

## FORM 10-K

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 (FEE REQUIRED)For the fiscal year ended March 31, 2003Commission File Number 0-21762

Gateway Tax Credit Fund III Ltd.  
 (Exact name of Registrant as specified in its charter)  
Florida 59-3090386  
 (State or other jurisdiction of (I.R.S. Employer No.)  
 incorporation or organization)

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

Registrant's Telephone No., Including Area Code: (727) 567-4830Securities 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

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 be contained to the best of registrant's knowledge, in definitive proxy or  
 information statements incorporated by reference in Part III of this Form 10-K  
 or any amendment to this Form 10-K. X

<u>Title of Each Class</u>	<u>Number of Record Holders</u> <u>March 31, 2003</u>
Limited Partnership Interest	<u>2,254</u>
General Partner Interest	<u>2</u>

## DOCUMENTS INCORPORATED BY REFERENCE

Parts III and IV - Form S-11 Registration Statement and all amendments and  
 supplements thereto. File No. 33-44238

PART I

Item 1. Business

Gateway Tax Credit Fund III 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 III Ltd. and wholly-owned subsidiaries of Raymond James Financial, Inc. Gateway was formed October 17, 1991 and commenced operations July 16, 1992 with the first admission of Limited Partners.

Gateway is engaged in only one industry segment, to acquire limited partnership interests in unaffiliated limited partnerships ("Project Partnerships"), each of which owns and operates one or more apartment complexes eligible for Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code ("Tax Credits"), received over a ten year period. Subject to certain limitations, Tax Credits may be used by Gateway's investors to reduce their income tax liability generated from other income sources. Gateway will terminate on December 31, 2040, or sooner, in accordance with the terms of its Limited Partnership Agreement. As of March 31, 2003, Gateway received capital contributions of \$1,000 from the General Partners and from the Limited Partners, \$10,395,000 in Series 7, \$9,980,000 from Series 8, \$6,254,000 from Series 9, \$5,043,000 from Series 10 and \$5,127,000 from Series 11.

Gateway offered Limited Partnership units in series. Each series is treated as though it were 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 limited partners of such series.

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

As of March 31, 2003, Gateway had invested in 39 Project Partnerships for Series 7, 43 Project Partnerships for Series 8, 24 Project Partnerships for Series 9, 15 Project Partnerships for Series 10 and 12 Project Partnerships for Series 11. Gateway acquired its interests in these properties by becoming a limited partner in the Project Partnerships that own the properties. The primary source of funds for each series is the capital contributions from Limited Partner investors.

All but eight of the properties are financed 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. One recently acquired property in Series 7 received conventional financing. One property in Series 9, two properties in Series 10 and one property in Series 11 are fully financed through the HOME Investment Partnerships Program.

These HOME Program loans provide financing at rates of 0 % to 0.5% for a period of 15 to 42 years. One property in Series 11 is partially financed by HOME. Two properties in Series 11 received conventional financing.

Risks related to the operations of Gateway are described in detail on pages 29 through 38 of the Prospectus, as supplemented, under the Caption "Risk Factors" which is incorporated herein by reference. The investment objectives of Gateway are to:

- 1) Provide tax benefits to Limited Partners in the form of Tax Credits during the period in which each Project is eligible to claim tax credits;
- 2) Preserve and protect the capital 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 39 through 47 of the Prospectus, as supplemented, under the caption "Investment Objectives and Policies" which is incorporated herein by reference.

Gateway's goal is 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, 2003 the Series' 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 a 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.

## Item 2. Properties

Gateway owns a majority interest in properties through its limited partnership investments in Project Partnerships. The largest single net investment in a Project Partnership in Series 7 is 5.2% of the Series' total balance sheet assets, Series 8 is 5.5%, Series 9 is 7.7%, Series 10 is 11.1% and Series 11 is 21.0%. The following table provides certain summary information regarding the Project Partnerships in which Gateway had an interest as of December 31, 2002:

## Item 2 - Properties (continued):

## SERIES 7

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCUPANCY RATE
-----	-----	----	-----	-----	-----
Nottingham	Pisgah, AL	18	6/92	719,462	100%
Cedar Hollow	Waterloo, NE	24	7/92	972,757	100%
Sunrise	Mission, SD	44	7/92	2,531,036	93%
Mountain City	Mountain City, TN	40	8/92	1,628,321	100%
Burbank	Falls City, NE	24	8/92	1,029,751	96%
Washington	Bloomfield, NE	24	9/92	984,189	54%
BrookStone	McCaysville, GA	40	9/92	1,462,345	95%
Tazewell	New Tazewell, TN	44	9/92	1,716,642	100%
N. Irvine	Irvine, KY	24	9/92	1,021,031	96%
Horton	Horton, KS	24	9/92	932,540	75%
Manchester	Manchester, GA	42	9/92	1,475,740	100%
Waynesboro	Waynesboro, GA	24	9/92	817,498	100%
Lakeland II	Lakeland, GA	30	9/92	1,009,647	100%
Mt. Vernon	Mt. Vernon, GA	24	9/92	900,526	92%
Meadow Run	Dawson, GA	48	9/92	1,744,840	94%
Spring Creek II	Quitman, GA	24	9/92	808,475	100%
Warm Springs	Warm Springs, GA	22	9/92	823,327	95%
Blue Ridge	Blue Ridge, GA	41	9/92	1,339,143	98%
Walnut	Elk Point, SD	24	9/92	1,031,497	88%
Pioneer	Mountain View, AR	48	9/92	1,356,762	98%
Dilley	Dilley, TX	28	9/92	890,402	100%
Elsa	Elsa, TX	40	9/92	1,340,727	100%
Clinch View	Gate City, VA	42	9/92	1,791,669	95%
Jamestown	Jamestown, TN	40	9/92	1,521,129	98%
Leander	Leander, TX	36	9/92	1,151,159	97%
Louisa Sr.	Louisa, KY	36	9/92	1,509,987	100%
Orchard Commons	Crab Orchard, KY	12	9/92	479,661	100%
Vardaman	Vardaman, MS	24	9/92	917,568	96%
Heritage Park	Paze, AZ	32	9/92	1,585,498	97%
BrooksHollow	Jasper, GA	40	9/92	1,440,296	100%
Cavalry Crossing	Ft. Scott, KS	40	9/92	1,793,888	100%
Carson City	Carson City, KS	24	11/92	959,432	83%
Matteson	Capa, KS	24	11/92	948,046	92%
Pembroke	Pembroke, KY	16	12/92	623,304	100%
Robynwood	Cynthiana, KY	24	12/92	1,011,684	100%
Atoka	Atoka, OK	24	1/93	835,334	100%
Coalgate	Coalgate, OK	24	1/93	828,505	100%
Hill Creek	West Blocton, AL	24	11/93	970,010	100%
Cardinal	Mountain Home, AR	32	11/93	781,436	94%
		----		-----	
		1,195		45,685,264	
		=====		=====	

An average effective rental per unit is \$3,720 per year (\$310 per month).

