) | (69,821) | (146,460) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 27,275 | 38,038 | 30,412 |
| Redemption of Investment in Securities | 79,000 | 74,999 | 69,998 |
| Proceeds from Sale of Project Partnership | 225,574 | 0 | 0 |
| Net Cash Provided by Investing Activities | 331,849 | 113,037 | 100,410 |
| Cash Flows from Financing Activities: | | | |
| Distributions Paid to Limited Partners | (224,028) | 0 | 0 |
| Expenses Related to Distributions | (1,500) | 0 | 0 |
| Net Cash Used in Financing Activities | (225,528) | 0 | 0 |
| Increase (Decrease) in Cash and Cash Equivalents | 18,829 | 43,216 | (46,050) |
| Cash and Cash Equivalents at Beginning of Year | 444,751 | 401,535 | 447,585 |
| Cash and Cash Equivalents at End of Year | $ 463,580 | $ 444,751 | $ 401,535 |

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND II LTD.
(A Florida Limited Partnership)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2006, 2005 AND 2004

| TOTAL SERIES 2 - 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Loss | $(954,029) | $(461,690) | $(827,408) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | | |
| Amortization | 65,484 | 8,808 | 14,848 |
| Impairment of Investment in Project Partnerships | 343,241 | 0 | 0 |
| Accreted Interest Income on Investments in Securities | (31,711) | (55,867) | (76,548) |
| Equity in Losses of Project Partnerships | 80,303 | 102,257 | 304,587 |
| Gain on Sale of Partnership Assets | (224,074) | (161,888) | 0 |
| Distributions Included In Other Income | (97,770) | (108,602) | (101,691) |
| Changes in Operating Assets and Liabilities: | | | |
| Increase in Accounts Receivable | (212) | (700) | 0 |
| Increase in Payable to General Partners | 423,821 | 218,822 | 113,644 |
| Increase in Other Payable | 25,810 | 1,200 | 0 |
| Net Cash Used in Operating Activities | (369,137) | (457,660) | (572,568) |
| Cash Flows from Investing Activities: | | | |
| Distributions Received from Project Partnerships | 102,770 | 120,072 | 124,777 |
| Redemption of Investment in Securities | 359,999 | 346,000 | 329,000 |
| Proceeds from Sale of Project Partnership | 225,574 | 0 | 0 |
| Net Cash Provided by Investing Activities | 688,343 | 466,072 | 453,777 |
| Cash Flows from Financing Activities: | | | |
| Distributions Paid to Limited Partners | (224,028) | 0 | 0 |
| Expenses Related to Distributions | (1,500) | 0 | 0 |
| Net Cash Used in Financing Activities | (225,528) | 0 | 0 |
| Increase (Decrease) in Cash and Cash Equivalents | 93,678 | 8,412 | (118,791) |
| Cash and Cash Equivalents at Beginning of Year | 1,441,109 | 1,432,697 | 1,551,488 |
| Cash and Cash Equivalents at End of Year | $ 1,534,787 | $ 1,441,109 | $ 1,432,697 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006, 2005 AND 2004

## NOTE 1 - ORGANIZATION:

Gateway Tax Credit Fund II Ltd. ("Gateway"), a Florida Limited Partnership, was formed September 12, 1989, under the laws of Florida. Operations commenced on September 14, 1990 for Series 2, September 28, 1990 for Series 3, February 1, 1991 for Series 4, July 1, 1991 for Series 5 and January 1, 1992 for Series 6. Gateway has invested, as a limited partner, in other limited partnerships ("Project Partnerships") each of which owns and operates one or more 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. As of March 31, 2006, Gateway had received capital contributions of $1,000 from the General Partners and $37,228,000 from Beneficial Assignee Certificate investors (the "Assignees"). The fiscal year of Gateway for reporting purposes ends on March 31.

Pursuant to the Securities Act of 1933, Gateway filed a Form S-11 Registration Statement with the Securities and Exchange Commission, effective September 12, 1989, which covered the offering (the "Public Offering") of Gateway’s Beneficial Assignee Certificates ("BACs") representing assignments of units for the beneficial interest of the limited partnership interest of the Assignor Limited Partner. The Assignor Limited Partner was formed for the purpose of serving in that capacity for the Fund and will not engage in any other business.

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

Gateway offered BACs in five series. BACs in the amounts of $6,136,000, $5,456,000, $6,915,000, $8,616,000 and $10,105,000 for Series 2, 3, 4, 5 and 6, respectively had been issued as of March 31, 2006. Each Series is treated as a separate partnership, investing in a separate and distinct pool of Project Partnerships. Net proceeds from each Series are used to acquire Project Partnerships which are specifically allocated to such Series. Income or loss and all tax items from the Project Partnerships acquired by each Series are specifically allocated among the Assignees of such Series.

Operating profits and losses, cash distributions from operations and tax credits are allocated 99% to the Assignees 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:

### 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"), 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, and 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:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

For the fiscal year ended March 31, 2006, Gateway changed the period over which the intangible acquisition fees and expenses are amortized. In all prior years, the period in which such intangible assets had been amortized was 35 years. In the fiscal year period ended March 31, 2006, this amortization period was changed to 15 years to better approximate the period over which the benefits of these investments are realized. As a result of this change in estimate, an additional amortization expense of $23,779 for Series 5 and $33,465 for Series 6, or a total of $57,244 for all Series of Gateway, was recognized during the year-ended March 31, 2006, as compared to the amortization expense amount which would have been realized had the estimated amortization period not changed during the year. The amortization expense is shown 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. Any cash distributions received from Project Partnerships which have a zero investment balance are accounted for as distribution income in the period the cash distribution is received by Gateway.

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. For the fiscal year ended March 31, 2006, impairment expense was recognized in the statement of operations in Series 6 in the total amount of $343,241. There was no impairment expense in fiscal years 2005 or 2004. Refer to Note 5 – Investment in Project Partnerships for further details regarding the components of the Investment in Project Partnership balance.

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 for 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. Gateway does not guarantee any of the mortgages or other debt of the Project Partnerships.

Variable Interest Entities

In January 2003, the FASB issued FASB Interpretation No. 46 (“FIN46”), “Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51” which was subsequently revised in December, 2003. 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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

(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.

Gateway holds variable interests in 141 VIEs, which consist of Project Partnerships, of which Gateway is not the primary beneficiary. Five of Gateway's Project Partnership investments were determined not to be VIEs. Gateway's maximum exposure to loss as a result of its involvement with unconsolidated VIEs is limited to Gateway's recorded investments in and receivables from those VIEs, which is approximately $523,915 at March 31, 2006. 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.

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.

Concentration 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

Gateway applies 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. Government Security Strips) until maturity and to use these reserves to fund Gateway's ongoing operations. Interest income is recognized ratably on the U. S. Government 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.

Reclassifications

For comparability, certain 2005 and 2004 balances have been reclassified, where appropriate, to conform with the fiscal year 2006 financial statement presentation.

NOTE 3 - INVESTMENT IN SECURITIES:

The March 31, 2006 Balance Sheet includes Investment in Securities consisting of U.S. Government Security Strips which represents their cost, plus accreted interest income of $44,564 for Series 2, $39,639 for Series 3, $50,218 for Series 4, $62,591 for Series 5 and $49,854 for Series 6. For convenience, the Investment in Securities are commonly held in a brokerage account with Raymond James and Associates, Inc. A separate accounting is maintained for each series' share of the investments.

| | Estimated Market Value | Cost Plus Accreted Interest | Gross Unrealized Gains and (Losses) |
|---|---|---|---|
| Series 2 | $ 66,183 | $ 66,276 | $ (93) |
| Series 3 | 58,849 | 58,952 | (103) |
| Series 4 | 74,585 | 74,685 | (100) |
| Series 5 | 92,932 | 93,086 | (154) |
| Series 6 | 79,678 | 78,370 | 1,308 |

As of March 31, 2006, the cost and accreted interest of debt securities by contractual maturities is as follows:

| | Series 2 | Series 3 | Series 4 |
|---|---|---|---|
| Due within 1 year | $ 66,276 | $ 58,952 | $ 74,685 |
| After 1 year through 5 years | 0 | 0 | 0 |
| Total Amount Carried on Balance Sheet | $ 66,276 | $ 58,952 | $ 74,685 |

| | Series 5 | Series 6 | Total |
|---|---|---|---|
| Due within 1 year | $ 93,086 | $ 78,370 | $ 371,369 |
| After 1 year through 5 years | 0 | 0 | 0 |
| Total Amount Carried on Balance Sheet | $ 93,086 | $ 78,370 | $ 371,369 |

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.

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued):

For the years ended March 31, 2006, 2005 and 2004 the General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses incurred by Gateway as follows:

Asset Management Fee - The Managing General Partner is entitled to be paid an annual asset management fee equal to 0.25% 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.

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Series 2 | $ 67,609 | $ 67,609 | $ 67,822 |
| Series 3 | 62,716 | 62,717 | 63,022 |
| Series 4 | 77,205 | 77,205 | 77,448 |
| Series 5 | 92,722 | 92,722 | 95,180 |
| Series 6 | 101,592 | 104,509 | 104,953 |
| Total | $ 401,844 | $ 404,762 | $ 408,425 |

General and Administrative Expenses - The Managing General Partner is reimbursed for general and administrative expenses of Gateway on an accountable basis. This expense is included in the Statements of Operations.

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Series 2 | $ 47,681 | $ 32,074 | $ 32,065 |
| Series 3 | 49,848 | 33,531 | 33,523 |
| Series 4 | 62,853 | 42,279 | 42,266 |
| Series 5 | 77,443 | 52,484 | 52,470 |
| Series 6 | 81,777 | 55,400 | 55,384 |
| Total | $319,602 | $215,768 | $215,708 |

Total unpaid asset management fees and administrative expenses payable to the General Partners, which are included on the Balance Sheet as of March 31, 2006 and 2005 are as follows:

| | March 31, 2006 | March 31, 2005 |
|---|---|---|
| Series 2 | $ 647,557 | $ 576,689 |
| Series 3 | 546,061 | 479,749 |
| Series 4 | 706,659 | 624,704 |
| Series 5 | 589,347 | 491,645 |
| Series 6 | 912,027 | 805,043 |
| Total | $3,401,651 | $2,977,830 |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

SERIES 2

As of March 31, 2006, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 22 Project Partnerships 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 as of:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 4,524,678 | $ 4,524,678 |
| Cumulative equity in losses of Project Partnerships (1) | (4,742,761) | (4,710,669) |
| Cumulative distributions received from Project Partnerships | (87,605) | (86,005) |
| Investment in Project Partnerships before Adjustment | (305,688) | (271,996) |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 390,838 | 390,838 |
| Accumulated amortization of acquisition fees and expenses | (85,150) | (84,451) |
| Investments in Project Partnerships | $ 0 | $ 34,391 |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $5,632,737 for the year ended March 31, 2006 and cumulative suspended losses of $5,027,429 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 3

As of March 31, 2006, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 23 Project Partnerships 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 as of:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 3,888,713 | $ 3,888,713 |
| Cumulative equity in losses of Project Partnerships (1) | (4,133,478) | (4,133,478) |
| Cumulative distributions received from Project Partnerships | (164,417) | (164,417) |
| Investment in Project Partnerships before Adjustment | (409,182) | (409,182) |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 491,746 | 491,746 |
| Accumulated amortization of acquisition fees and expenses | (82,564) | (82,564) |
| Investments in Project Partnerships | $ 0 | $ 0 |

(1) In accordance with the Partnership’s accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $6,446,347 for the year ended March 31, 2006 and cumulative suspended losses of $5,850,760 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 4

As of March 31, 2006, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 29 Project Partnerships 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 as of:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 4,952,519 | $ 4,952,519 |
| Cumulative equity in losses of Project Partnerships (1) | (5,268,905) | (5,268,905) |
| Cumulative distributions received from Project Partnerships | (124,819) | (124,819) |
| Investment in Project Partnerships before Adjustment | (441,205) | (441,205) |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 562,967 | 562,967 |
| Accumulated amortization of acquisition fees and expenses | (121,762) | (121,762) |
| Investments in Project Partnerships | $ 0 | $ 0 |

1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $5,604,678 for the year ended March 31, 2006 and cumulative suspended losses of $4,920,242 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 5

As of March 31, 2006, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 35 Project Partnerships 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 as of:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 6,010,273 | $ 6,010,273 |
| Cumulative equity in losses of Project Partnerships (1) | (6,127,206) | (6,104,694) |
| Cumulative distributions received from Project Partnerships | (199,089) | (196,610) |
| Investment in Project Partnerships before Adjustment | (316,022) | (291,031) |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 632,419 | 632,419 |
| Accumulated amortization of acquisition fees and expenses | (164,767) | (138,983) |
| Investments in Project Partnerships | $ 151,630 | $ 202,405 |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $6,332,840 for the year ended March 31, 2006 and cumulative suspended losses of $5,631,211 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 6

As of March 31, 2006, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 37 Project Partnerships 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 as of:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 7,250,034 | $ 7,462,215 |
| Cumulative equity in losses of Project Partnerships (1) | (6,845,853) | (7,044,277) |
| Cumulative distributions received from Project Partnerships | (218,311) | (219,390) |
| Investment in Project Partnerships before Adjustment | 185,870 | 198,548 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 768,912 | 785,179 |
| Accumulated amortization of acquisition fees and expenses | (239,256) | (202,580) |
| Impairment of Investment in Project Partnerships | (343,241) | 0 |
| Investments in Project Partnerships | $ 372,285 | $ 781,147 |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $4,294,234 for the year ended March 31, 2006 and cumulative suspended losses of $3,911,618 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