## Item 2 - Properties (continued):

## SERIES 8

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
Purdy	Purdy, MO	16	12/92	580,868	100%
Galena	Galena, KS	24	12/92	780,734	92%
Antlers 2	Antlers, OK	24	1/93	787,859	100%
Holdenville	Holdenville, OK	24	1/93	892,598	100%
Wetumka	Wetumka, OK	24	1/93	812,853	100%
Mariners Cove	Marine City, MI	32	1/93	1,291,892	94%
Mariners Cove Sr.	Marine City, MI	24	1/93	1,000,474	96%
Antlers	Antlers, OK	36	3/93	1,321,039	92%
Bentonville	Bentonville, AR	24	3/93	758,489	96%
Deerpoint	Elgin, AL	24	3/93	932,474	100%
Aurora	Aurora, MO	28	3/93	906,274	93%
Baxter	Baxter Springs, KS	16	4/93	552,468	88%
Arbor Gate	Bridgeport, AL	24	5/93	932,114	100%
Timber Ridge	Collinsville, AL	24	5/93	906,056	83%
Concordia Sr.	Concordia, KS	24	5/93	826,389	96%
Mountainburg	Mountainburg, AR	24	6/93	883,990	92%
Lincoln	Pierre, SD	25	5/93	1,118,495	100%
Fox Ridge	Russellville, AL	24	6/93	902,785	67%
Meadow View	Bridgeport, NE	16	6/93	727,767	75%
Sheridan	Auburn, NE	16	6/93	772,354	88%
Morningside	Kenton, OH	32	6/93	1,189,817	97%
Grand Isle	Grand Isle, ME	16	6/93	1,168,437	75%
Meadowview	Van Buren, AR	29	8/93	994,717	100%
Taylor	Taylor, TX	44	9/93	1,530,767	100%
Brookwood	Gainesboro, TN	44	9/93	1,812,190	91%
Pleasant Valley	Lynchburg, TN	33	9/93	1,356,358	100%
Reelfoot	Ridgely, TN	20	9/93	825,687	100%
River Rest	Newport, TN	34	9/93	1,404,539	97%
Kirskville	Kirksville, MO	24	9/93	831,492	75%
Cimmaron	Arco, ID	24	9/93	1,121,130	83%
Kenton	Kenton, OH	46	9/93	1,781,759	93%
Lovingston	Lovingston, VA	64	9/93	2,727,919	100%
Pontotoc	Pontotoc, MS	36	10/93	1,340,104	97%
So. Branchley	Rexburg, ID	30	10/93	1,551,699	93%
Hustonville	Hustonville, KY	16	10/93	696,400	100%
Northpoint	Jackson, KY	24	10/93	1,086,577	100%
Brooks Field	Louisville, GA	32	10/93	1,176,085	100%
Brooks Lane	Clayton, GA	36	10/93	1,347,964	97%
Brooks Point	Dahlonaga, GA	41	10/93	1,659,179	90%
Brooks Run	Jasper, GA	24	10/93	925,875	100%
Logan Heights	Russellville, KY	24	11/93	951,730	58%
Lakeshore 2	Tuskegee, AL	36	12/93	1,424,761	94%
Cottdondale	Cottdondale, FL	25	1/94	948,319	96%
		1,207		47,541,477	

An average effective rental per unit is \$3,595 per year (\$300 per month).

## Item 2 - Properties (continued):

## SERIES 9

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
Jay	Jay, OK	24	9/93	810,597	100%
Boxwood	Lexington, TX	24	9/93	770,939	100%
Stilwell 3	Stilwell, OK	16	9/93	587,132	94%
Arbor Trace	Lake Park, GA	24	11/93	918,358	100%
Arbor Trace 2	Lake Park, GA	42	11/93	1,806,434	100%
Omega	Omega, GA	36	11/93	1,407,304	92%
Cornell 2	Watertown, SD	24	11/93	1,185,996	96%
Elm Creek	Pierre, SD	24	11/93	1,192,657	83%
Marionville	Marionville, MO	20	11/93	713,156	100%
Lamar	Lamar, AR	24	12/93	904,325	88%
Mt. Glen	Heppner, OR	24	12/93	1,072,854	96%
Centreville	Centreville, AL	24	12/93	975,033	96%
Skyview	Troy, AL	36	12/93	1,416,897	94%
Sycamore	Coffeyville, KS	40	12/93	1,821,671	100%
Bradford	Cumberland, KY	24	12/93	1,055,632	100%
Cedar Lane	London, KY	24	12/93	1,008,022	100%
Stanton	Stanton, KY	24	12/93	1,001,158	100%
Abernathy	Abernathy, TX	24	1/94	781,898	79%
Pembroke	Pembroke, KY	24	1/94	1,006,295	96%
Meadowview	Greenville, AL	24	2/94	1,136,913	92%
Town Branch	Mt. Vernon, KY	24	12/93	984,410	100%
Fox Run	Ragland, AL	24	3/94	976,431	100%
Maple Street	Emporium, PA	32	3/94	1,712,081	94%
Manchester	Manchester, GA	18	5/94	737,835	89%
		-----		-----	
		624		25,984,028	
		=====		=====	

An average effective rental per unit is \$3,463 per year (\$289 per month).

Item 2 - Properties (continued):

SERIES 10

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
-----	-----	-----	-----	-----	-----
Redstone	Challis, ID	24	11/93	1,141,262	88%
Albany	Albany, KY	24	1/94	1,042,529	100%
Oak Terrace	Bonifay, FL	18	1/94	667,003	100%
Wellshill	West Liberty, KY	32	1/94	1,350,944	100%
Applegate	Florence, AL	36	2/94	1,841,379	100%
Heatherwood	Alexander, AL	36	2/94	1,611,756	100%
Peachtree	Gaffney, SC	28	3/94	1,092,796	96%
Donna	Donna, TX	50	1/94	1,778,667	100%
Wellsville	Wellsville, NY	24	2/94	1,350,037	100%
Tecumseh	Tecumseh, NE	24	4/94	1,091,250	88%
Clay City	Clay City, KY	24	5/94	1,030,029	92%
Irvine West	Irvine, KY	24	5/94	1,089,546	92%
New Castle	New Castle, KY	24	5/94	1,022,311	96%
Stigler	Stigler, OK	20	7/94	754,056	100%
Courtyard	Huron, SD	21	8/94	773,498	100%
		----		-----	
		409		17,637,063	
		====		=====	

An average effective rental per unit is \$3,589 per year (\$299 per month).

Item 2 - Properties (continued):

SERIES 11

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
-----	-----	-----	-----	-----	-----
Homestead	Pinetop, AZ	32	9/94	1,796,664	97%
Mountain Oak	Collinsville, AL	24	9/94	879,424	83%
Eloy	Eloy, AZ	24	11/94	968,171	92%
Gila Bend	Gila Bend, AZ	36	11/94	1,344,413	75%
Creekstone	Dallas, GA	40	12/94	2,008,604	93%
Tifton	Tifton, GA	36	12/94	1,706,886	100%
Cass Towne	Cartersville, GA	10	12/94	327,374	100%
Warsaw	Warsaw, VA	56	12/94	3,344,104	100%
Royston	Royston, GA	25	12/94	936,525	100%
Red Bud	Mokane, MO	8	12/94	301,117	100%
Cardinal	Mountain Home, AR	32	12/94	509,809	94%
Parsons	Parsons, KS	38	12/94	1,353,652	95%
		-----		-----	
		361		15,476,743	
		====		=====	

An average effective rental per unit is \$4,050 per year (\$338 per month).



Item 2 - Properties (continued):

A summary of the cost of the properties at December 31, 2002, 2001 and 2000 is as follows:

	12/31/02		
	<u>SERIES 7</u>	<u>SERIES 8</u>	<u>SERIES 9</u>
Land	\$ 1,634,610	\$ 1,978,809	\$ 1,099,659
Land Improvements	206,488	441,428	191,080
Buildings	42,091,649	43,361,894	23,636,482
Furniture and Fixtures	1,752,517	1,759,346	1,056,807
	-----	-----	-----
Properties, at Cost	45,685,264	47,541,477	25,984,028
Less: Accum.Depreciation	14,581,914	14,711,554	7,296,692
	-----	-----	-----
Properties, Net	<u>\$31,103,350</u>	<u>\$32,829,923</u>	<u>\$18,687,336</u>

	<u>SERIES 10</u>	<u>SERIES 11</u>	<u>TOTAL</u>
Land	\$ 648,625	\$ 599,197	\$ 5,960,900
Land Improvements	62,866	4,695	906,557
Buildings	16,357,375	14,357,965	139,805,365
Furniture and Fixtures	568,197	514,886	5,651,753
	-----	-----	-----
Properties, at Cost	17,637,063	15,476,743	152,324,575
Less: Accum.Depreciation	4,174,124	3,784,175	44,548,459
	-----	-----	-----
Properties, Net	<u>\$13,462,939</u>	<u>\$11,692,568</u>	<u>\$107,776,116</u>

	12/31/01		
	<u>SERIES 7</u>	<u>SERIES 8</u>	<u>SERIES 9</u>
Land	\$ 1,633,733	\$ 1,978,810	\$ 1,099,659
Land Improvements	171,081	438,402	191,950
Buildings	42,034,681	43,352,026	23,610,863
Furniture and Fixtures	1,695,712	1,687,504	1,022,817
	-----	-----	-----
Properties, at Cost	45,535,207	47,456,742	25,925,289
Less: Accum.Depreciation	13,115,126	13,207,423	6,489,753
	-----	-----	-----
Properties, Net	<u>\$32,420,081</u>	<u>\$34,249,319</u>	<u>\$19,435,536</u>

	<u>SERIES 10</u>	<u>SERIES 11</u>	<u>TOTAL</u>
Land	\$ 648,625	\$ 599,197	\$ 5,960,024
Land Improvements	59,331	0	860,764
Buildings	16,331,572	14,308,048	139,637,190
Furniture and Fixtures	552,469	486,430	5,444,932
	-----	-----	-----
Properties, at Cost	17,591,997	15,393,675	151,902,910
Less: Accum.Depreciation	3,710,595	3,255,491	39,778,388
	-----	-----	-----
Properties, Net	<u>\$13,881,402</u>	<u>\$12,138,184</u>	<u>\$112,124,522</u>

	12/31/00		
	SERIES 7	SERIES 8	SERIES 9
Land	\$ 1,629,533	\$ 1,978,810	\$ 1,099,659
Land Improvements	169,981	434,656	180,333
Buildings	41,899,148	43,329,157	23,595,258
Furniture and Fixtures	1,741,414	1,635,661	988,906
	-----	-----	-----
Properties, at Cost	45,440,076	47,378,284	25,864,156
Less: Accum.Depreciation	11,657,985	11,686,945	5,669,383
	-----	-----	-----
Properties, Net	\$33,782,091	\$35,691,339	\$20,194,773
	=====	=====	=====
	SERIES 10	SERIES 11	TOTAL
Land	\$ 648,625	\$ 599,196	\$ 5,955,823
Land Improvements	59,331	0	844,301
Buildings	16,318,322	14,293,070	139,434,955
Furniture and Fixtures	532,906	452,992	5,351,879
	-----	-----	-----
Properties, at Cost	17,559,184	15,345,258	151,586,958
Less: Accum.Depreciation	3,232,262	2,731,802	34,978,377
	-----	-----	-----
Properties, Net	\$14,326,922	\$12,613,456	\$116,608,581
	=====	=====	=====

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, 2003, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

## PART II

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

(a) Gateway's Limited Partnership interests are not publicly traded. There is no market for Gateway's Limited Partnership interests and it is unlikely that any will develop. No transfers of Limited Partnership Interests 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 Limited Partnership units are transferred. The criteria for and the details regarding transfers are found on pages A-28 and A-29 of the Limited Partnership Agreement under ARTICLE XII under the caption "Transfers of Units" found in the Prospectus, which is incorporated herein by reference.

There have been no distributions to Limited Partner investors from inception to date.

(b) Approximate Number of Equity Security Holders:

<u>Title of Class</u>	<u>Number of Holders as of March 31, 2003</u>
Limited Partner Interest	2,254
General Partner Interest	2

### Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,

<u>SERIES 7</u>	<u>2003</u> ----	<u>2002</u> ----	<u>2001</u> ----	<u>2000</u> ----	<u>1999</u> ----
Total Revenues	\$ 51,700	\$ 60,809	\$ 59,053	\$ 51,236	\$ 43,550
Net Loss	(233,056)	(390,210)	(508,769)	(555,736)	(812,428)
Equity in Losses of Project Partnerships	(137,118)	(317,296)	(434,461)	(471,721)	(718,721)
Total Assets	1,979,828	2,171,233	2,509,975	2,972,199	3,481,841
Investments In Project Partnerships	1,278,834	1,436,847	1,773,751	2,237,728	2,749,505
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	163.08	163.08	161.40	161.40	161.40
Portfolio Income	6.94	11.28	13.30	11.50	11.20
Passive Loss	(113.17)	(129.83)	(131.90)	(117.20)	(112.50)
Net Loss	(22.20)	(37.16)	(48.45)	(52.93)	(77.37)

## FOR THE YEARS ENDED MARCH 31,

SERIES 8	2003 ----	2002 ----	2001 ----	2000 ----	1999 ----
Total Revenues	\$ 45,825	\$ 45,655	\$ 55,568	\$ 48,434	\$ 45,764
Net Loss	(193,325)	(365,765)	(539,766)	(1,247,292)	(1,055,240)
Equity in Losses of Project Partnerships	(82,830)	(272,241)	(457,729)	(1,158,932)	(960,106)
Total Assets	1,305,623	1,442,531	1,749,931	2,238,666	3,435,008
Investments In Project Partnerships	560,231	654,569	940,463	1,423,188	2,612,574
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	162.03	162.38	160.80	160.80	160.80
Portfolio Income	7.29	11.09	12.30	10.70	10.60
Passive Loss	(125.60)	(142.75)	(141.80)	(133.70)	(137.00)
Net Loss	(19.18)	(36.28)	(53.54)	(123.73)	(104.68)

## FOR THE YEARS ENDED MARCH 31,

SERIES 9	2003 ----	2002 ----	2001 ----	2000 ----	1999 ----
Total Revenues	\$ 20,528	\$ 25,461	\$ 28,868	\$ 25,243	\$ 24,872
Net Loss	(346,402)	(407,619)	(457,177)	(547,924)	(570,231)
Equity in Losses of Project Partnerships	(279,770)	(355,237)	(409,450)	(496,765)	(517,316)
Total Assets	1,676,155	1,982,691	2,326,088	2,774,157	3,289,179
Investments In Project Partnerships Per Weighted Average Limited Partnership Unit: (A)	1,211,933	1,506,444	1,849,358	2,303,872	2,818,653
Tax Credits	154.93	154.93	153.40	153.40	153.40
Portfolio Income	6.10	9.42	11.40	10.40	10.10
Passive Loss	(127.50)	(136.20)	(130.00)	(124.90)	(106.70)
Net Loss	(54.84)	(64.53)	(72.37)	(86.74)	(90.27)