TOTAL SERIES 2 - 6

The following is a summary of Investments in Project Partnerships:

| | MARCH 31, 2006 | MARCH 31, 2005 |
|---|---|---|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | $ 26,626,217 | $ 26,838,398 |
| Cumulative equity in losses of Project Partnerships (1) | (27,118,203) | (27,262,023) |
| Cumulative distributions received from Project Partnerships | (794,241) | (791,241) |
| Investment in Project Partnerships before Adjustment | (1,286,227) | (1,214,866) |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 2,846,882 | 2,863,149 |
| Accumulated amortization of acquisition fees and expenses | (693,499) | (630,340) |
| Impairment of Investment in Project Partnerships | (343,241) | 0 |
| Investments in Project Partnerships | $ 523,915 | $ 1,017,943 |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| | DECEMBER 31, | | |
|---|---|---|---|
| SERIES 2 | 2005 | 2004 | 2003 |
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 2,097,770 | $ 1,968,967 | $ 1,968,746 |
| Investment properties, net | 14,995,365 | 15,779,910 | 16,592,073 |
| Other assets | 770 | 770 | 12,876 |
| Total assets | $17,093,905 | $17,749,647 | $18,573,695 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 583,236 | $ 483,214 | $ 503,026 |
| Long-term debt | 22,653,237 | 22,746,522 | 22,832,568 |
| Total liabilities | 23,236,473 | 23,229,736 | 23,335,594 |
| Partners' equity | | | |
| Limited Partner | (5,999,431) | (5,354,226) | (4,660,463) |
| General Partners | (143,137) | (125,863) | (101,436) |
| Total Partners' equity | (6,142,568) | (5,480,089) | (4,761,899) |
| Total liabilities and partners' equity | $17,093,905 | $17,749,647 | $18,573,695 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 4,432,488 | $ 4,270,346 | $ 4,224,657 |
| Expenses: | | | |
| Operating expenses | 2,194,634 | 2,079,978 | 2,102,111 |
| Interest expense | 2,006,234 | 2,007,179 | 2,011,686 |
| Depreciation and amortization | 875,459 | 869,716 | 865,601 |
| Total expenses | 5,076,327 | 4,956,873 | 4,979,398 |
| Net loss | $ (643,839) | $ (686,527) | $ (754,741) |
| Other partners' share of net loss | $ (6,439) | $ (6,865) | $ (7,547) |
| Partnership's share of net loss | $ (637,400) | $ (679,662) | $ (747,194) |
| Suspended losses | 605,308 | 668,751 | 738,710 |
| Equity in Losses of Project Partnerships | $ (32,092) | $ (10,911) | $ (8,484) |

As of December 31, 2005, the largest Project Partnership constituted 12.2% and 14.0%, and as of December 31, 2004 the largest Project Partnership constituted 12.0% and 13.7% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| SERIES 3 | DECEMBER 31, 2005 | 2004 | 2003 |
|---|---|---|---|
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 2,653,096 | $ 2,560,603 | $ 2,528,204 |
| Investment properties, net | 12,036,053 | 12,872,999 | 13,784,914 |
| Other assets | 158,818 | 166,839 | 175,280 |
| Total assets | $14,847,967 | $15,600,441 | $16,488,398 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 498,630 | $ 508,518 | $ 482,162 |
| Long-term debt | 21,307,645 | 21,412,108 | 21,535,458 |
| Total liabilities | 21,806,275 | 21,920,626 | 22,017,620 |
| Partners' equity | | | |
| Limited Partner | (7,286,069) | (6,676,166) | (5,924,969) |
| General Partners | 327,761 | 355,981 | 395,747 |
| Total Partners' equity | (6,958,308) | (6,320,185) | (5,529,222) |
| Total liabilities and partners' equity | $14,847,967 | $15,600,441 | $16,488,398 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 4,412,036 | $ 4,301,073 | $ 4,123,334 |
| Expenses: | | | |
| Operating expenses | 2,094,632 | 2,100,539 | 1,961,831 |
| Interest expense | 1,957,438 | 1,967,487 | 1,894,630 |
| Depreciation and amortization | 965,926 | 973,367 | 983,259 |
| Total expenses | 5,017,996 | 5,041,393 | 4,839,720 |
| Net loss | $ (605,960) | $ (740,320) | $ (716,386) |
| Other partners' share of net loss | $ (10,373) | $ (12,676) | $ (11,723) |
| Partnership's share of net loss | $ (595,587) | $ (727,644) | $ (704,663) |
| Suspended losses | 595,587 | 727,644 | 699,526 |
| Equity in Losses of Project Partnerships | $ 0 | $ 0 | $ (5,137) |

As of December 31, 2005, the largest Project Partnership constituted 8.7% and 6.7%, and as of December 31, 2004 the largest Project Partnership constituted 8.5% and 6.4% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| SERIES 4 | DECEMBER 31, 2005 | 2004 | 2003 |
|---|---|---|---|
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 2,373,954 | $ 2,310,917 | $ 2,246,924 |
| Investment properties, net | 19,168,917 | 20,049,998 | 21,023,533 |
| Other assets | 34,344 | 33,120 | 20,390 |
| Total assets | $21,577,215 | $22,394,035 | $23,290,847 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 970,492 | $ 910,446 | $ 864,424 |
| Long-term debt | 26,080,239 | 26,191,312 | 26,289,686 |
| Total liabilities | 27,050,731 | 27,101,758 | 27,154,110 |
| Partners' equity | | | |
| Limited Partner | (6,140,112) | (5,435,023) | (4,611,405) |
| General Partners | 666,596 | 727,300 | 748,142 |
| Total Partners' equity | (5,473,516) | (4,707,723) | (3,863,263) |
| Total liabilities and partners' equity | $21,577,215 | $22,394,035 | $23,290,847 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 5,161,594 | $ 4,938,004 | $ 4,832,351 |
| Expenses: | | | |
| Operating expenses | 2,637,778 | 2,576,638 | 2,432,823 |
| Interest expense | 2,189,427 | 2,138,281 | 2,096,318 |
| Depreciation and amortization | 1,044,298 | 1,045,249 | 1,045,416 |
| Total expenses | 5,871,503 | 5,760,168 | 5,574,557 |
| Net loss | $ (709,909) | $ (822,164) | $ (742,206) |
| Other partners' share of net loss | $ (25,473) | $ (15,617) | $ (9,779) |
| Partnership's share of net loss | $ (684,436) | $ (806,547) | $ (732,427) |
| Suspended losses | 684,436 | 806,547 | 723,664 |
| Equity in Losses of Project Partnerships | $ 0 | $ 0 | $ (8,763) |

As of December 31, 2005, the largest Project Partnership constituted 7.8% and 5.8%, and as of December 31, 2004 the largest Project Partnership constituted 7.8% and 5.8% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| | | DECEMBER 31, | |
|---|---|---|---|
| SERIES 5 | 2005 | 2004 | 2003 |
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 3,285,139 | $ 3,075,902 | $ 3,058,047 |
| Investment properties, net | 21,704,303 | 22,749,373 | 24,492,694 |
| Other assets | 4,245 | 51,964 | 2,286 |
| Total assets | $24,993,687 | $25,877,239 | $27,553,027 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 779,213 | $ 736,200 | $ 807,429 |
| Long-term debt | 31,256,580 | 31,392,413 | 32,229,915 |
| Total liabilities | 32,035,793 | 32,128,613 | 33,037,344 |
| Partners' equity | | | |
| Limited Partner | (6,681,292) | (5,930,379) | (5,197,812) |
| General Partners | (360,814) | (320,995) | (286,505) |
| Total Partners' equity | (7,042,106) | (6,251,374) | (5,484,317) |
| Total liabilities and partners' equity | $24,993,687 | $25,877,239 | $27,553,027 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 6,113,199 | $ 5,792,482 | $ 5,575,579 |
| Total Income | 6,113,199 | 5,792,482 | 5,575,579 |
| Expenses: | | | |
| Operating expenses | 3,049,363 | 3,096,406 | 3,119,514 |
| Interest expense | 2,591,786 | 2,229,541 | 2,250,016 |
| Depreciation and amortization | 1,203,506 | 1,247,246 | 1,276,928 |
| Total expenses | 6,844,655 | 6,573,193 | 6,646,458 |
| Net loss | $ (731,456) | $ (780,711) | $(1,070,879) |
| Other partners' share of net loss | $ (7,315) | $ (7,807) | $ (10,709) |
| Partnership's share of net loss | $ (724,141) | $ (772,904) | $(1,060,170) |
| Suspended losses | 701,629 | 746,794 | 926,465 |
| Equity in Losses of Project Partnerships | $ (22,512) | $ (26,110) | $ (133,705) |

As of December 31, 2005, the largest Project Partnership constituted 8.5% and 8.0%, and as of December 31, 2004 the largest Project Partnership constituted 8.3% and 8.0% of the combined total assets by series and combined total revenues by series, respectively.

One of the Project Partnerships, Highland View, LP, sold its property in December 2004. The sale of the property resulted in a gain allocated to Gateway of $161,888. Gateway received sale proceeds totaling $157,127, which was distributed to the Limited Partners at $18.24 per limited partnership unit during fiscal year 2006.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| SERIES 6 | DECEMBER 31, 2005 | 2004 | 2003 |
|---|---|---|---|
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 4,214,285 | $ 4,075,629 | $ 3,748,484 |
| Investment properties, net | 25,343,325 | 27,082,558 | 28,314,923 |
| Other assets | 5,642 | 3,934 | 17,884 |
| Total assets | $29,563,252 | $31,162,121 | $32,081,291 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 759,168 | $ 760,481 | $ 733,479 |
| Long-term debt | 33,537,501 | 34,688,448 | 34,867,631 |
| Total liabilities | 34,296,669 | 35,448,929 | 35,601,110 |
| Partners' equity | | | |
| Limited Partner | (4,222,518) | (3,799,474) | (3,085,785) |
| General Partners | (510,899) | (487,334) | (434,034) |
| Total Partners' equity | (4,733,417) | (4,286,808) | (3,519,819) |
| Total liabilities and partners' equity | $29,563,252 | $31,162,121 | $32,081,291 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 6,612,944 | $ 6,536,265 | $ 6,361,139 |
| Expenses: | | | |
| Operating expenses | 3,195,528 | 3,184,179 | 3,026,245 |
| Interest expense | 2,722,033 | 2,666,928 | 2,684,574 |
| Depreciation and amortization | 1,293,203 | 1,367,028 | 1,357,379 |
| Total expenses | 7,210,764 | 7,218,135 | 7,068,198 |
| Net loss | $ (597,820) | $ (681,870) | $ (707,059) |
| Other partners' share of net loss | $ (6,863) | $ (8,157) | $ (8,150) |
| Partnership's share of net loss | $ (590,957) | $ (673,713) | $ (698,909) |
| Suspended losses | 565,258 | 608,477 | 550,411 |
| Equity in Losses of Project Partnerships | $ (25,699) | $ (65,236) | $ (148,498) |

As of December 31, 2005, the largest Project Partnership constituted 6.6% and 6.9%, and as of December 31, 2004 the largest Project Partnership constituted 6.4% and 6.5% of the combined total assets by series and combined total revenues by series, respectively.

One of the Project Partnerships, Mountain Crest, L.P. sold its property during August 2005. Gateway received sale proceeds totaling $225,574 which were distributed to the Limited Partners, less $1,500 in legal expenses, at $22.17 per limited partnership unit during the quarter ended December 31, 2005. The remaining $46 of this distribution is shown as a Distribution Payable on the Balance Sheet. As disclosed on the Statement of Operations, Gateway recognized a gain on this sale of $224,074, based on the total sale proceeds, less legal expenses, and the net investment value of the sold property.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| TOTAL SERIES 2 – 6 | DECEMBER 31, 2005 | 2004 | 2003 |
|---|---|---|---|
| SUMMARIZED BALANCE SHEETS | | | |
| Assets: | | | |
| Current assets | $ 14,624,244 | $ 13,992,018 | $ 13,550,405 |
| Investment properties, net | 93,247,963 | 98,534,838 | 104,208,137 |
| Other assets | 203,819 | 256,627 | 228,716 |
| Total assets | $108,076,026 | $112,783,483 | $117,987,258 |
| Liabilities and Partners' Equity: | | | |
| Current liabilities | $ 3,590,739 | $ 3,398,859 | $ 3,390,520 |
| Long-term debt | 134,835,202 | 136,430,803 | 137,755,258 |
| Total liabilities | 138,425,941 | 139,829,662 | 141,145,778 |
| Partners' equity | | | |
| Limited Partner | (30,329,422) | (27,195,268) | (23,480,434) |
| General Partners | (20,493) | 149,089 | 321,914 |
| Total Partners' equity | (30,349,915) | (27,046,179) | (23,158,520) |
| Total liabilities and partners' equity | $108,076,026 | $112,783,483 | $117,987,258 |
| SUMMARIZED STATEMENTS OF OPERATIONS | | | |
| Rental and other income | $ 26,732,261 | $ 25,838,170 | $ 25,117,060 |
| Total Income | 26,732,261 | 25,838,170 | 25,117,060 |
| Expenses: | | | |
| Operating expenses | 13,171,935 | 13,037,740 | 12,642,524 |
| Interest expense | 11,466,918 | 11,009,416 | 10,937,224 |
| Depreciation and amortization | 5,382,392 | 5,502,606 | 5,528,583 |
| Total expenses | 30,021,245 | 29,549,762 | 29,108,331 |
| Net loss | $ (3,288,984) | $ (3,711,952) | $ (3,991,271) |
| Other partners' share of net loss | $ (56,463) | $ (51,122) | $ (47,908) |
| Partnership's share of net loss | $ (3,232,521) | $ (3,660,470) | $ (3,943,363) |
| Suspended losses | 3,152,218 | 3,558,213 | 3,638,776 |
| Equity in Income (Losses) of Project Partnerships | $ (80,303) | $ (102,257) | $ (304,587) |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS(continued):

The Partnership's equity by Series as reflected by the Project Partnerships differs from the Partnership's Investments in Project Partnerships before acquisition fees and expenses and amortization by Series primarily because of suspended losses on the Partnerships books and differences in the accounting treatment of miscellaneous items.

By Series these differences are as follows:

| | Equity Per Project Partnership | Equity Per Partnership |
|---|---|---|
| Series 2 | $(5,999,431) | $ (305,688) |
| Series 3 | (7,286,069) | (409,182) |
| Series 4 | (6,140,112) | (441,205) |
| Series 5 | (6,681,292) | (316,022) |
| Series 6 | (4,222,518) | 185,870 |

NOTE 6 - TAXABLE INCOME (LOSS):

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

| SERIES 2 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Loss per Financial Statements | $ (156,399) | $ (97,520) | $ (92,200) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (693,743) | (797,850) | (856,310) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 19,019 | 1,376 | 8,988 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 67,448 | 53,428 | 12,850 |
| Amortization Expense | 699 | 696 | 696 |
| Other Adjustments | (10,999) | (14,217) | (18,415) |
| Partnership loss for tax purposes as of December 31 | $ (773,975) | $ (854,087) | $ (944,391) |

| | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|---|---|---|---|
| Federal Low Income Housing Tax Credits (Unaudited) | $ 892 | $ 892 | $ 892 |

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 0 | $(7,286,137) | $ 7,286,137 |
| Other Assets | $ 316,805 | $ 1,060,927 | $ (744,122) |
| Liabilities | $ 655,587 | $ 5,291 | $ 650,296 |

NOTE 6 - TAXABLE INCOME (LOSS)(Continued):

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

| SERIES 3 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Loss per Financial Statements | $ (108,278) | $ (77,647) | $ (77,243) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (664,379) | (752,598) | (762,553) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 16,892 | 2,140 | 18,639 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 62,486 | 67,931 | 17,077 |
| Amortization Expense | 0 | 129 | 63 |
| Other Adjustments | (24,829) | (20,866) | (37,484) |
| Partnership loss for tax purposes as of December 31 | $ (718,108) | $ (780,911) | $ (841,501) |

| | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|---|---|---|---|
| Federal Low Income Housing Tax Credits (Unaudited) | $ 0 | $ 0 | $ 941 |

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 0 | $(6,788,293) | $6,788,293 |
| Other Assets | $ 294,987 | $ 960,008 | $ (665,021) |
| Liabilities | $ 553,361 | $ 5,545 | $ 547,816 |

NOTE 6 - TAXABLE INCOME (LOSS)(Continued):

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

| SERIES 4 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Loss per Financial Statements | $ (138,304) | $ (102,967) | $ (98,159) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (947,123) | (907,174) | (825,899) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 15,734 | (971) | 18,236 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 77,022 | 79,874 | 37,611 |
| Amortization Expense | 0 | (256) | (802) |
| Other Adjustments | (17,244) | (14,332) | (40,257) |
| Partnership loss for tax purposes as of December 31 | $(1,009,915) | $ (945,826) | $ (909,270) |

| | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|---|---|---|---|
| Federal Low Income Housing Tax Credits (Unaudited) | $ 8,516 | $ 1,484 | $ 8,520 |

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 0 | $(8,178,201) | $ 8,178,201 |
| Other Assets | $ 396,889 | $ 1,236,717 | $ (839,828) |
| Liabilities | $ 714,689 | $ 6,749 | $ 707,940 |

NOTE 6 - TAXABLE INCOME (LOSS)(Continued):

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

| SERIES 5 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Income (Loss) per Financial Statements | $ (208,790) | $ 15,153 | $ (265,039) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (854,948) | (948,134) | (996,157) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 44,499 | (7,065) | 20,717 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 90,877 | (58,836) | 19,420 |
| Amortization Expense | 85 | 4,380 | 4,576 |
| Other Adjustments | (26,566) | (46,206) | (34,151) |
| Partnership loss for tax purposes as of December 31 | $ (954,843) | $(1,040,708) | $(1,250,634) |

| | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|---|---|---|---|
| Federal Low Income Housing Tax Credits (Unaudited) | $ 0 | $ 20,278 | $ 75,409 |

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 151,630 | $(8,125,436) | $ 8,277,066 |
| Other Assets | $ 356,437 | $ 1,404,939 | $(1,048,502) |
| Liabilities | $ 592,997 | $ 8,250 | $ 584,747 |

NOTE 6 - TAXABLE INCOME (LOSS)(Continued):

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

| SERIES 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Loss per Financial Statements | $ (342,258) | $ (198,709) | $ (294,767) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (626,405) | (849,870) | (788,055) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 385,232 | 3,894 | 12,119 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 103,448 | 111,482 | 34,124 |
| Amortization Expense | 3,954 | 8,034 | 8,478 |
| Other Adjustments | (23,282) | (36,754) | (28,421) |
| Partnership loss for tax purposes as of December 31 | $ (499,311) | $ (961,923) | $(1,056,522) |

| | December 31, 2005 | December 31, 2004 | December 31, 2003 |
|---|---|---|---|
| Federal Low Income Housing Tax Credits (Unaudited) | $ 0 | $ 38,926 | $ 154,714 |

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 372,285 | $(6,546,099) | $ 6,918,384 |
| Other Assets | $ 541,950 | $ 1,740,762 | $(1,198,812) |
| Liabilities | $ 912,073 | $ 9,072 | $ 903,001 |

NOTE 6 - TAXABLE INCOME (LOSS)(Continued):

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

| TOTAL SERIES 2 - 6 | 2006 | 2005 | 2004 |
|---|---|---|---|
| Net Loss per Financial Statements | $ (954,029) | $ (461,690) | $ (827,408) |
| Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes | (3,786,598) | (4,255,626) | (4,228,974) |
| Adjustments to convert March 31, fiscal year end to December 31, taxable year end | 481,376 | (626) | 78,699 |
| Items Expensed for Financial Statement purposes not expensed for Tax purposes: | | | |
| Asset Management Fee | 401,281 | 253,879 | 121,082 |
| Amortization Expense | 4,738 | 12,983 | 13,011 |
| Other Adjustments | (102,920) | (132,375) | (158,728) |
| Partnership loss for tax purposes as of December 31 | $(3,956,152) | $(4,583,455) | $(5,002,318) |

The difference in the total value of the Partnership’s Investment in Project Partnerships is approximately $7,286,137 higher for Series 2, $6,788,293 higher for Series 3, $8,178,201 higher for Series 4, $8,277,066 higher for Series 5 and $6,918,384 higher for Series 6 for financial reporting purposes than for tax return purposes because (i) there were depreciation differences between financial reporting purposes and tax return purposes and (ii) certain expenses are not deductible 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, 2006 are as follows:

| | Financial Reporting Purposes | Tax Reporting Purposes | Differences |
|---|---|---|---|
| Investments in Local Limited Partnerships | $ 523,915 | $(36,924,166) | $37,448,081 |
| Other Assets | $1,907,068 | $ 6,403,353 | $(4,496,285) |
| Liabilities | $3,428,707 | $ 34,907 | $ 3,393,800 |

NOTE 7 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

| Series 2 Year 2006 | Quarter 1 6/30/2005 | Quarter 2 9/30/2005 | Quarter 3 12/31/2005 | Quarter 4 3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 2,250 | $ 1,237 | $ 1,221 | $ 2,555 |
| Net Income (Loss) | $ (33,601) | $ (39,394) | $ (30,846) | $ (52,558) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (5.42) | $ (6.36) | $ (4.98) | $ (8.48) |

| Series 3 Year 2006 | Quarter 1 6/30/2005 | Quarter 2 9/30/2005 | Quarter 3 12/31/2005 | Quarter 4 3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 12,398 | $ 4,618 | $ 3,414 | $ 2,431 |
| Net Income (Loss) | $ (14,283) | $ (33,117) | $ (24,237) | $ (36,641) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (2.59) | $ (6.01) | $ (4.40) | $ (6.65) |

| Series 4 Year 2006 | Quarter 1 6/30/2005 | Quarter 2 9/30/2005 | Quarter 3 12/31/2005 | Quarter 4 3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 5,113 | $ 7,587 | $ 884 | $ 4,889 |
| Net Income (Loss) | $ (26,707) | $ (36,676) | $ (33,089) | $ (41,832) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.82) | $ (5.25) | $ (4.74) | $ (5.99) |

NOTE 7 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued):

| Series 5<br>Year 2006 | Quarter 1<br>6/30/2005 | Quarter 2<br>9/30/2005 | Quarter 3<br>12/31/2005 | Quarter 4<br>3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 11,176 | $ 4,805 | $ 1,654 | $ 5,184 |
| Net Income (Loss) | $ (31,297) | $ (44,906) | $ (43,496) | $ (89,091) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.60) | $ (5.16) | $ (5.00) | $ (10.24) |

| Series 6<br>Year 2006 | Quarter 1<br>6/30/2005 | Quarter 2<br>9/30/2005 | Quarter 3<br>12/31/2005 | Quarter 4<br>3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 10,190 | $ 4,677 | $ 3,503 | $ 7,984 |
| Net Income (Loss) | $ (36,442) | $ (43,655) | $ 172,237 | $(434,398) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.57) | $ (4.28) | $ 8.75 | $ (42.99) |

| Series 2 - 6<br>Year 2006 | Quarter 1<br>6/30/2005 | Quarter 2<br>9/30/2005 | Quarter 3<br>12/31/2005 | Quarter 4<br>3/31/2006 |
|---|---|---|---|---|
| Total Revenues | $ 41,127 | $ 22,924 | $ 10,676 | $ 23,043 |
| Net Income (Loss) | $(142,330) | $(197,748) | $ 40,569 | $(654,520) |

NOTE 7 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued):

| Series 2 Year 2005 | Quarter 1 6/30/2004 | Quarter 2 9/30/2004 | Quarter 3 12/31/2004 | Quarter 4 3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 3,945 | $ 0 | $ 3,702 | $ 6,291 |
| Net Income (Loss) | $ (23,076) | $ (41,293) | $ (28,733) | $ (4,418) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.72) | $ (6.66) | $ (4.64) | $ (.71) |

| Series 3 Year 2005 | Quarter 1 6/30/2004 | Quarter 2 9/30/2004 | Quarter 3 12/31/2004 | Quarter 4 3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 9,002 | $ 0 | $ 5,380 | $ 4,399 |
| Net Income (Loss) | $ (12,843) | $ (27,395) | $ (17,660) | $ (19,749) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (2.33) | $ (4.97) | $ (3.21) | $ (3.58) |

| Series 4 Year 2005 | Quarter 1 6/30/2004 | Quarter 2 9/30/2004 | Quarter 3 12/31/2004 | Quarter 4 3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 4,944 | $ 5,693 | $ 1,884 | $ 3,660 |
| Net Income (Loss) | $ (22,017) | $ (28,145) | $ (26,708) | $ (26,097) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.15) | $ (4.03) | $ (3.82) | $ (3.74) |

NOTE 7 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued):

| Series 5<br>Year 2005 | Quarter 1<br>6/30/2004 | Quarter 2<br>9/30/2004 | Quarter 3<br>12/31/2004 | Quarter 4<br>3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 7,658 | $ 8,902 | $ 2,172 | $ 8,931 |
| Net Income (Loss) | $ (34,298) | $ (39,929) | $ (37,000) | $ 126,380 |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (3.94) | $ (4.59) | $ (4.25) | $ 6.07 |

| Series 6<br>Year 2005 | Quarter 1<br>6/30/2004 | Quarter 2<br>9/30/2004 | Quarter 3<br>12/31/2004 | Quarter 4<br>3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 7,557 | $ 9,396 | $ 10,174 | $ 4,912 |
| Net Income (Loss) | $ (49,952) | $ (46,487) | $ (48,996) | $ (53,274) |
| Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding | $ (4.89) | $ (4.55) | $ (4.81) | $ (5.22) |

| Series 2 - 6<br>Year 2005 | Quarter 1<br>6/30/2004 | Quarter 2<br>9/30/2004 | Quarter 3<br>12/31/2004 | Quarter 4<br>3/31/2005 |
|---|---|---|---|---|
| Total Revenues | $ 33,106 | $ 23,991 | $ 23,312 | $ 28,193 |
| Net Income (Loss) | $(142,186) | $(183,249) | $(159,097) | $ 22,842 |

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

To the Partners
Meadowcrest Apartments Ltd.
Luverne, Alabama

We have audited the accompanying balance sheets of Meadowcrest Apartments, Ltd., 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 the audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The partnership has determined that it 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 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 Meadowcrest 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.

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 and 11 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 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountants
Gadsden, Alabama
February 27, 2005

Donald W. Causey & Associates, P.C.
516 Walnut Street - P.O. Box 775
Gadsden, AL 35902
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## INDEPENDENT AUDITORS' REPORT

To the Partners
Sylacauga Heritage Apartments Ltd.
Sylacauga, Alabama

We have audited the accompanying balance sheets of Sylacauga Heritage Apartments, Ltd., 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 the audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The partnership has determined that it 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 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 Heritage 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.

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 and 11 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 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountants
Gadsden, Alabama
February 10, 2005

Donald W. Causey & Associates, P.C.
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Gadsden, AL 35902
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## INDEPENDENT AUDITORS' REPORT

To the Partners
Lakeshore Apartments Ltd.
Tuskegee, Alabama

We have audited the accompanying balance sheets of Lakeshore Apartments, Ltd., 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 the audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The partnership has determined that it 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 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 Lakeshore 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.

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 and 11 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 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountants
Gadsden, Alabama
February 27, 2005

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

## INDEPENDENT AUDITORS' REPORT

To the Partners
Countrywood Apartments Ltd.
Centerville, Alabama

We have audited the accompanying balance sheets of Countrywood Apartments, Ltd., 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 the audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The partnership has determined that it 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 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 Countrywood 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.

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 and 11 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 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountant
Gadsden, Alabama
February 24, 2005

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

## INDEPENDENT AUDITORS' REPORT

To the Partners
Wildwood Apartments Ltd.
Pineville, Louisiana

We have audited the accompanying balance sheets of Wildwood Apartments, Ltd., 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 the audits in accordance with the standards of the Public Company Accounting Oversight Board (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. The partnership has determined that it 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 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 Wildwood 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.