FOR THE YEARS ENDED MARCH 31,

SERIES 10	2003 ----	2002 ----	2001 ----	2000 ----	1999 ----
Total Revenues	\$ 16,204	\$ 19,793	\$ 26,582	\$ 24,705	\$ 24,421
Net Loss	(246,694)	(227,243)	(321,107)	(328,409)	(264,781)
Equity in Losses of Project Partnerships	(201,773)	(191,862)	(292,747)	(299,182)	(237,276)
Total Assets	2,442,508	2,674,512	2,889,469	3,202,510	3,523,986
Investments In Project Partnerships	2,014,742	2,232,728	2,451,287	2,764,397	3,086,492
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	151.14	151.14	149.60	149.60	149.60
Portfolio Income	8.34	10.98	12.50	11.30	11.10
Passive Loss	(93.89)	(96.98)	(105.00)	(103.70)	(89.60)
Net Loss	(48.43)	(44.61)	(63.04)	(64.47)	(51.98)

FOR THE YEARS ENDED MARCH 31,

SERIES 11	2003 ----	2002 ----	2001 ----	2000 ----	1999 ----
Total Revenues	\$ 18,223	\$ 22,823	\$ 29,446	\$ 27,431	\$ 27,001
Net Loss	(207,311)	(209,234)	(202,390)	(164,613)	(152,545)
Equity in Losses of Project Partnerships	(169,857)	(180,099)	(181,405)	(143,181)	(128,802)
Total Assets	3,377,050	3,590,467	3,797,213	3,998,687	4,163,711
Investments In Project Partnerships	2,914,130	3,111,560	3,328,681	3,534,837	3,701,295
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	147.20	147.20	145.70	145.70	145.70
Portfolio Income	6.21	10.16	11.70	10.20	10.80
Passive Loss	(61.45)	(56.98)	(61.40)	(51.10)	(51.20)
Net Loss	(40.03)	(40.40)	(39.08)	(31.79)	(29.46)

(A) The 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

Results of Operations, Liquidity and Capital Resources

Operations commenced on July 16, 1992 with the first admission of Limited Partners in Series 7. The proceeds from Limited Partner investors' capital contributions available for investment are used to acquire interests in Project Partnerships.

As disclosed on the statement of operations for each Series, except as described below, interest income is comparable for the years ended March 31, 2003, March 31, 2002 and March 31, 2001. General and Administrative expenses - General Partner and General and Administrative expenses - Other for the year ended March 31, 2003 are comparable to March 31, 2002 and March 31, 2001.

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 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 investors' return of their original capital contribution.)

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 7 - Gateway closed this series on October 16, 1992 after receiving \$10,395,000 from 635 Limited Partner investors. As of March 31, 2003, the series had invested \$7,732,089 in 39 Project Partnerships located in 14 states containing 1,195 apartment units. Average occupancy of the Project Partnerships was 96% at December 31, 2002.

The Equity in Losses of Project Partnerships decreased from \$317,296 for the year ended March 31, 2002 to \$137,118 for the year ended March 31, 2003 as a result of not including losses of \$725,530, as these losses would reduce the investment in certain Project Partnerships below zero. Equity in losses of Project Partnerships for the year ended March 31, 2002 of \$317,296 were comparable to the Equity in Losses of Project Partnerships for the year ended March 31, 2003. 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 \$1,466,589, \$1,457,962 and \$1,467,030 for the periods ended December 31, 2000, 2001 and 2002, respectively.) As a result, management expects that this Series, as well as the Series 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, which meet projections.

At March 31, 2003, the Series had \$390,008 of short-term investments (Cash and Cash Equivalents). It also had \$310,986 in Zero Coupon Treasuries with annual maturities providing \$68,000 in fiscal year 2004 increasing to \$86,000 in fiscal year 2008. 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 \$233,056 for the year ending March 31, 2003. However, after adjusting for Equity in Losses of Project Partnerships of \$137,118 and the changes in operating assets and liabilities, net cash used in operating activities was \$63,341 of which \$46,838 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$68,723 consisting of \$37,299 in cash distributions from the Project Partnerships and \$31,424 from matured Zero Coupon Treasuries. There were no unusual events or trends to describe.

Series 8 - Gateway closed this Series on June 28, 1993 after receiving \$9,980,000 from 664 Limited Partner investors. As of March 31, 2003, the series had invested \$7,586,105 in 43 Project Partnerships located in 18 states containing 1,207 apartment units. Average occupancy of the Project Partnerships was 94% at December 31, 2002.

Equity in Losses of Project Partnerships decreased from \$457,729 for the year ended March 31, 2001 to \$272,241 for the year ended March 31, 2002 to \$82,830 for the year ended March 31, 2003. The decreases resulted from not including suspended losses, which increased from \$689,097 for the year ended March 31, 2001 to \$832,101 for the year ended March 31, 2002 to \$865,760 for the year ended March 31, 2003, as these losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of \$1,578,473, \$1,522,646 and \$1,516,946 for the periods ended December 31, 2000, 2001 and 2002, respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2003, the Series had \$450,206 of short-term investments (Cash and Cash Equivalents). It also had \$295,186 in Zero Coupon Treasuries with annual maturities providing \$63,000 in fiscal year 2004 increasing to \$82,000 in fiscal year 2008. 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 \$193,325 for the year ending March 31, 2003. However, after adjusting for Equity in Losses of Project Partnerships of \$82,830 and the changes in operating assets and liabilities, net cash used in operating activities was \$63,229 of which \$35,655 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$57,079 consisting of \$25,963 received in cash distributions from the Project Partnerships and \$31,116 from matured Zero Coupon Treasuries. 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. There were no unusual events or trends to describe.

Series 9 - Gateway closed this Series on September 30, 1993 after receiving \$6,254,000 from 406 Limited Partner investors. As of March 31, 2003, the series had invested \$4,914,116 in 24 Project Partnerships located in 11 states containing 624 apartment units. Average occupancy of the Project Partnerships was 96% at December 31, 2002.

The Equity in Losses of Project Partnerships decreased from \$409,450 for the year ended March 31, 2001 to \$355,237 for the year ended March 31, 2002 to \$279,770 for the year ended March 31, 2003. The decreases resulted from not including suspended losses, which increased from \$200,607 for the year ended March 31, 2001 to \$300,173 for the year ended March 31, 2002 to \$346,247 for the year ended March 31, 2003, as these losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of \$832,666, \$820,700 and \$807,268 for the years ended December 31, 2000, 2001 and 2002, respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2003, the Series had \$260,485 of short-term investments (Cash and Cash Equivalents). It also had \$203,737 in Zero Coupon Treasuries with annual maturities providing \$37,000 in fiscal year 2004 increasing to \$47,000 in fiscal year 2009. 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 \$346,402 for the period ending March 31, 2003. After adjusting for Equity in Losses of Project Partnerships of \$279,770 and the changes in operating assets and liabilities, net cash used in operating activities was \$27,297 of which \$10,934 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$36,451 consisting of \$15,918 received in cash distributions from the Project Partnerships and \$20,533 from matured Zero Coupon Treasuries. 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. There were no unusual events or trends to describe.

Series 10 - Gateway closed this Series on January 21, 1994 after receiving \$5,043,000 from 325 Limited Partner investors. As of March 31, 2003, the series had invested \$3,914,672 in 15 Project Partnerships located in 10 states containing 409 apartment units. Average occupancy of the Project Partnerships was 97% at December 31, 2002.