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 and 11 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 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountants
Gadsden, Alabama
February 24, 2005

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

On or about January 3, 2006, Spence, Marston, Bunch, Morris & Co., Certified Public Accountants, P.C. ("SMBM") resigned as the principal independent accountant of Gateway. As explained to the Registrant by SMBM, the Registrant and its two affiliated funds were the only clients of SMBM required to file reports as a public company under the Securities Exchange Act of 1934. SMBM decided to resign due to the economic unfeasibility of providing auditing services to a small number of public company clients.

During the years ended March 31, 2005 and March 31, 2004, and the subsequent interim periods through January 3, 2006, there were no disagreements with SMBM on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of SMBM, would have caused them to make reference to the subject matter of the disagreement in connection with their report. In addition, none of the reportable events listed in Item 304(a)(1)(v) of Regulation S-K occurred with respect to the Registrant during the Registrant's two most recent fiscal years and the subsequent interim periods preceding the resignation of SMBM.

The audit reports of SMBM on the financial statements of the Registrant for the two most recent fiscal years ended March 31, 2005 and March 31, 2004 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

On January 11, 2006, Gateway engaged the firm of Reznick Group, P.C. (“Reznick”) as its independent registered public accounting firm. The engagement was authorized by Gateway’s audit committee. From January 1, 2004 to such date of engagement, neither Gateway nor anyone on behalf of Gateway consulted with Reznick regarding any matter requiring disclosure under Item 304(a)(2) of Regulation S-K.

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 chief executive and chief financial officers of the partnerhip’s Managing General Partner, 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.

Item 9B. Other Information

None.

## 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 the directors of the Managing General Partner are as follows:

Ronald M. Diner, age 62, 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 MBA degree from Columbia University (1968) and a BS 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, age 50, 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, 2006.

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 15 to 18 of the Prospectus under the caption "Management Compensation", which is incorporated herein by reference.

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.

For the years ended March 31, 2006, 2005 and 2004 the General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses incurred by Gateway as follows:

Asset Management Fee - The Managing General Partner is entitled to be paid an annual asset management fee equal to 0.25% 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.

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Series 2 | $ 67,609 | $ 67,609 | $ 67,822 |
| Series 3 | 62,716 | 62,717 | 63,022 |
| Series 4 | 77,205 | 77,205 | 77,448 |
| Series 5 | 92,722 | 92,722 | 95,180 |
| Series 6 | 101,592 | 104,509 | 104,953 |
| Total | $ 401,844 | $ 404,762 | $ 408,425 |

General and Administrative Expenses - The Managing General Partner is reimbursed for general and administrative expenses of Gateway on an accountable basis. This expense is included in the Statements of Operations.

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Series 2 | $ 47,681 | $ 32,074 | $ 32,065 |
| Series 3 | 49,848 | 33,531 | 33,523 |
| Series 4 | 62,853 | 42,279 | 42,266 |
| Series 5 | 77,443 | 52,484 | 52,470 |
| Series 6 | 81,777 | 55,400 | 55,384 |
| Total | $ 319,602 | $ 215,768 | $ 215,708 |

Total unpaid asset management fees and administrative expenses payable to the General Partners, which are included on the Balance Sheet as of March 31, 2006 and 2005 are as follows:

| | March 31, 2006 | March 31, 2005 |
|---|---|---|
| Series 2 | $ 647,557 | $ 576,689 |
| Series 3 | 546,061 | 479,749 |
| Series 4 | 706,659 | 624,704 |
| Series 5 | 589,347 | 491,645 |
| Series 6 | 912,027 | 805,043 |
| Total | $3,401,651 | $2,977,830 |

Item 14. Principal Accounting Fees & Services

The aggregate fees incurred by the Partnership’s principal accounting firm, Reznick Group, P.C., for professional services rendered for the audit of the annual financial statements and review of financial statements included in the Partnership’s quarterly reports on Form 10-Q for the year ended March 31, 2006 was $40,000. The aggregate fees billed by the Partnership’s former principal accounting firm, Spence, Marston, Bunch, Morris and Co., during fiscal year 2006 for review of certain quarterly reports on Form 10-Q was $1,750.

The aggregate fees billed by 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 Partnership’s quarterly reports on form 10-Q for the year ended March 31, 2005 was $24,925.

Tax – During fiscal 2006 and 2005, Spence, Marston, Bunch, Morris and Co. was engaged to prepare the Partnership’s federal tax return, for which they billed $7,000 and $6,500 for 2006 and 2005, respectively.

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 2006, 100% of the audit related and other services and 100% of the tax services 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. 33-31821 and amendments and supplements thereto previously filed with the Securities and Exchange Commission.

(b) Exhibit Listing

| Exhibit Number | Description |
|---|---|
| 3.1 | Certificate of Limited Partnership of Gateway Tax Credit Fund III Ltd.(Filed as an Exhibit to Registration Statement on Form S-11, File No. 33-44238 and incorporated herein by reference.) |
| 4.1 | Limited Partnership Agreement of Gateway Tax Credit Fund III Ltd. (Filed as an Exhibit to Registration Statement on Form S-11, File No. 33-44238 and incorporated herein by reference.) |
| 16 | Letter of Spence, Marston, Bunch, Morris & Co. (Filed as Exhibit 16 to Report on Form 8-K filed January 12, 2006 and incorporated herein by reference.) |
| 23 | The consent of Reznick Group, P.C. (Filed herewith.) |
| 23 | The consent of Spence, Marston, Bunch, Morris & Co. (Filed herewith.) |
| 31.1 | Certification required by Rule 15d-14(a) (Filed herewith.) |
| 31.2 | Certification required by Rule 15d-14(a) (Filed herewith.) |
| 32 | Certification required by Rule 15d-14(b) (Filed herewith.) |

Reports filed on Form 8-K:

Item 4.01 Changes in Registrant’s Certifying Accountant, Form 8-K (Filed January 12, 2006 and incorporated herein by reference.)

Item 4.01 Changes in Registrant’s Certifying Accountant, form 8-K (Filed January 5, 2006 and incorporated herein by reference.)

Item 8.01 Other Events, form 8-K (Filed August 12, 2005 and incorporated herein by reference.)

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 2
Apartment Properties

| Partnership | Location | # of Units | Mortgage Loan Balance |
|---|---|---|---|
| Claxton Elderly | Claxton, GA | 24 | $ 645,543 |
| Deerfield II | Douglas, GA | 24 | 688,182 |
| Hartwell Family | Hartwell, GA | 24 | 691,577 |
| Cherrytree Apts. | Albion, PA | 33 | 1,176,846 |
| Springwood Apts. | Westfield, NY | 32 | 1,228,426 |
| Lakeshore Apts. | Tuskegee, AL | 34 | 1,033,546 |
| Lewiston | Lewiston, NY | 25 | 981,339 |
| Charleston | Charleston, AR | 32 | 826,545 |
| Sallisaw II | Sallisaw, OK | 47 | 1,174,201 |
| Pocola | Pocola, OK | 36 | 968,414 |
| Inverness Club | Inverness, FL | 72 | 2,932,551 |
| Pearson Elderly | Pearson, GA | 25 | 609,336 |
| Richland Elderly | Richland, GA | 34 | 850,775 |
| Lake Park | Lake Park, GA | 48 | 1,457,698 |
| Woodland Terrace | Waynesboro, GA | 30 | 870,724 |
| Mt. Vernon Elderly | Mt. Vernon, GA | 21 | 562,874 |
| Lakeland Elderly | Lakeland, GA | 29 | 764,128 |
| Prairie Apartments | Eagle Butte, SD | 21 | 957,864 |
| Sylacauga Heritage | Sylacauga, AL | 44 | 1,359,399 |
| Manchester Housing | Manchester, GA | 49 | 1,428,157 |
| Durango C.W.W. | Durango, CO | 24 | 1,016,872 |
| Columbus Sr. | Columbus, KS | 16 | 428,240 |
| | | | $ 22,653,237 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 2
Apartment Properties

| | Cost At Acquisition | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Net Improvements Capitalized Subsequent to Acquisition |
| Claxton Elderly | $ 33,400 | $ 766,138 | $ 9,094 |
| Deerfield II | | 820,962 | 0 |
| Hartwell Family | 33,600 | 836,998 | 0 |
| Cherrytree Apts. | 22,700 | 1,376,297 | 27,810 |
| Springwood Apts. | 62,000 | 1,451,283 | 91,227 |
| Lakeshore Apts. | 21,500 | 1,238,749 | 29,255 |
| Lewiston | 28,600 | 1,178,185 | 17,350 |
| Charleston | 38,400 | 1,060,098 | 0 |
| Sallisaw II | 16,000 | 1,480,089 | 0 |
| Pocola | 37,500 | 1,223,370 | 0 |
| Inverness Club | 22,500 | 3,111,565 | 179,759 |
| Pearson Elderly | 205,500 | 767,590 | (1,130) |
| Richland Elderly | 15,000 | 1,027,512 | (1,141) |
| Lake Park | 31,500 | 1,710,725 | (4,183) |
| Woodland Terrace | 88,000 | 1,047,107 | (1,925) |
| Mt. Vernon Elderly | 36,400 | 680,437 | (1,252) |
| Lakeland Elderly | 21,750 | 930,574 | (2,759) |
| Prairie Apartments | 28,000 | 1,150,214 | 147,740 |
| Sylacauga Heritage | 66,500 | 1,648,081 | 68,356 |
| Manchester Housing | 66,080 | 1,746,076 | (462) |
| Durango C.W.W. | 36,000 | 1,123,454 | 99,510 |
| Columbus Sr. | 140,250 | 444,257 | 26,188 |
| | 64,373 | | |
| | $1,115,553 | $26,819,761 | $ 683,437 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 2

| Apartment Properties | Gross Amount At Which Carried At December 31, 2005 | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Total |
| Claxton Elderly | $ 33,400 | $ 775,232 | $ 808,632 |
| Deerfield II | 33,600 | 820,962 | 854,562 |
| Hartwell Family | 22,700 | 836,998 | 859,698 |
| Cherrytree Apts. | 70,041 | 1,396,066 | 1,466,107 |
| Springwood Apts. | 24,017 | 1,539,993 | 1,564,010 |
| Lakeshore Apts. | 28,600 | 1,268,004 | 1,296,604 |
| Lewiston | 38,400 | 1,195,535 | 1,233,935 |
| Charleston | 16,000 | 1,060,098 | 1,076,098 |
| Sallisaw II | 37,500 | 1,480,089 | 1,517,589 |
| Pocola | 22,500 | 1,223,370 | 1,245,870 |
| Inverness Club | 205,500 | 3,291,324 | 3,496,824 |
| Pearson Elderly | 15,000 | 766,460 | 781,460 |
| Richland Elderly | 31,500 | 1,026,371 | 1,057,871 |
| Lake Park | 88,000 | 1,706,542 | 1,794,542 |
| Woodland Terrace | 36,400 | 1,045,182 | 1,081,582 |
| Mt. Vernon Elderly | 21,750 | 679,185 | 700,935 |
| Lakeland Elderly | 28,000 | 927,815 | 955,815 |
| Prairie Apartments | 97,661 | 1,266,793 | 1,364,454 |
| Sylacauga Heritage | 69,475 | 1,713,042 | 1,782,517 |
| Manchester Housing | 36,000 | 1,745,614 | 1,781,614 |
| Durango C.W.W. | 140,250 | 1,222,964 | 1,363,214 |
| Columbus Sr. | 69,607 | 465,211 | 534,818 |
| | $1,165,901 | $27,452,850 | $28,618,751 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 2
Apartment Properties

| Partnership | Accumulated Depreciation | Depreciable Life |
|---|---|---|
| Claxton Elderly | $ 429,321 | 5-27.5 |
| Deerfield II | 460,979 | 5-27.5 |
| Hartwell Family | 472,412 | 5-27.5 |
| Cherrytree Apts. | 543,627 | 5-27.5 |
| Springwood Apts. | 622,649 | 5-40 |
| Lakeshore Apts. | 514,895 | 5-40 |
| Lewiston | 456,700 | 5-40 |
| Charleston | 663,167 | 5-25 |
| Sallisaw II | 904,960 | 5-25 |
| Pocola | 685,889 | 5-27.5 |
| Inverness Club | 1,760,107 | 5-27.5 |
| Pearson Elderly | 395,444 | 5-30 |
| Richland Elderly | 523,938 | 5-30 |
| Lake Park | 906,064 | 5-30 |
| Woodland Terrace | 537,720 | 5-30 |
| Mt. Vernon Elderly | 351,006 | 5-30 |
| Lakeland Elderly | 474,930 | 5-30 |
| Prairie Apartments | 556,921 | 5-40 |
| Sylacauga Heritage | 702,461 | 5-40 |
| Manchester Housing | 881,353 | 5-30 |
| Durango C.W.W. | 483,015 | 5-40 |
| Columbus Sr. | 295,828 | 5-27.5 |
| | $13,623,386 | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 3