The Equity in Losses of Project Partnerships increased from \$191,862 for the year ended March 31, 2002 to \$201,773 for the year ended March 31, 2003 as a result of not including losses of \$34,315, as these losses would reduce the investment in certain Project Partnerships below zero. Equity in Losses of Project Partnerships of \$292,747 for the year ended March 31, 2001 were comparable to Equity in Losses for the year ended March 31, 2002. (These Project Partnerships reported depreciation and amortization of \$496,926, \$478,396 and \$465,739 for the years ended December 31, 2000, 2001, and 2002 respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits, which meet projections.

At March 31, 2003, the Series had \$251,941 of short-term investments (Cash and Cash Equivalents). It also had \$175,825 in Zero Coupon Treasuries with annual maturities providing \$28,000 in fiscal year 2004 increasing to \$40,000 in fiscal year 2010. 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 net loss of \$246,694 for the year ending March 31, 2003. After adjusting for Equity in Losses of Project Partnerships of \$201,773 and the changes in operating assets and liabilities, net cash used in operating activities was \$27,407 of which \$19,936 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$27,199 consisting of \$12,151 received in cash distributions from the Project Partnerships and \$15,048 from matured Zero Coupon Treasuries. 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. There were no unusual events or trends to describe.



Series 11 - Gateway closed this Series on April 29, 1994 after receiving \$5,127,000 from 330 Limited investors. As of March 31, 2003 the series had invested \$4,128,042 in 12 Project Partnerships located in 7 states containing 361 apartments. Average occupancy of the Project Partnerships was 94% at December 31, 2002.

Equity in losses of Project Partnerships were comparable for the years ended March 31, 2001, 2002 and 2003. (These Project Partnerships reported depreciation and amortization of \$516,766, \$524,869 and \$530,098 for the periods ended December 31, 2000, 2001 and 2002.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2003, the Series had \$264,198 of short-term investments (Cash and Cash Equivalents). It also had \$198,722 in Zero Coupon Treasuries with annual maturities providing \$32,000 in fiscal year 2004 increasing to \$44,000 in fiscal year 2010. 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 net loss of \$207,311 for the year ending March 31, 2003. After adjusting for Equity in Losses of Project Partnerships of \$169,857 and the changes in operating assets and liabilities, net cash used in operating activities was \$37,274 of which \$33,953 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$35,413 consisting of \$16,136 from matured Zero Coupon Treasures and \$19,277 received in cash distributions from Project Partnerships. 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. There were no unusual events or trends to describe.

Item 8. Financial Statements and Supplementary Data

INDEPENDENT AUDITOR'S REPORT

To the Partners of Gateway Tax Credit Fund III Ltd.

We have audited the accompanying balance sheets of each of the five Series (Series 7 through 11) constituting Gateway Tax Credit Fund III Ltd. (a Florida Limited Partnership) as of March 31, 2003 and 2002 and the related statements of operations, partners' equity(deficit), and cash flows of each of the five Series for each of the three years in the period 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 did not audit the financial statements of certain Project Partnerships for which cumulative equity in losses included on the balance sheets as of March 31, 2003 and 2002 and net losses included on the statements of operations for each of the three years in the period ended March 31, 2003 are:

Cumulative Equity			Partnership Loss		
In Losses			Year Ended March 31,		
March 31,					
-----			-----		
	2003	2002	2003	2002	2001
	----	----	----	----	----
Series 7	\$4,335,041	\$4,262,598	\$ 70,059	\$166,008	\$301,031
Series 8	4,392,445	4,150,404	68,561	153,916	270,179
Series 9	1,227,251	1,077,602	149,650	179,779	174,853
Series 10	595,038	485,619	109,420	85,164	93,627
Series 11	1,219,058	1,047,897	171,160	169,727	157,100

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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 7 through 11) constituting Gateway Tax Credit Fund III Ltd. as of March 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

Clearwater, Florida  
June 12, 2003

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

SERIES 7	2003	2002
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 390,008	\$ 384,626
Investments in Securities	64,155	60,470
	-----	-----
Total Current Assets	454,163	445,096
Investments in Securities	246,831	289,290
Investments in Project Partnerships, Net	1,278,834	1,436,847
	-----	-----
Total Assets	\$1,979,828	\$2,171,233
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 69,660	\$ 68,252
	-----	-----
Total Current Liabilities	69,660	68,252
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	437,160	396,917
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002)	1,549,556	1,780,281
General Partners	(76,548)	(74,217)
	-----	-----
Total Partners' Equity	1,473,008	1,706,064
	-----	-----
Total Liabilities and Partners' Equity	\$1,979,828	\$2,171,233
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

SERIES 8	2003 ----	2002 ----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 450,206	\$ 456,356
Investments in Securities	59,583	55,888
	-----	-----
Total Current Assets	509,789	512,244
Investments in Securities	235,603	275,718
Investments in Project Partnerships, Net	560,231	654,569
	-----	-----
Total Assets	\$1,305,623	\$1,442,531
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 61,828	\$ 60,485
	-----	-----
Total Current Liabilities	61,828	60,485
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	513,976	458,902
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002)	810,146	1,001,538
General Partners	(80,327)	(78,394)
	-----	-----
Total Partners' Equity	729,819	923,144
	-----	-----
Total Liabilities and Partners' Equity	\$1,305,623	\$1,442,531
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

SERIES 9	2003	2002
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 260,485	\$ 251,331
Investments in Securities	35,177	33,325
	-----	-----
Total Current Assets	295,662	284,656
Investments in Securities	168,560	191,591
Investments in Project Partnerships, Net	1,211,933	1,506,444
	-----	-----
Total Assets	\$1,676,155	\$1,982,691
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 35,252	\$ 34,316
	-----	-----
Total Current Liabilities	35,252	34,316
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	318,435	279,505
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002)	1,364,080	1,707,018
General Partners	(41,612)	(38,148)
	-----	-----
Total Partners' Equity	1,322,468	1,668,870
	-----	-----
Total Liabilities and Partners' Equity	\$1,676,155	\$1,982,691
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

SERIES 10	2003	2002
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 251,941	\$ 252,149
Investments in Securities	26,620	25,668
	-----	-----
Total Current Assets	278,561	277,817
Investments in Securities	149,205	163,967
Investments in Project Partnerships, Net	2,014,742	2,232,728
	-----	-----
Total Assets	\$2,442,508	\$2,674,512
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 35,197	\$ 34,582
	-----	-----
Total Current Liabilities	35,197	34,582
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	86,436	72,361
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002)	2,341,846	2,586,073
General Partners	(20,971)	(18,504)
	-----	-----
Total Partners' Equity	2,320,875	2,567,569
	-----	-----
Total Liabilities and Partners' Equity	\$2,442,508	\$2,674,512
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

SERIES 11	2003	2002
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 264,198	\$ 266,059
Investments in Securities	30,129	28,271
	-----	-----
Total Current Assets	294,327	294,330
Investments in Securities	168,593	184,577
Investments in Project Partnerships, Net	2,914,130	3,111,560
	-----	-----
Total Assets	\$3,377,050	\$3,590,467
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 33,669	\$ 34,342
	-----	-----
Total Current Liabilities	33,669	34,342
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	11,661	17,094
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002	3,344,393	3,549,631
General Partners	(12,673)	(10,600)
	-----	-----
Total Partners' Equity	3,331,720	3,539,031
	-----	-----
Total Liabilities and Partners' Equity	\$3,377,050	\$3,590,467
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2003 AND 2002

TOTAL SERIES 7 -11	2003	2002
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,616,838	\$ 1,610,521
Investments in Securities	215,664	203,622
	-----	-----
Total Current Assets	1,832,502	1,814,143
Investments in Securities	968,792	1,105,143
Investments in Project Partnerships, Net	7,979,870	8,942,148
	-----	-----
Total Assets	\$10,781,164	\$11,861,434
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 235,606	\$ 231,977
	-----	-----
Total Current Liabilities	235,606	231,977
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	1,367,668	1,224,779
	-----	-----
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at March 31, 2003 and 2002)	9,410,021	10,624,541
General Partners	(232,131)	(219,863)
	-----	-----
Total Partners' Equity	9,177,890	10,404,678
	-----	-----
Total Liabilities and Partners' Equity	\$10,781,164	\$11,861,434
	=====	=====

See accompanying notes to financial statements.