| Apartment Properties Partnership | Location | # of Units | Mortgage Loan Balance |
|---|---|---|---|
| Poteau II | Poteau, OK | 52 | $ 1,270,711 |
| Sallisaw | Sallisaw, OK | 52 | 1,287,935 |
| Nowata Properties | Oolagah, OK | 32 | 841,495 |
| Waldron Properties | Waldron, AR | 24 | 626,721 |
| Roland II | Roland, OK | 52 | 1,285,942 |
| Stilwell | Stilwell, OK | 48 | 1,167,959 |
| Birchwood Apts. | Pierre, SD | 24 | 773,447 |
| Hornellsville | Arkport, NY | 24 | 876,030 |
| Sunchase II | Watertown, SD | 41 | 1,184,875 |
| CE McKinley II | Rising Sun, MD | 16 | 564,242 |
| Weston Apartments | Weston, AL | 10 | 268,421 |
| Countrywood Apts. | Centreville, AL | 40 | 1,172,994 |
| Wildwood Apts. | Pineville, LA | 28 | 833,336 |
| Hancock | Hawesville, KY | 12 | 347,546 |
| Hopkins | Madisonville, KY | 24 | 717,902 |
| Elkhart Apts. | Elkhart, TX | 54 | 1,091,444 |
| Bryan Senior | Bryan, OH | 40 | 1,040,409 |
| Brubaker Square | New Carlisle, OH | 38 | 1,093,035 |
| Southwood | Savannah, TN | 44 | 1,460,633 |
| Villa Allegra | Celina, OH | 32 | 873,112 |
| Belmont Senior | Cynthiana, KY | 24 | 741,969 |
| Heritage Villas | Helena, GA | 25 | 665,062 |
| Logansport Seniors | Logansport, LA | 32 | 1,122,425 |
| | | | $21,307,645 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 3
Apartment Properties

| Partnership | Cost At Acquisition: Land | Cost At Acquisition: Buildings, Improvements and Equipment | Net Improvements Capitalized Subsequent to Acquisition |
|---|---|---|---|
| Poteau II | $ 76,827 | $ 1,712,321 | $ 0 |
| Sallisaw | 70,000 | 1,674,103 | 0 |
| Nowata Properties | 45,500 | 1,102,984 | 0 |
| Waldron Properties | 26,000 | 834,273 | 0 |
| Roland II | 70,000 | 1,734,010 | 0 |
| Stilwell | 37,500 | 1,560,201 | 0 |
| Birchwood Apts. | 116,740 | 885,923 | 103,798 |
| Hornellsville | 41,225 | 1,018,523 | 107,317 |
| Sunchase II | 113,115 | 1,198,373 | 161,856 |
| CE McKinley II | 11,762 | 745,635 | 84,671 |
| Weston Apartments | 0 | 339,144 | 8,433 |
| Countrywood Apts. | 55,750 | 1,447,439 | 96,352 |
| Wildwood Apts. | 48,000 | 1,018,897 | 32,545 |
| Hancock | 20,700 | 419,725 | 0 |
| Hopkins | 43,581 | 885,087 | (1,412) |
| Elkhart Apts. | 35,985 | 1,361,096 | 279,434 |
| Bryan Senior | 74,000 | 1,102,728 | 11,564 |
| Brubaker Square | 75,000 | 1,376,075 | 7,941 |
| Southwood | 15,000 | 1,769,334 | 21,248 |
| Villa Allegra | 35,000 | 1,097,214 | 18,408 |
| Belmont Senior | 43,600 | 891,543 | 0 |
| Heritage Villas | 21,840 | 801,128 | 1,791 |
| Logansport Seniors | 27,621 | 1,058,773 | 298,357 |
| | $1,104,746 | $26,034,529 | $1,232,303 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 3

| Apartment Properties | Gross Amount At Which Carried At December 31, 2005 | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Total |
| Poteau II | $ 76,827 | $ 1,712,321 | $ 1,789,148 |
| Sallisaw | 70,000 | 1,674,103 | 1,744,103 |
| Nowata Properties | 45,500 | 1,102,984 | 1,148,484 |
| Waldron Properties | 26,000 | 834,273 | 860,273 |
| Roland II | 70,000 | 1,734,010 | 1,804,010 |
| Stilwell | 37,500 | 1,560,201 | 1,597,701 |
| Birchwood Apts. | 133,698 | 972,763 | 1,106,461 |
| Hornellsville | 41,225 | 1,125,840 | 1,167,065 |
| Sunchase II | 120,858 | 1,352,486 | 1,473,344 |
| CE McKinley II | 11,749 | 830,319 | 842,068 |
| Weston Apartments | 0 | 347,577 | 347,577 |
| Countrywood Apts. | 55,750 | 1,543,791 | 1,599,541 |
| Wildwood Apts. | 48,000 | 1,051,442 | 1,099,442 |
| Hancock | 20,700 | 419,725 | 440,425 |
| Hopkins | 43,581 | 883,675 | 927,256 |
| Elkhart Apts. | 23,378 | 1,653,137 | 1,676,515 |
| Bryan Senior | 74,000 | 1,114,292 | 1,188,292 |
| Brubaker Square | 75,000 | 1,384,016 | 1,459,016 |
| Southwood | 15,000 | 1,790,582 | 1,805,582 |
| Villa Allegra | 35,000 | 1,115,622 | 1,150,622 |
| Belmont Senior | 43,600 | 891,543 | 935,143 |
| Heritage Villas | 21,840 | 802,919 | 824,759 |
| Logansport Seniors | 27,621 | 1,357,130 | 1,384,751 |
| | $1,116,827 | $27,254,751 | $28,371,578 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 3

| Partnership | Accumulated Depreciation | Depreciable Life |
|---|---|---|
| Poteau II | $ 1,204,072 | 5-25 |
| Sallisaw | 1,146,570 | 5-25 |
| Nowata Properties | 747,412 | 5-25 |
| Waldron Properties | 565,636 | 5-25 |
| Roland II | 1,212,702 | 5-25 |
| Stilwell | 1,082,952 | 5-25 |
| Birchwood Apts. | 485,658 | 5-40 |
| Hornellsville | 703,372 | 5-27.5 |
| Sunchase II | 651,060 | 5-40 |
| CE McKinley II | 525,506 | 5-27.5 |
| Weston Apartments | 223,020 | 5-27.5 |
| Countrywood Apts. | 952,951 | 5-27.5 |
| Wildwood Apts. | 604,467 | 5-30 |
| Hancock | 234,562 | 5-27.5 |
| Hopkins | 493,848 | 5-27.5 |
| Elkhart Apts. | 970,479 | 5-25 |
| Bryan Senior | 755,384 | 5-27.5 |
| Brubaker Square | 874,465 | 5-27.5 |
| Southwood | 940,866 | 5-50 |
| Villa Allegra | 714,366 | 5-27.5 |
| Belmont Senior | 352,902 | 5-40 |
| Heritage Villas | 418,815 | 5-30 |
| Logansport Seniors | 474,460 | 5-40 |
| | $16,335,525 | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 4

| Apartment Properties Partnership | Location | # of Units | Mortgage Loan Balance |
|---|---|---|---|
| Alsace Village | Soda Springs, ID | 24 | $ 626,202 |
| Seneca Apartments | Seneca, MO | 24 | 597,848 |
| Eudora Senior | Eudora, KS | 36 | 941,472 |
| Westville | Westville, OK | 36 | 843,687 |
| Wellsville Senior | Wellsville, KS | 24 | 636,189 |
| Stilwell II | Stilwell, OK | 52 | 1,265,529 |
| Spring Hill Senior | Spring Hill, KS | 24 | 684,132 |
| Smithfield | Smithfield, UT | 40 | 1,511,778 |
| Tarpon Heights | Galliano, LA | 48 | 1,378,174 |
| Oaks Apartments | Oakdale, LA | 32 | 803,931 |
| Wynnwood Common | Fairchance, PA | 34 | 1,346,626 |
| Chestnut Apartments | Howard, SD | 24 | 839,849 |
| St. George | St. George, SC | 24 | 739,294 |
| Williston | Williston, SC | 24 | 784,387 |
| Brackettville Sr. | Brackettville, TX | 32 | 807,636 |
| Sonora Seniors | Sonora, TX | 32 | 828,097 |
| Ozona Seniors | Ozona, TX | 24 | 620,329 |
| Fredericksburg Sr. | Fredericksburg,TX | 48 | 1,182,632 |
| St. Joseph | St. Joseph, IL | 24 | 813,356 |
| Courtyard | Huron, SD | 21 | 699,229 |
| Rural Development | Ashland, ME | 25 | 1,185,652 |
| Jasper Villas | Jasper, AR | 25 | 843,674 |
| Edmonton Senior | Edmonton, KY | 24 | 741,262 |
| Jonesville Manor | Jonesville, VA | 40 | 1,326,517 |
| Norton Green | Norton, VA | 40 | 1,317,543 |
| Owingsville Senior | Owingsville, KY | 22 | 693,852 |
| Timpson Seniors | Timpson, TX | 28 | 661,234 |
| Piedmont | Barnesville, GA | 36 | 1,023,543 |
| S.F. Arkansas City | Arkansas City, KS | 12 | 336,585 |
| | | | $26,080,239 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 4
Apartment Properties

| Partnership | Cost At Acquisition: Land | Cost At Acquisition: Buildings, Improvements and Equipment | Net Improvements Capitalized Subsequent to Acquisition |
|---|---|---|---|
| Alsace Village | $ 15,000 | $ 771,590 | $ 51,639 |
| Seneca Apartments | 76,212 | 640,702 | 102,932 |
| Eudora Senior | 50,000 | 1,207,482 | 32,661 |
| Westville | 27,560 | 1,074,126 | 0 |
| Wellsville Senior | 38,000 | 772,971 | (1) |
| Stilwell II | 30,000 | 1,627,974 | 0 |
| Spring Hill Senior | 49,800 | 986,569 | 0 |
| Smithfield | 82,500 | 1,698,213 | 154,721 |
| Tarpon Heights | 85,000 | 1,408,434 | 769,580 |
| Oaks Apartments | 42,000 | 989,522 | 500,637 |
| Wynnwood Common | 68,000 | 1,578,814 | 78,648 |
| Chestnut Apartments | 57,200 | 977,493 | 44,989 |
| St. George | 22,600 | 915,400 | 1,018 |
| Williston | 25,000 | 959,345 | 14,394 |
| Brackettville Sr. | 28,600 | 963,366 | 50,297 |
| Sonora Seniors | 51,000 | 962,315 | 33,717 |
| Ozona Seniors | 40,000 | 719,843 | 42,246 |
| Fredericksburg Sr. | 45,000 | 1,357,563 | 41,689 |
| St. Joseph | 28,000 | 940,580 | 8,303 |
| Courtyard | 24,500 | 810,110 | 43,757 |
| Rural Development | 38,200 | 1,361,892 | 28,911 |
| Jasper Villas | 27,000 | 1,067,890 | 16,804 |
| Edmonton Senior | 40,000 | 866,714 | 0 |
| Jonesville Manor | 100,000 | 1,578,135 | 86,790 |
| Norton Green | 120,000 | 1,535,373 | 152,657 |
| Owingsville Senior | 28,000 | 820,044 | 5,250 |
| Timpson Seniors | 13,500 | 802,416 | 0 |
| Piedmont | 29,500 | 1,259,547 | 0 |
| S.F. Arkansas City | 16,800 | 395,228 | 0 |
| | $1,298,972 | $31,049,651 | $2,261,639 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 4

| Apartment Properties | Gross Amount At Which Carried At December 31, 2005 | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Total |
| Alsace Village | $ 15,000 | $ 823,229 | $ 838,229 |
| Seneca Apartments | 79,386 | 740,460 | 819,846 |
| Eudora Senior | 64,278 | 1,225,865 | 1,290,143 |
| Westville | 27,560 | 1,074,126 | 1,101,686 |
| Wellsville Senior | 38,000 | 772,970 | 810,970 |
| Stilwell II | 30,000 | 1,627,974 | 1,657,974 |
| Spring Hill Senior | 49,800 | 986,569 | 1,036,369 |
| Smithfield | 115,040 | 1,820,394 | 1,935,434 |
| Tarpon Heights | 85,000 | 2,178,014 | 2,263,014 |
| Oaks Apartments | 42,000 | 1,490,159 | 1,532,159 |
| Wynnwood Common | 118,004 | 1,607,458 | 1,725,462 |
| Chestnut Apartments | 63,800 | 1,015,882 | 1,079,682 |
| St. George | 22,600 | 916,418 | 939,018 |
| Williston | 25,000 | 973,739 | 998,739 |
| Brackettville Sr. | 28,600 | 1,013,663 | 1,042,263 |
| Sonora Seniors | 51,000 | 996,032 | 1,047,032 |
| Ozona Seniors | 40,000 | 762,089 | 802,089 |
| Fredericksburg Sr. | 45,000 | 1,399,252 | 1,444,252 |
| St. Joseph | 28,000 | 948,883 | 976,883 |
| Courtyard | 29,471 | 848,896 | 878,367 |
| Rural Development | 38,200 | 1,390,803 | 1,429,003 |
| Jasper Villas | 27,000 | 1,084,694 | 1,111,694 |
| Edmonton Senior | 40,000 | 866,714 | 906,714 |
| Jonesville Manor | 100,000 | 1,664,925 | 1,764,925 |
| Norton Green | 120,000 | 1,688,030 | 1,808,030 |
| Owingsville Senior | 28,000 | 825,294 | 853,294 |
| Timpson Seniors | 13,500 | 802,416 | 815,916 |
| Piedmont | 29,500 | 1,259,547 | 1,289,047 |
| S.F. Arkansas City | 16,800 | 395,228 | 412,028 |
| | $1,410,539 | $33,199,723 | $34,610,262 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 4
Apartment Properties

| Partnership | Accumulated Depreciation | Depreciable Life |
|---|---|---|
| Alsace Village | $ 478,997 | 5-27.5 |
| Seneca Apartments | 455,951 | 5-27.5 |
| Eudora Senior | 672,868 | 5-27.5 |
| Westville | 600,054 | 5-27.5 |
| Wellsville Senior | 434,220 | 5-25 |
| Stilwell II | 910,059 | 5-27.5 |
| Spring Hill Senior | 609,912 | 5-25 |
| Smithfield | 660,989 | 5-40 |
| Tarpon Heights | 637,352 | 5-40 |
| Oaks Apartments | 471,871 | 5-40 |
| Wynnwood Common | 646,199 | 5-40 |
| Chestnut Apartments | 464,170 | 5-40 |
| St. George | 538,228 | 5-27.5 |
| Williston | 552,835 | 5-27.5 |
| Brackettville Sr. | 350,251 | 5-40 |
| Sonora Seniors | 363,767 | 5-40 |
| Ozona Seniors | 265,065 | 5-40 |
| Fredericksburg Sr. | 501,345 | 5-40 |
| St. Joseph | 531,822 | 5-27.5 |
| Courtyard | 463,966 | 5-27.5 |
| Rural Development | 801,923 | 5-27.5 |
| Jasper Villas | 429,224 | 5-40 |
| Edmonton Senior | 338,150 | 5-40 |
| Jonesville Manor | 924,752 | 5-27.5 |
| Norton Green | 961,584 | 5-27.5 |
| Owingsville Senior | 318,603 | 5-40 |
| Timpson Seniors | 314,550 | 5-40 |
| Piedmont | 521,915 | 5-27.5 |
| S.F. Arkansas City | 220,723 | 5-27.5 |
| | $15,441,345 | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 5

| Apartment Properties Partnership | Location | # of Units | Mortgage Loan Balance |
|---|---|---|---|
| Seymour | Seymour, IN | 37 | $ 1,215,031 |
| Effingham | Effingham, IL | 24 | 789,511 |
| S.F. Winfield | Winfield, KS | 12 | 328,582 |
| S.F.Medicine Lodge | Medicine Lodge,KS | 16 | 448,128 |
| S.F. Ottawa | Ottawa, KS | 24 | 564,200 |
| S.F. Concordia | Concordia, KS | 20 | 549,806 |
| Carrollton Club | Carrollton, GA | 78 | 2,627,989 |
| Scarlett Oaks | Lexington, SC | 40 | 1,363,269 |
| Brooks Hill | Ellijay, GA | 44 | 1,434,970 |
| Greensboro | Greensboro, GA | 24 | 718,131 |
| Greensboro II | Greensboro, GA | 32 | 883,317 |
| Pine Terrace | Wrightsville, GA | 24 | 712,726 |
| Shellman | Shellman, GA | 27 | 725,144 |
| Blackshear | Cordele, GA | 46 | 1,295,859 |
| Crisp Properties | Cordele, GA | 31 | 914,201 |
| Crawford | Crawford, GA | 25 | 731,007 |
| Yorkshire | Wagoner, OK | 60 | 2,044,999 |
| Woodcrest | South Boston, VA | 40 | 1,249,783 |
| Fox Ridge | Russellville, AL | 24 | 723,529 |
| Redmont II | Red Bay, AL | 24 | 683,142 |
| Clayton | Clayton, OK | 24 | 656,169 |
| Alma | Alma, AR | 24 | 720,693 |
| Pemberton Village | Hiawatha, KS | 24 | 627,037 |
| Magic Circle | Eureka, KS | 24 | 642,726 |
| Spring Hill | Spring Hill, KS | 36 | 1,106,183 |
| Menard Retirement | Menard, TX | 24 | 616,944 |
| Wallis Housing | Wallis, TX | 24 | 393,566 |
| Zapata Housing | Zapata, TX | 40 | 960,568 |
| Mill Creek | Grove, OK | 60 | 1,407,203 |
| Portland II | Portland, IN | 20 | 573,391 |
| Georgetown | Georgetown, OH | 24 | 727,534 |
| Cloverdale | Chandler, TX | 24 | 744,795 |
| S. Timber Ridge | Cloverdale, IN | 44 | 1,050,094 |
| Pineville | Pineville, MO | 12 | 314,069 |
| Ravenwood | Americus, GA | 24 | 712,284 |
| | | | $31,256,580 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 5
Apartment Properties

| Partnership | Cost At Acquisition: Land | Cost At Acquisition: Buildings, Improvements and Equipment | Net Improvements Capitalized Subsequent to Acquisition |
|---|---|---|---|
| Seymour | $ 59,500 | $ 1,452,557 | $ 5,645 |
| Effingham | 38,500 | 940,327 | 1,790 |
| S.F. Winfield | 18,000 | 382,920 | 1,482 |
| S.F.Medicine Lodge | 21,600 | 542,959 | 8,365 |
| S.F. Ottawa | 25,200 | 687,929 | 19,213 |
| S.F. Concordia | 28,000 | 658,961 | 8,947 |
| Carrollton Club | 248,067 | 722,560 | 2,247,274 |
| Scarlett Oaks | 44,475 | 992,158 | 648,716 |
| Brooks Hill | 0 | 214,335 | 1,545,898 |
| Greensboro | 15,930 | 61,495 | 788,834 |
| Greensboro II | 21,330 | 92,063 | 975,271 |
| Pine Terrace | 14,700 | 196,071 | 675,563 |
| Shellman | 13,500 | 512,531 | 375,617 |
| Blackshear | 60,000 | 413,143 | 1,129,290 |
| Crisp Properties | 48,000 | 578,709 | 502,075 |
| Crawford | 16,600 | 187,812 | 703,300 |
| Yorkshire | 100,000 | 2,212,045 | 328,748 |
| Woodcrest | 70,000 | 842,335 | 717,239 |
| Fox Ridge | 39,781 | 848,996 | 1,164 |
| Redmont II | 25,000 | 814,432 | 1,164 |
| Clayton | 35,600 | 835,930 | 0 |
| Alma | 45,000 | 912,710 | 0 |
| Pemberton Village | 12,020 | 767,228 | (2,523) |
| Magic Circle | 22,660 | 749,504 | 51,479 |
| Spring Hill | 70,868 | 1,318,926 | 59,584 |
| Menard Retirement | 21,000 | 721,251 | 16,885 |
| Wallis Housing | 13,900 | 553,230 | 11,203 |
| Zapata Housing | 44,000 | 1,120,538 | 78,580 |
| Mill Creek | 28,000 | 414,429 | 1,299,240 |
| Portland II | 43,102 | 410,683 | 361,654 |
| Georgetown | 0 | 149,483 | 836,255 |
| Cloverdale | 40,000 | 583,115 | 393,316 |
| S. Timber Ridge | 43,705 | 1,233,570 | 51,154 |
| Pineville | 59,661 | 328,468 | 43,330 |
| Ravenwood | 14,300 | 873,596 | 13,100 |
| | $1,401,999 | $24,326,999 | $13,898,852 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 5

| Apartment Properties | Gross Amount At Which Carried At December 31, 2005 | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Total |
| Seymour | $ 59,500 | $ 1,458,202 | $ 1,517,702 |
| Effingham | 38,500 | 942,117 | 980,617 |
| S.F. Winfield | 18,000 | 384,402 | 402,402 |
| S.F.Medicine Lodge | 21,600 | 551,324 | 572,924 |
| S.F. Ottawa | 25,200 | 707,142 | 732,342 |
| S.F. Concordia | 28,000 | 667,908 | 695,908 |
| Carrollton Club | 248,068 | 2,969,833 | 3,217,901 |
| Scarlett Oaks | 55,575 | 1,629,774 | 1,685,349 |
| Brooks Hill | 84,582 | 1,675,651 | 1,760,233 |
| Greensboro | 15,930 | 850,329 | 866,259 |
| Greensboro II | 16,845 | 1,071,819 | 1,088,664 |
| Pine Terrace | 14,700 | 871,634 | 886,334 |
| Shellman | 13,500 | 888,148 | 901,648 |
| Blackshear | 60,000 | 1,542,433 | 1,602,433 |
| Crisp Properties | 48,000 | 1,080,784 | 1,128,784 |
| Crawford | 16,600 | 891,112 | 907,712 |
| Yorkshire | 119,888 | 2,520,905 | 2,640,793 |
| Woodcrest | 70,000 | 1,559,574 | 1,629,574 |
| Fox Ridge | 39,781 | 850,160 | 889,941 |
| Redmont II | 25,000 | 815,596 | 840,596 |
| Clayton | 35,600 | 835,930 | 871,530 |
| Alma | 45,000 | 912,710 | 957,710 |
| Pemberton Village | 12,020 | 764,705 | 776,725 |
| Magic Circle | 22,660 | 800,983 | 823,643 |
| Spring Hill | 70,868 | 1,378,510 | 1,449,378 |
| Menard Retirement | 21,000 | 738,136 | 759,136 |
| Wallis Housing | 97,313 | 481,020 | 578,333 |
| Zapata Housing | 46,323 | 1,196,795 | 1,243,118 |
| Mill Creek | 28,000 | 1,713,669 | 1,741,669 |
| Portland II | 15,000 | 800,439 | 815,439 |
| Georgetown | 50,393 | 935,345 | 985,738 |
| Cloverdale | 40,000 | 976,431 | 1,016,431 |
| S. Timber Ridge | 33,300 | 1,295,129 | 1,328,429 |
| Pineville | 60,006 | 371,453 | 431,459 |
| Ravenwood | 14,300 | 886,696 | 900,996 |
| | $1,611,052 | $38,016,798 | $39,627,850 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 5

| Partnership | Accumulated Depreciation | Depreciable Life |
|---|---|---|
| Seymour | $ 797,841 | 5-27.5 |
| Effingham | 510,070 | 5-27.5 |
| S.F. Winfield | 216,239 | 5-27.5 |
| S.F.Medicine Lodge | 279,662 | 5-27.5 |
| S.F. Ottawa | 393,290 | 5-27.5 |
| S.F. Concordia | 375,457 | 5-27.5 |
| Carrollton Club | 1,461,477 | 5-27.5 |
| Scarlett Oaks | 785,740 | 5-27.5 |
| Brooks Hill | 810,553 | 5-27.5 |
| Greensboro | 392,895 | 5-30 |
| Greensboro II | 495,003 | 5-30 |
| Pine Terrace | 421,340 | 5-30 |
| Shellman | 430,474 | 5-30 |
| Blackshear | 721,190 | 5-30 |
| Crisp Properties | 518,091 | 5-30 |
| Crawford | 423,312 | 5-30 |
| Yorkshire | 796,370 | 5-50 |
| Woodcrest | 539,288 | 5-40 |
| Fox Ridge | 278,509 | 5-50 |
| Redmont II | 270,054 | 5-50 |
| Clayton | 447,062 | 5-27.5 |
| Alma | 536,724 | 5-25 |
| Pemberton Village | 411,565 | 5-27.5 |
| Magic Circle | 421,980 | 5-27.5 |
| Spring Hill | 786,896 | 5-25 |
| Menard Retirement | 215,825 | 5-30 |
| Wallis Housing | 281,626 | 5-30 |
| Zapata Housing | 418,320 | 5-27.5 |
| Mill Creek | 978,898 | 5-25 |
| Portland II | 350,024 | 5-27.5 |
| Georgetown | 392,096 | 5-50 |
| Cloverdale | 536,352 | 5-27.5 |
| S. Timber Ridge | 689,837 | 5-25 |
| Pineville | 228,819 | 5-27.5 |
| Ravenwood | 310,668 | 5-27.5 |
| | $17,923,547 | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 6

| Apartment Properties Partnership | Location | # of Units | Mortgage Loan Balance |
|---|---|---|---|
| Spruce | Pierre, SD | 24 | $ 899,380 |
| Shannon Apartments | O'Neill, NE | 16 | 526,334 |
| Carthage | Carthage, MO | 24 | 560,784 |
| Coal City | Coal City, IL | 24 | 960,034 |
| Blacksburg Terrace | Blacksburg, SC | 32 | 1,066,186 |
| Frazier | Smyrna, DE | 30 | 1,447,206 |
| Ehrhardt | Ehrhardt, SC | 16 | 551,449 |
| Sinton | Sinton, TX | 32 | 835,901 |
| Frankston | Frankston, TX | 24 | 551,328 |
| Flagler Beach | Flagler Beach, FL | 43 | 1,387,561 |
| Oak Ridge | Williamsburg, KY | 24 | 798,509 |
| Monett | Monett, MO | 32 | 774,405 |
| Arma | Arma, KS | 28 | 706,394 |
| Southwest City | Southwest City, MO | 12 | 313,152 |
| Meadowcrest | Luverne, AL | 32 | 989,364 |
| Parsons | Parsons, KS | 48 | 1,236,989 |
| Newport Village | Newport, TN | 40 | 1,277,776 |
| Goodwater Falls | Jenkins, KY | 36 | 1,079,590 |
| Northfield Station | Corbin, KY | 24 | 784,913 |
| Pleasant Hill Square | Somerset, KY | 24 | 767,762 |
| Winter Park | Mitchell, SD | 24 | 985,291 |
| Cornell | Watertown, SD | 24 | 855,667 |
| Heritage Drive S. | Jacksonville, TX | 40 | 965,511 |
| Brodhead | Brodhead, KY | 24 | 773,333 |
| Mt. Vilage | Mt. Vernon, KY | 24 | 771,217 |
| Hazelhurst | Hazlehurst, MS | 32 | 947,285 |
| Sunrise | Yankton, SD | 33 | 1,142,294 |
| Stony Creek | Hooversville, PA | 32 | 1,319,720 |
| Logan Place | Logan, OH | 40 | 1,232,730 |
| Haines | Haines, AK | 32 | 2,346,100 |
| Maple Wood | Barbourville, KY | 24 | 782,820 |
| Summerhill | Gassville, AR | 28 | 782,592 |
| Dorchester | St. George, SC | 12 | 455,575 |
| Lancaster | Mountain View, AR | 33 | 1,076,918 |
| Autumn Village | Harrison, AR | 16 | 135,258 |
| Hardy | Hardy, AR | 25 | 284,053 |
| Dawson | Dawson, GA | 40 | 1,166,120 |
| | | | $33,537,501 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 6
Apartment Properties