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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

SERIES 7	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 28,612	\$ 36,075	\$ 46,167
Other Income	23,088	24,734	12,886
	-----	-----	-----
Total Revenues	51,700	60,809	59,053
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	87,082	87,394	87,683
General and Administrative:			
General Partner	32,765	20,917	16,312
Other	21,107	18,727	19,610
Amortization	6,684	6,685	9,756
	-----	-----	-----
Total Expenses	147,638	133,723	133,361
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(95,938)	(72,914)	(74,308)
Equity in Losses of Project Partnerships	(137,118)	(317,296)	(434,461)
	-----	-----	-----
Net Loss	\$ (233,056)	\$ (390,210)	\$ (508,769)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (230,725)	\$ (386,308)	\$ (503,681)
General Partners	(2,331)	(3,902)	(5,088)
	-----	-----	-----
	\$ (233,056)	\$ (390,210)	\$ (508,769)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (22.20)	\$ (37.16)	\$ (48.45)
Number of Beneficial Assignee Certificates Outstanding	10,395	10,395	10,395
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

SERIES 8	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 26,630	\$ 35,358	\$ 48,557
Other Income	19,195	10,297	7,011
	-----	-----	-----
Total Revenues	45,825	45,655	55,568
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	90,730	91,032	91,364
General and Administrative:			
General Partner	36,127	23,062	17,985
Other	24,723	20,346	20,870
Amortization	4,740	4,739	7,386
	-----	-----	-----
Total Expenses	156,320	139,179	137,605
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(110,495)	(93,524)	(82,037)
Equity in Losses of Project Partnerships	(82,830)	(272,241)	(457,729)
	-----	-----	-----
Net Loss	\$ (193,325)	\$ (365,765)	\$ (539,766)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (191,392)	\$ (362,107)	\$ (534,368)
General Partners	(1,933)	(3,658)	(5,398)
	-----	-----	-----
	\$ (193,325)	\$ (365,765)	\$ (539,766)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (19.18)	\$ (36.28)	\$ (53.54)
Number of Beneficial Assignee Certificates Outstanding	9,980	9,980	9,980
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

SERIES 9	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 16,095	\$ 20,661	\$ 27,149
Other Income	4,433	4,800	1,719
	-----	-----	-----
Total Revenues	20,528	25,461	28,868
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	49,865	50,027	50,178
General and Administrative:			
General Partner	20,164	12,872	10,038
Other	13,875	11,690	11,826
Amortization	3,256	3,254	4,553
	-----	-----	-----
Total Expenses	87,160	77,843	76,595
	-----	-----	-----
Loss Before Equity in Losses of			
Project Partnerships	(66,632)	(52,382)	(47,727)
Equity in Losses of Project			
Partnerships	(279,770)	(355,237)	(409,450)
	-----	-----	-----
Net Loss	\$ (346,402)	\$ (407,619)	\$ (457,177)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (342,938)	\$ (403,543)	\$ (452,605)
General Partners	(3,464)	(4,076)	(4,572)
	-----	-----	-----
	\$ (346,402)	\$ (407,619)	\$ (457,177)
	=====	=====	=====
Net Loss Per Beneficial			
Assignee Certificate	\$ (54.84)	\$ (64.53)	\$ (72.37)
Number of Beneficial Assignee	=====	=====	=====
Certificates Outstanding	6,254	6,254	6,254
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

SERIES 10	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 15,454	\$ 19,793	\$ 26,582
Other Income	750	0	0
	-----	-----	-----
Total Revenues	16,204	19,793	26,582
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	34,013	34,115	34,212
General and Administrative:			
General Partner	12,601	8,045	6,274
Other	9,699	8,203	8,834
Amortization	4,812	4,811	5,622
	-----	-----	-----
Total Expenses	61,125	55,174	54,942
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(44,921)	(35,381)	(28,360)
Equity in Losses of Project Partnerships	(201,773)	(191,862)	(292,747)
	-----	-----	-----
Net Loss	\$ (246,694)	\$ (227,243)	\$ (321,107)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (244,227)	\$ (224,971)	\$ (317,896)
General Partners	(2,467)	(2,272)	(3,211)
	-----	-----	-----
	\$ (246,694)	\$ (227,243)	\$ (321,107)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (48.43)	\$ (44.61)	\$ (63.04)
Number of Beneficial Assignee Certificates Outstanding	5,043	5,043	5,043
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

SERIES 11	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 18,223	\$ 22,823	\$ 29,446
Other Income	0	0	0
	-----	-----	-----
Total Revenues	18,223	22,823	29,446
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	28,518	28,770	29,087
General and Administrative:			
General Partner	10,081	6,436	5,019
Other	8,782	8,458	8,031
Amortization	8,296	8,294	8,294
	-----	-----	-----
Total Expenses	55,677	51,958	50,431
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(37,454)	(29,135)	(20,985)
Equity in Losses of Project Partnerships	(169,857)	(180,099)	(181,405)
	-----	-----	-----
Net Loss	\$ (207,311)	\$ (209,234)	\$ (202,390)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (205,238)	\$ (207,142)	\$ (200,366)
General Partners	(2,073)	(2,092)	(2,024)
	-----	-----	-----
	\$ (207,311)	\$ (209,234)	\$ (202,390)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (40.03)	\$ (40.40)	\$ (39.08)
Number of Beneficial Assignee Certificates Outstanding	5,127	5,127	5,127
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED MARCH 31,

TOTAL SERIES 7 - 11	2003	2002	2001
	----	----	----
Revenues:			
Interest Income	\$ 105,014	\$ 134,710	\$ 177,901
Other Income	47,466	39,831	21,616
	-----	-----	-----
Total Revenues	152,480	174,541	199,517
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	290,208	291,338	292,524
General and Administrative:			
General Partner	111,738	71,332	55,628
Other	78,186	67,424	69,171
Amortization	27,788	27,783	35,611
	-----	-----	-----
Total Expenses	507,920	457,877	452,934
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(355,440)	(283,336)	(253,417)
Equity in Losses of Project Partnerships	(871,348)	(1,316,735)	(1,775,792)
	-----	-----	-----
Net Loss	\$ (1,226,788)	\$ (1,600,071)	\$ (2,029,209)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (1,214,520)	\$ (1,584,071)	\$ (2,008,916)
General Partners	(12,268)	(16,000)	(20,293)
	-----	-----	-----
	\$ (1,226,788)	\$ (1,600,071)	\$ (2,029,209)
	=====	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 7	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$2,670,270	\$ (65,227)	\$2,605,043
Net Loss	(503,681) -----	(5,088) -----	(508,769) -----
Balance at March 31, 2001	2,166,589	(70,315)	2,096,274
Net Loss	(386,308) -----	(3,902) -----	(390,210) -----
Balance at March 31, 2002	1,780,281	(74,217)	1,706,064
Net Loss	(230,725) -----	(2,331) -----	(233,056) -----
Balance at March 31, 2003	\$1,549,556 =====	\$ (76,548) =====	\$1,473,008 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 8	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$1,898,013	\$ (69,338)	\$1,828,675
Net Loss	(534,368) -----	(5,398) -----	(539,766) -----
Balance at March 31, 2001	1,363,645	(74,736)	1,288,909
Net Loss	(362,107) -----	(3,658) -----	(365,765) -----
Balance at March 31, 2002	1,001,538	(78,394)	923,144
Net Loss	(191,392) -----	(1,933) -----	(193,325) -----
Balance at March 31, 2003	\$ 810,146 =====	\$ (80,327) =====	\$ 729,819 =====

See accompanying notes to financial statements.