| Partnership | Cost At Acquisition: Land | Cost At Acquisition: Buildings, Improvements and Equipment | Net Improvements Capitalized Subsequent to Acquisition |
|---|---|---|---|
| Spruce | $ 60,040 | $ 108,772 | $1,004,863 |
| Shannon Apartments | 5,000 | 94,494 | 596,971 |
| Carthage | 115,814 | 578,597 | 65,176 |
| Coal City | 60,055 | 1,121,477 | 129,536 |
| Blacksburg Terrace | 39,930 | 1,278,860 | 54,183 |
| Frazier | 51,665 | 1,619,209 | 5,968 |
| Ehrhardt | 9,020 | 671,750 | 24,756 |
| Sinton | 42,103 | 985,010 | 25,946 |
| Frankston | 30,000 | 639,068 | 7,863 |
| Flagler Beach | 118,575 | 1,534,541 | 0 |
| Oak Ridge | 40,000 | 995,782 | 9,864 |
| Monett | 170,229 | 782,795 | 43,587 |
| Arma | 85,512 | 771,316 | 41,675 |
| Southwest City | 67,303 | 319,272 | 42,334 |
| Meadowcrest | 72,500 | 1,130,651 | 28,913 |
| Parsons | 49,780 | 1,483,188 | 0 |
| Newport Village | 61,350 | 1,470,505 | 116,215 |
| Goodwater Falls | 32,000 | 1,142,517 | 240,461 |
| Northfield Station | 44,250 | 977,220 | 1,091 |
| Pleasant Hill Square | 35,000 | 893,323 | 33,603 |
| Winter Park | 95,000 | 1,121,119 | 96,735 |
| Cornell | 32,000 | 1,017,572 | 85,353 |
| Heritage Drive S. | 44,247 | 1,151,157 | 25,147 |
| Brodhead | 21,600 | 932,468 | 19,001 |
| Mt. Vilage | 55,000 | 884,596 | 14,795 |
| Hazelhurst | 60,000 | 1,118,734 | 49,905 |
| Sunrise | 90,000 | 1,269,252 | 134,191 |
| Stony Creek | 0 | 1,428,656 | 224,027 |
| Logan Place | 39,300 | 1,477,527 | 10,085 |
| Haines | 189,323 | 2,851,953 | 46,461 |
| Maple Wood | 79,000 | 924,144 | 36,646 |
| Summerhill | 23,000 | 788,157 | 33,083 |
| Dorchester | 13,000 | 239,455 | 308,553 |
| Lancaster | 37,500 | 1,361,272 | (9,579) |
| Autumn Village | 20,000 | 595,604 | 478 |
| Hardy | 0 | 473,695 | 458,294 |
| Dawson | 40,000 | 346,569 | 1,088,404 |
| | $2,029,096 | $36,580,277 | $5,094,584 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 6

Apartment Properties

| | Gross Amount At Which Carried At December 31, 2005 | | |
|---|---|---|---|
| Partnership | Land | Buildings, Improvements and Equipment | Total |
| Spruce | $ 86,308 | $ 1,087,367 | $ 1,173,675 |
| Shannon Apartments | 21,526 | 674,939 | 696,465 |
| Carthage | 120,393 | 639,194 | 759,587 |
| Coal City | 60,055 | 1,251,013 | 1,311,068 |
| Blacksburg Terrace | 39,930 | 1,333,043 | 1,372,973 |
| Frazier | 51,665 | 1,625,177 | 1,676,842 |
| Ehrhardt | 9,020 | 696,506 | 705,526 |
| Sinton | 42,103 | 1,010,956 | 1,053,059 |
| Frankston | 30,000 | 646,931 | 676,931 |
| Flagler Beach | 118,575 | 1,534,541 | 1,653,116 |
| Oak Ridge | 40,000 | 1,005,646 | 1,045,646 |
| Monett | 173,213 | 823,398 | 996,611 |
| Arma | 89,512 | 808,991 | 898,503 |
| Southwest City | 85,136 | 343,773 | 428,909 |
| Meadowcrest | 87,700 | 1,144,364 | 1,232,064 |
| Parsons | 49,780 | 1,483,188 | 1,532,968 |
| Newport Village | 61,350 | 1,586,720 | 1,648,070 |
| Goodwater Falls | 32,000 | 1,382,978 | 1,414,978 |
| Northfield Station | 44,250 | 978,311 | 1,022,561 |
| Pleasant Hill Square | 29,550 | 932,376 | 961,926 |
| Winter Park | 96,692 | 1,216,162 | 1,312,854 |
| Cornell | 39,848 | 1,095,077 | 1,134,925 |
| Heritage Drive S. | 37,440 | 1,183,111 | 1,220,551 |
| Brodhead | 21,600 | 951,469 | 973,069 |
| Mt. Vilage | 55,000 | 899,391 | 954,391 |
| Hazelhurst | 60,000 | 1,168,639 | 1,228,639 |
| Sunrise | 112,363 | 1,381,080 | 1,493,443 |
| Stony Creek | 108,200 | 1,544,483 | 1,652,683 |
| Logan Place | 39,300 | 1,487,612 | 1,526,912 |
| Haines | 189,323 | 2,898,414 | 3,087,737 |
| Maple Wood | 79,000 | 960,790 | 1,039,790 |
| Summerhill | 23,000 | 821,240 | 844,240 |
| Dorchester | 13,000 | 548,008 | 561,008 |
| Lancaster | 37,500 | 1,351,693 | 1,389,193 |
| Autumn Village | 20,000 | 596,082 | 616,082 |
| Hardy | 21,250 | 910,739 | 931,989 |
| Dawson | 40,000 | 1,434,973 | 1,474,973 |
| | $2,265,582 | $41,438,375 | $43,703,957 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005

SERIES 6

| Partnership | Accumulated Depreciation | Depreciable Life |
|---|---|---|
| Spruce | $ 472,908 | 5-30 |
| Shannon Apartments | 249,211 | 5-40 |
| Carthage | 439,200 | 5-27.5 |
| Coal City | 484,332 | 5-27.5 |
| Blacksburg Terrace | 734,142 | 5-27.5 |
| Frazier | 887,181 | 5-27.5 |
| Ehrhardt | 347,707 | 5-27.5 |
| Sinton | 298,059 | 5-50 |
| Frankston | 188,675 | 5-30 |
| Flagler Beach | 565,987 | 5-40 |
| Oak Ridge | 507,627 | 5-27.5 |
| Monett | 547,612 | 5-27.5 |
| Arma | 508,906 | 5-27.5 |
| Southwest City | 231,101 | 5-27.5 |
| Meadowcrest | 432,744 | 5-40 |
| Parsons | 815,700 | 5-27.5 |
| Newport Village | 832,195 | 5-27.5 |
| Goodwater Falls | 500,519 | 5-27.5 |
| Northfield Station | 352,725 | 5-27.5 |
| Pleasant Hill Square | 337,455 | 5-27.5 |
| Winter Park | 529,280 | 5-40 |
| Cornell | 405,119 | 5-40 |
| Heritage Drive S. | 640,993 | 5-25 |
| Brodhead | 333,161 | 5-40 |
| Mt. Vilage | 318,301 | 5-50 |
| Hazelhurst | 413,584 | 5-40 |
| Sunrise | 672,969 | 5-27.5 |
| Stony Creek | 555,684 | 5-27.5 |
| Logan Place | 643,006 | 5-27.5 |
| Haines | 1,437,268 | 5-27.5 |
| Maple Wood | 490,191 | 5-27.5 |
| Summerhill | 419,928 | 5-27.5 |
| Dorchester | 263,050 | 5-27.5 |
| Lancaster | 514,991 | 5-40 |
| Autumn Village | 220,236 | 5-40 |
| Hardy | 324,040 | 5-40 |
| Dawson | 444,845 | 5-40 |
| | $18,360,632 | |

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND II LTD.
NOTES TO SCHEDULE III

Reconciliation of Land, Building & Improvements current year changes:

SERIES 2

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $28,527,836 |
| Additions during period: | | |
| Acquisitions through foreclosure | 0 | |
| Other acquisitions | 73,690 | |
| Improvements, etc. | 17,225 | |
| Other | 0 | |
| | --------- | |
| | | 90,915 |
| Deductions during period: | | |
| Cost of real estate sold | 0 | |
| Other | 0 | |
| | --------- | |
| | | 0 |
| | | --------- |
| Balance at end of period - December 31, 2005 | | $28,618,751 |
| | | ============ |

Reconciliation of Accumulated Depreciation current year changes:

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $12,747,926 |
| Current year expense | 875,459 | |
| Less Accumulated Depreciation of real estate sold | 0 | |
| Prior Year Adjustment | 0 | |
| | --------- | |
| | | 875,459 |
| | | ---------- |
| Balance at end of period - December 31, 2005 | | $ 13,623,385 |
| | | =========== |

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND II LTD.
NOTES TO SCHEDULE III

Reconciliation of Land, Building & Improvements current year changes:

SERIES 3

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $28,251,449 |
| Additions during period: | | |
| Acquisitions through foreclosure | 0 | |
| Other acquisitions | 112,479 | |
| Improvements, etc. | 7,867 | |
| Other | 0 | |
| | | 120,346 |
| Deductions during period: | | |
| Cost of real estate sold | 0 | |
| Other | (217) | |
| | | (217) |
| Balance at end of period - December 31, 2005 | | $28,371,578 |

Reconciliation of Accumulated Depreciation current year changes:

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $15,378,450 |
| Current year expense | 957,292 | |
| Less Accumulated Depreciation of real estate sold | (217) | |
| Prior Year Adjustment | | |
| | | 957,075 |
| Balance at end of period - December 31, 2005 | | $16,335,525 |

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND II LTD.
NOTES TO SCHEDULE III

Reconciliation of Land, Building & Improvements current year changes:

SERIES 4

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $34,459,094 |
| Additions during period: | | |
| Acquisitions through foreclosure | 0 | |
| Other acquisitions | 162,910 | |
| Improvements, etc. | 0 | |
| Other | (11,742) | |
| | | 151,168 |
| Deductions during period: | | |
| Cost of real estate sold | 0 | |
| Other | 0 | |
| | | 0 |
| Balance at end of period - December 31, 2005 | | $34,610,262 |

Reconciliation of Accumulated Depreciation current year changes:

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $ 14,409,096 |
| Current year expense | 1,043,991 | |
| Less Accumulated Depreciation of real estate sold | 0 | |
| Prior Year Adjustment | (11,742) | |
| | | 1,032,249 |
| Balance at end of period - December 31, 2005 | | $15,441,345 |

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND II LTD.
NOTES TO SCHEDULE III

Reconciliation of Land, Building & Improvements current year changes:

SERIES 5

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $39,547,548 |
| Additions during period: | | |
| Acquisitions through foreclosure | 0 | |
| Other acquisitions | 80,302 | |
| Improvements, etc. | 0 | |
| Other | 0 | |
| | | 80,302 |
| Deductions during period: | | |
| Cost of real estate sold | 0 | |
| Other | 0 | |
| | | 0 |
| Balance at end of period - December 31, 2005 | | $39,627,850 |

Reconciliation of Accumulated Depreciation current year changes:

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $16,798,175 |
| Current year expense | 1,203,506 | |
| Less Accumulated Depreciation of real estate sold | 0 | |
| Prior Year Adjustment | (78,134) | |
| | | 1,125,372 |
| Balance at end of period - December 31, 2005 | | $17,923,547 |

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND II LTD.
NOTES TO SCHEDULE III

Reconciliation of Land, Building & Improvements current year changes:

SERIES 6

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $44,755,037 |
| Additions during period: | | |
| Acquisitions through foreclosure | 0 | |
| Other acquisitions | 185,160 | |
| Improvements, etc. | 20,099 | |
| Other | 0 | |
| | | 205,259 |
| Deductions during period: | | |
| Cost of real estate sold (Mt.Crest) | (1,256,339) | |
| Other | 0 | (1,256,339) |
| Balance at end of period - December 31, 2005 | | $43,703,957 |

Reconciliation of Accumulated Depreciation current year changes:

| | | |
|---|---|---|
| Balance at beginning of period - December 31, 2004 | | $17,672,479 |
| Current year expense | 1,293,169 | |
| Less Accumulated Depreciation of real estate sold | (604,692) | |
| Prior Year Adjustment | (324) | |
| | | 688,153 |
| Balance at end of period - December 31, 2005 | | $18,360,632 |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
AS OF DECEMBER 31, 2005

SERIES 2

| PARTNERSHIP | # OF UNITS | BALANCE | INTEREST RATE | MONTHLY DEBT SERVICE | TERM (YEARS) |
|---|---|---|---|---|---|
| Claxton Elderly | 24 | $ 645,543 | 8.75% | 5,883 | 50 |
| Deerfield II | 24 | 688,182 | 8.75% | 6,284 | 50 |
| Hartwell Family | 24 | 691,577 | 8.75% | 5,307 | 50 |
| Cherrytree Apts. | 33 | 1,176,846 | 8.75% | 9,011 | 50 |
| Springwood Apts. | 32 | 1,228,426 | 8.75% | 9,218 | 50 |
| Lakeshore Apts. | 34 | 1,033,546 | 8.75% | 7,905 | 50 |
| Lewiston | 25 | 981,339 | 9.00% | 7,720 | 50 |
| Charleston | 32 | 826,545 | 8.75% | 6,333 | 50 |
| Sallisaw II | 47 | 1,174,201 | 8.75% | 8,980 | 50 |
| Pocola | 36 | 968,414 | 8.75% | 7,407 | 50 |
| Inverness Club | 72 | 2,932,551 | 8.75% | 27,905 | 50 |
| Pearson Elderly | 25 | 609,336 | 9.00% | 4,926 | 50 |
| Richland Elderly | 34 | 850,775 | 8.75% | 6,517 | 50 |
| Lake Park | 48 | 1,457,698 | 9.00% | 11,466 | 50 |
| Woodland Terrace | 30 | 870,724 | 8.75% | 6,666 | 50 |
| Mt. Vernon Elderly | 21 | 562,874 | 8.75% | 4,309 | 50 |
| Lakeland Elderly | 29 | 764,128 | 8.75% | 5,882 | 50 |
| Prairie Apartments | 21 | 957,864 | 9.00% | 7,515 | 50 |
| Sylacauga Heritage | 44 | 1,359,399 | 8.75% | 10,536 | 50 |
| Manchester Housing | 49 | 1,428,157 | 8.75% | 10,958 | 50 |
| Durango C.W.W. | 24 | 1,016,872 | 9.00% | 7,739 | 50 |
| Columbus Sr. | 16 | 428,240 | 8.25% | 3,102 | 50 |
| | | $22,653,237 | | | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
AS OF DECEMBER 31, 2005

SERIES 3

| PARTNERSHIP | # OF UNITS | BALANCE | INTEREST RATE | MONTHLY DEBT SERVICE | TERM (YEARS) |
|---|---|---|---|---|---|
| Poteau II | 52 | $ 1,270,711 | 9.50% | 10,682 | 50 |
| Sallisaw | 52 | 1,287,935 | 9.50% | 10,654 | 50 |
| Nowata Properties | 32 | 841,495 | 9.50% | 6,905 | 50 |
| Waldron Properties | 24 | 626,721 | 9.00% | 4,950 | 50 |
| Roland II | 52 | 1,285,942 | 9.50% | 10,657 | 50 |
| Stilwell | 48 | 1,167,959 | 9.50% | 9,727 | 50 |
| Birchwood Apts. | 24 | 773,447 | 9.50% | 6,410 | 50 |
| Hornellsville | 24 | 876,030 | 9.00% | 6,927 | 50 |
| Sunchase II | 41 | 1,184,875 | 9.00% | 9,279 | 50 |
| CE McKinley II | 16 | 564,242 | 8.75% | 5,146 | 50 |
| Weston Apartments | 10 | 268,421 | 9.00% | 2,131 | 50 |
| Countrywood Apts. | 40 | 1,172,994 | 9.00% | 9,310 | 50 |
| Wildwood Apts. | 28 | 833,336 | 9.50% | 6,906 | 50 |
| Hancock | 12 | 347,546 | 9.50% | 3,119 | 50 |
| Hopkins | 24 | 717,902 | 8.75% | 5,815 | 50 |
| Elkhart Apts. | 54 | 1,091,444 | 9.00% | 9,198 | 40 |
| Bryan Senior | 40 | 1,040,409 | 10.00% | 9,455 | 50 |
| Brubaker Square | 38 | 1,093,035 | 9.00% | 8,646 | 50 |
| Southwood | 44 | 1,460,633 | 9.25% | 11,752 | 50 |
| Villa Allegra | 32 | 873,112 | 9.00% | 7,053 | 50 |
| Belmont Senior | 24 | 741,969 | 9.00% | 6,001 | 50 |
| Heritage Villas | 25 | 665,062 | 8.75% | 5,110 | 50 |
| Logansport Seniors | 32 | 1,122,425 | 8.75% | 6,745 | 50 |
| | | $21,307,645 | | | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
AS OF DECEMBER 31, 2005

SERIES 4

| PARTNERSHIP | # OF UNITS | BALANCE | INTEREST RATE | MONTHLY DEBT SERVICE | TERM (YEARS) |
|---|---|---|---|---|---|
| Alsace Village | 24 | $ 626,202 | 9.00% | 4,915 | 50 |
| Seneca Apartments | 24 | 597,848 | 9.00% | 4,692 | 50 |
| Eudora Senior | 36 | 941,472 | 8.75% | 7,269 | 50 |
| Westville | 36 | 843,687 | 8.75% | 6,448 | 50 |
| Wellsville Senior | 24 | 636,189 | 8.75% | 4,859 | 50 |
| Stilwell II | 52 | 1,265,529 | 8.75% | 9,672 | 50 |
| Spring Hill Senior | 24 | 684,132 | 8.75% | 5,236 | 50 |
| Smithfield | 40 | 1,511,778 | 8.75% | 11,746 | 50 |
| Tarpon Heights | 48 | 1,378,174 | 8.75% | 9,347 | 50 |
| Oaks Apartments | 32 | 803,931 | 9.00% | 6,663 | 50 |
| Wynnwood Common | 34 | 1,346,626 | 8.75% | 10,300 | 50 |
| Chestnut Apartments | 24 | 839,849 | 8.75% | 6,419 | 50 |
| St. George | 24 | 739,294 | 8.75% | 5,677 | 50 |
| Williston | 24 | 784,387 | 9.00% | 6,147 | 50 |
| Brackettville Sr. | 32 | 807,636 | 8.75% | 6,172 | 50 |
| Sonora Seniors | 32 | 828,097 | 8.75% | 6,337 | 50 |
| Ozona Seniors | 24 | 620,329 | 8.75% | 4,744 | 50 |
| Fredericksburg Sr. | 48 | 1,182,632 | 8.75% | 9,050 | 50 |
| St. Joseph | 24 | 813,356 | 9.00% | 6,379 | 50 |
| Courtyard | 21 | 699,229 | 9.25% | 5,622 | 50 |
| Rural Development | 25 | 1,185,652 | 9.25% | 9,539 | 50 |
| Jasper Villas | 25 | 843,674 | 8.75% | 6,450 | 50 |
| Edmonton Senior | 24 | 741,262 | 9.00% | 5,688 | 50 |
| Jonesville Manor | 40 | 1,326,517 | 8.75% | 10,159 | 50 |
| Norton Green | 40 | 1,317,543 | 8.75% | 10,085 | 50 |
| Owingsville Senior | 22 | 693,852 | 9.00% | 5,297 | 50 |
| Timpson Seniors | 28 | 661,234 | 8.75% | 5,058 | 50 |
| Piedmont | 36 | 1,023,543 | 8.75% | 7,856 | 50 |
| S.F. Arkansas City | 12 | 336,585 | 10.62% | 3,056 | 50 |
| | | $26,080,239 | | | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
AS OF DECEMBER 31, 2005

SERIES 5

| PARTNERSHIP | # OF UNITS | BALANCE | INTEREST RATE | MONTHLY DEBT SERVICE | TERM (YEARS) |
|---|---|---|---|---|---|
| Seymour | 37 | $ 1,215,031 | 8.75% | 9,346 | 50 |
| Effingham | 24 | 789,511 | 8.75% | 6,032 | 50 |
| S.F. Winfield | 12 | 328,582 | 11.37% | 3,016 | 50 |
| S.F.Medicine Lodge | 16 | 448,128 | 10.62% | 4,049 | 50 |
| S.F. Ottawa | 24 | 564,200 | 10.62% | 5,126 | 50 |
| S.F. Concordia | 20 | 549,806 | 11.87% | 5,498 | 50 |
| Carrollton Club | 78 | 2,627,989 | 7.75% | 18,064 | 50 |
| Scarlett Oaks | 40 | 1,363,269 | 8.25% | 9,870 | 50 |
| Brooks Hill | 44 | 1,434,970 | 8.25% | 10,398 | 50 |
| Greensboro | 24 | 718,131 | 7.75% | 4,937 | 50 |
| Greensboro II | 32 | 883,317 | 7.75% | 6,129 | 50 |
| Pine Terrace | 24 | 712,726 | 8.25% | 5,172 | 50 |
| Shellman | 27 | 725,144 | 8.25% | 5,264 | 50 |
| Blackshear | 46 | 1,295,859 | 8.25% | 9,389 | 50 |
| Crisp Properties | 31 | 914,201 | 8.25% | 6,632 | 50 |
| Crawford | 25 | 731,007 | 8.25% | 5,302 | 50 |
| Yorkshire | 60 | 2,044,999 | 8.25% | 14,842 | 50 |
| Woodcrest | 40 | 1,249,783 | 8.25% | 9,402 | 50 |
| Fox Ridge | 24 | 723,529 | 9.00% | 5,673 | 50 |
| Redmont II | 24 | 683,142 | 8.75% | 5,355 | 50 |
| Clayton | 24 | 656,169 | 8.25% | 4,760 | 50 |
| Alma | 24 | 720,693 | 8.75% | 8,018 | 50 |
| Pemberton Village | 24 | 627,037 | 8.75% | 4,782 | 50 |
| Magic Circle | 24 | 642,726 | 8.75% | 4,913 | 50 |
| Spring Hill | 36 | 1,106,183 | 8.25% | 8,018 | 50 |
| Menard Retirement | 24 | 616,944 | 8.75% | 4,715 | 50 |
| Wallis Housing | 24 | 393,566 | 8.75% | 3,688 | 50 |
| Zapata Housing | 40 | 960,568 | 8.75% | 7,377 | 50 |
| Mill Creek | 60 | 1,407,203 | 8.25% | 10,192 | 50 |
| Portland II | 20 | 573,391 | 8.75% | 4,388 | 50 |
| Georgetown | 24 | 727,534 | 8.25% | 5,265 | 50 |
| Cloverdale | 24 | 744,795 | 8.75% | 5,693 | 50 |
| S. Timber Ridge | 44 | 1,050,094 | 8.75% | 7,986 | 50 |
| Pineville | 12 | 314,069 | 8.25% | 2,318 | 50 |
| Ravenwood | 24 | 712,284 | 7.25% | 4,595 | 50 |
| | | $31,256,580 | | | |

GATEWAY TAX CREDIT FUND II LTD.
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
AS OF DECEMBER 31, 2005

SERIES 6

| PARTNERSHIP | # OF UNITS | BALANCE | INTEREST RATE | MONTHLY DEBT SERVICE | TERM (YEARS) |
|---|---|---|---|---|---|
| Spruce | 24 | $ 899,380 | 8.75% | 6,857 | 50 |
| Shannon Apartments | 16 | 526,334 | 8.75% | 4,014 | 50 |
| Carthage | 24 | 560,784 | 8.75% | 4,371 | 50 |
| Coal City | 24 | 960,034 | 7.75% | 6,578 | 50 |
| Blacksburg Terrace | 32 | 1,066,186 | 8.25% | 7,738 | 50 |
| Frazier | 30 | 1,447,206 | 8.25% | 10,470 | 50 |
| Ehrhardt | 16 | 551,449 | 7.75% | 3,791 | 50 |
| Sinton | 32 | 835,901 | 8.25% | 6,063 | 50 |
| Frankston | 24 | 551,328 | 8.75% | 4,207 | 50 |
| Flagler Beach | 43 | 1,387,561 | 8.25% | 9,864 | 50 |
| Oak Ridge | 24 | 798,509 | 8.25% | 5,800 | 50 |
| Monett | 32 | 774,405 | 8.25% | 5,598 | 50 |
| Arma | 28 | 706,394 | 8.75% | 5,388 | 50 |
| Southwest City | 12 | 313,152 | 8.25% | 2,271 | 50 |
| Meadowcrest | 32 | 989,364 | 8.25% | 7,160 | 50 |
| Parsons | 48 | 1,236,989 | 7.75% | 8,485 | 50 |
| Newport Village | 40 | 1,277,776 | 7.75% | 8,798 | 50 |
| Goodwater Falls | 36 | 1,079,590 | 7.75% | 7,980 | 50 |
| Northfield Station | 24 | 784,913 | 7.75% | 5,379 | 50 |
| Pleasant Hill Square | 24 | 767,762 | 7.75% | 5,315 | 50 |
| Winter Park | 24 | 985,291 | 8.25% | 7,131 | 50 |
| Cornell | 24 | 855,667 | 8.25% | 6,193 | 50 |
| Heritage Drive S. | 40 | 965,511 | 8.25% | 6,990 | 50 |
| Brodhead | 24 | 773,333 | 7.75% | 5,303 | 50 |
| Mt. Vilage | 24 | 771,217 | 8.25% | 5,574 | 50 |
| Hazelhurst | 32 | 947,285 | 8.25% | 7,105 | 50 |
| Sunrise | 33 | 1,142,294 | 8.75% | 8,711 | 50 |
| Stony Creek | 32 | 1,319,720 | 8.75% | 9,065 | 50 |
| Logan Place | 40 | 1,232,730 | 8.25% | 8,909 | 50 |
| Haines | 32 | 2,346,100 | 8.25% | 16,950 | 50 |
| Maple Wood | 24 | 782,820 | 7.75% | 5,381 | 50 |
| Summerhill | 28 | 782,592 | 8.25% | 5,911 | 50 |
| Dorchester | 12 | 455,575 | 7.75% | 3,118 | 50 |
| Lancaster | 33 | 1,076,918 | 7.75% | 7,775 | 50 |
| Autumn Village | 16 | 135,258 | 7.00% | 2,608 | 50 |
| Hardy | 25 | 284,053 | 6.00% | 3,639 | 18 |
| Dawson | 40 | 1,166,120 | 7.25% | 7,524 | 50 |
| | | $33,537,501 | | | |

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 II, LTD.
(A Florida Limited Partnership)
By: Raymond James Tax Credit Funds, Inc.

| | |
|---|---|
| Date: July 14, 2006 | By: /s/ Ronald M. Diner<br>Ronald M. Diner<br>President |
| Date: July 14, 2006 | By: /s/ Jonathan Oorlog<br>Jonathan Oorlog<br>Vice President and Chief Financial Officer |
| Date: July 14, 2006 | By: /s/ Sandra C. Humphreys<br>Sandra C. Humphreys<br>Secretary and Treasurer |

**EXHIBIT 31.1**

**CERTIFICATIONS***

I, Ron Diner, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund II, 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 14, 2006

By:/s/ Ronald M. Diner
Ronald M. Diner
President
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)

**EXHIBIT 31.2**

**CERTIFICATIONS***

I, Jonathan Oorlog, certify that:

1. I have reviewed this annual report on Form 10-K of Gateway Tax Credit Fund II, 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 14, 2006

By:/s/ Jonathan Oorlog
Jonathan Oorlog
Vice President and Chief Financial Officer
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)

**EXHIBIT 32**

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

We, each hereby certify to the best of our knowledge that the Annual Report of Form 10-K of Gateway Tax Credit Fund II Ltd. for the year ended March 31, 2006 containing the financial statements fully complies with the requirements of Section 13(a) or 15(d)of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ronald M. Diner
President
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)
July 14, 2006

/s/ Jonathan Oorlog
Vice President and Chief Financial Officer
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)
July 14, 2006