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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 9	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$2,563,166	\$ (29,500)	\$2,533,666
Net Loss	(452,605) -----	(4,572) -----	(457,177) -----
Balance at March 31, 2001	2,110,561	(34,072)	2,076,489
Net Loss	(403,543) -----	(4,076) -----	(407,619) -----
Balance at March 31, 2002	1,707,018	(38,148)	1,668,870
Net Loss	(342,938) -----	(3,464) -----	(346,402) -----
Balance at March 31, 2003	\$1,364,080 =====	\$ (41,612) =====	\$1,322,468 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 10	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$3,128,940	\$ (13,021)	\$3,115,919
Net Loss	(317,896) -----	(3,211) -----	(321,107) -----
Balance at March 31, 2001	2,811,044	(16,232)	2,794,812
Net Loss	(224,971) -----	(2,272) -----	(227,243) -----
Balance at March 31, 2002	2,586,073	(18,504)	2,567,569
Net Loss	(244,227) -----	(2,467) -----	(246,694) -----
Balance at March 31, 2003	\$2,341,846 =====	\$ (20,971) =====	\$2,320,875 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 11	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$3,957,139	\$ (6,484)	\$3,950,655
Net Loss	(200,366) -----	(2,024) -----	(202,390) -----
Balance at March 31, 2001	3,756,773	(8,508)	3,748,265
Net Loss	(207,142) -----	(2,092) -----	(209,234) -----
Balance at March 31, 2002	3,549,631	(10,600)	3,539,031
Net Loss	(205,238) -----	(2,073) -----	(207,311) -----
Balance at March 31, 2003	\$3,344,393 =====	\$ (12,673) =====	\$3,331,720 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (deficit)

FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

TOTAL SERIES 7 - 11	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2000	\$14,217,528	\$ (183,570)	\$14,033,958
Net Loss	(2,008,916) -----	(20,293) -----	(2,029,209) -----
Balance at March 31, 2001	12,208,612	(203,863)	12,004,749
Net Loss	(1,584,071) -----	(16,000) -----	(1,600,071) -----
Balance at March 31, 2002	10,624,541	(219,863)	10,404,678
Net Loss	(1,214,520) -----	(12,268) -----	(1,226,788) -----
Balance at March 31, 2003	\$9,410,021 =====	\$ (232,131) =====	\$9,177,890 =====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 7 -----	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (233,056)	\$ (390,210)	\$ (508,769)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	6,684	6,685	9,756
Accreted Interest Income on Investments in Securities	(25,226)	(27,373)	(29,071)
Equity in Losses of Project Partnerships	137,118	317,296	434,461
Interest Income from Redemption of Securities	32,576	27,811	23,730
Distributions Included in Other Income	(23,088)	(24,734)	(12,886)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	41,651	51,468	46,545
Net Cash Used in Operating Activities	(63,341)	(39,057)	(36,234)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	37,299	37,656	32,646
Redemption of Investment in Securities	31,424	32,189	33,270
Net Cash Provided by Investing Activities	68,723	69,845	65,916
Increase in Cash and Cash Equivalents	5,382	30,788	29,682
Cash and Cash Equivalents at Beginning of Year	384,626	353,838	324,156
Cash and Cash Equivalents at End of Year	\$ 390,008	\$ 384,626	\$ 353,838
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 8 -----	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (193,325)	\$ (365,765)	\$ (539,766)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	4,740	4,739	7,386
Accreted Interest Income on Investments in Securities	(22,580)	(24,482)	(26,093)
Equity in Losses of Project Partnerships	82,830	272,241	457,729
Interest Income from Redemption of Securities	27,883	23,584	20,667
Distributions Included in Other Income	(19,195)	(10,297)	(7,011)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	56,418	58,366	51,030
Net Cash Used in Operating Activities	(63,229)	(41,614)	(36,058)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	25,963	19,211	24,621
Redemption of Investment in Securities	31,116	31,416	33,333
Net Cash Provided by Investing Activities	57,079	50,627	57,954
Increase (Decrease) in Cash and Cash Equivalents	(6,150)	9,013	21,896
Cash and Cash Equivalents at Beginning of Year	456,356	447,343	425,447
Cash and Cash Equivalents at End of Year	\$ 450,206	\$ 456,356	\$ 447,343
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 9 -----	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (346,402)	\$ (407,619)	\$ (457,177)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	3,256	3,254	4,553
Accreted Interest Income on Investments in Securities	(13,821)	(14,874)	(15,723)
Equity in Losses of Project Partnerships	279,770	355,237	409,450
Interest Income from Redemption of Securities	14,467	12,651	10,477
Distributions Included in Other Income	(4,433)	(4,800)	(1,719)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	39,866	38,984	34,348
Net Cash Used in Operating Activities	(27,297)	(17,167)	(15,791)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	15,918	14,461	16,992
Redemption of Investment in Securities	20,533	21,349	21,523
Net Cash Provided by Investing Activities	36,451	35,810	38,515
Increase in Cash and Cash Equivalents	9,154	18,643	22,724
Cash and Cash Equivalents at Beginning of Year	251,331	232,688	209,964
Cash and Cash Equivalents at End of Year	\$ 260,485	\$ 251,331	\$ 232,688

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 10 -----	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (246,694)	\$ (227,243)	\$ (321,107)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	4,812	4,811	5,622
Accreted Interest Income on Investments in Securities	(13,191)	(13,976)	(14,616)
Equity in Losses of Project Partnerships	201,773	191,862	292,747
Interest Income from Redemption of Securities	11,953	10,314	8,792
Distributions Included in Other Income	(750)	0	0
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	14,690	12,287	8,065
Net Cash Used in Operating Activities	(27,407)	(21,945)	(20,497)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	12,151	21,886	14,741
Redemption of Investment in Securities	15,048	15,686	16,208
Net Cash Provided by Investing Activities	27,199	37,572	30,949
Increase (Decrease) in Cash and Cash Equivalents	(208)	15,627	10,452
Cash and Cash Equivalents at Beginning of Year	252,149	236,522	226,070
Cash and Cash Equivalents at End of Year	\$ 251,941	\$ 252,149	\$ 236,522

See accompanying notes to financial statements.



GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

SERIES 11	2003	2002	2001
-----	----	----	----
Cash Flows from Operating Activities:			
Net Loss	\$ (207,311)	\$ (209,234)	\$ (202,390)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	8,296	8,294	8,294
Accreted Interest Income on Investments in Securities	(15,873)	(16,655)	(17,218)
Equity in Losses of Project Partnerships	169,857	180,099	181,405
Interest Income from Redemption of Securities	13,863	11,670	9,570
Changes in Operating Assets and Liabilities:			
Increase (Decrease) in Payable to General Partners	(6,106)	2,488	917
	-----	-----	-----
Net Cash Used in Operating Activities	(37,274)	(23,338)	(19,422)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	19,277	28,728	16,457
Redemption of Investment in Securities	16,136	16,330	16,430
	-----	-----	-----
Net Cash Provided by Investing Activities	35,413	45,058	32,887
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(1,861)	21,720	13,465
Cash and Cash Equivalents at Beginning of Year	266,059	244,339	230,874
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 264,198	\$ 266,059	\$ 244,339
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2003, 2002 AND 2001:

TOTAL SERIES 7 - 11 -----	2003 ----	2002 ----	2001 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (1,226,788)	\$ (1,600,071)	\$ (2,029,209)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	27,788	27,783	35,611
Accreted Interest Income on Investments in Securities	(90,691)	(97,360)	(102,721)
Equity in Losses of Project Partnerships	871,348	1,316,735	1,775,792
Interest Income from Redemption of Securities	100,742	86,030	73,236
Distributions Included in Other Income	(47,466)	(39,831)	(21,616)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	146,519	163,593	140,905
	-----	-----	-----
Net Cash Used in Operating Activities	(218,548)	(143,121)	(128,002)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	110,608	121,942	105,457
Redemption of Investment in Securities	114,257	116,970	120,764
	-----	-----	-----
Net Cash Provided by Investing Activities	224,865	238,912	226,221
	-----	-----	-----
Increase in Cash and Cash Equivalents	6,317	95,791	98,219
Cash and Cash Equivalents at Beginning of Year	1,610,521	1,514,730	1,416,511
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$1,616,838	\$1,610,521	\$1,514,730
	=====	=====	=====

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2003, 2002 AND 2001

NOTE 1 - ORGANIZATION:

Gateway Tax Credit Fund III Ltd. ("Gateway"), a Florida Limited Partnership, was formed October 17, 1991 under the laws of Florida. Gateway offered its limited partnership interests in Series. The first Series for Gateway is Series 7. Operations commenced on July 16, 1992 for Series 7, January 4, 1993 for Series 8, September 30, 1993 for Series 9, January 21, 1994 for Series 10 and April 29, 1994 for Series 11. Each Series invests, as a limited partner, in other limited partnerships ("Project Partnerships"), each of which owns and operates apartment complexes eligible for Low-Income Housing Tax Credits ("Tax Credits"), provided for in Section 42 of the Internal Revenue Code of 1986. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of the Limited Partnership Agreement. As of March 31, 2003, Gateway had received capital contributions of \$1,000 from the General Partners and \$36,799,000 from the investor Limited Partners.

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

Gateway received capital contributions of \$10,395,000, \$9,980,000, \$6,254,000, \$5,043,000 and \$5,127,000 from the investor Limited Partners in Series 7, 8, 9, 10 and 11, respectively. Each Series will be treated as though it were a separate partnership, investing in a separate and distinct pool of Project Partnerships. Income or loss and all tax items from the Project Partnerships acquired by each Series will be specifically allocated among the limited partners of such Series.

Operating profits and losses, cash distributions from operations and Tax Credits from each Series are generally allocated 99% to the Limited Partners in that Series and 1% to the General Partners. Profit or loss and cash distributions from sales of property by each Series are allocated as formulated in the Limited Partnership Agreement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

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

Gateway accounts for its investments as the 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:

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

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

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

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

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

Gateway, as a limited partner in the Project Partnerships, is subject to risks inherent in the ownership of property which are beyond its control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance and continued eligibility of tax credits. If the cost of operating a property exceeds the rental income earned thereon, Gateway may deem it in its best interest to voluntarily provide funds in order to protect its investment.

#### 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.

#### Concentrations of Credit Risk

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

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

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

#### Investment in Securities

Effective April 1, 1994, Gateway adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"). Under FAS 115, Gateway is required to categorize its debt securities as held-to-maturity, available-for-sale or trading securities, dependent upon Gateway's intent in holding the securities. Gateway's intent is to hold all of its debt securities (U. S. Treasury Security Strips) until maturity and to use these reserves to fund Gateway's ongoing operations. Interest income is recognized ratably on the U.S. Treasury Strips using the effective yield to maturity.

#### Offering and Commission Costs

Offering and commission costs are charged against Limited Partners' Equity upon admission of Limited Partners.

## 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, the 2001 and 2002 figures have been reclassified, where appropriate, to conform with the financial statement presentation used in 2003.

## Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 provides accounting guidance for financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. The Partnership adopted SFAS No. 144 effective January 1, 2002. The adoption did not have an effect on the financial position or results of operations of the Partnership.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN46 must be applied for the first interim or annual period beginning after June 15, 2003. The Partnership is currently evaluating the effect, if any, that the adoption of FIN46 will have on its results of operations and financial condition.

## NOTE 3 - INVESTMENT IN SECURITIES:

The March 31, 2003 Balance Sheet includes Investment in Securities consisting of U.S. Treasury Security Strips which represents their cost, plus accreted interest income of \$166,298 for Series 7, \$146,941 for Series 8, \$89,383 for Series 9, \$82,373 for Series 10 and \$95,667 for Series 11.

	Estimated Market Value	Cost Plus Accreted Interest	Gross Unrealized Gains and (Losses)
	-----	-----	-----
Series 7	\$ 384,000	\$ 310,986	\$ 73,014
Series 8	361,000	295,186	65,814
Series 9	252,000	203,737	48,263
Series 10	230,000	175,825	54,175
Series 11	266,000	198,722	67,278

As of March 31, 2003, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 7 -----	Series 8 -----	Series 9 -----
Due within 1 year	\$ 64,155	\$ 59,583	\$ 35,177
After 1 year through 5 years	186,862	177,328	103,104
After 5 years through 10 years	59,969	58,275	65,456
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 310,986	\$ 295,186	\$ 203,737
	=====	=====	=====
	Series 10 -----	Series 11 -----	Total -----
Due within 1 year	\$ 26,620	\$ 30,129	\$ 215,664
After 1 year through 5 years	76,080	87,550	630,924
After 5 years through 10 years	73,125	81,043	337,868
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 175,825	\$ 198,722	\$1,184,456
	=====	=====	=====

NOTE 4 - RELATED PARTY TRANSACTIONS:

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

The Payable to Project Partnerships represents unpaid capital contributions to the Project Partnerships and will be paid after certain performance criteria are met. Such contributions are in turn payable to the general partners of the Project Partnerships.

For the periods ended March 31, 2003, 2002, and 2001 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 receive an annual asset management fee equal to the greater of (i) \$2,000 for each limited partnership in which Gateway invests, as adjusted by the Consumer Price Index, or (ii) 0.275% of Gateway's gross proceeds from the sale of limited partnership interests. In either event (i) or (ii), the maximum amount may not exceed 0.2% of the aggregate cost (Gateway's capital contribution plus Gateway's share of the Properties' mortgage) of Gateway's interest in properties 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 Statement of Operations.

	2003	2002	2001
	----	----	----
Series 7	\$ 87,082	\$ 87,394	\$ 87,683
Series 8	90,730	91,032	91,364
Series 9	49,865	50,027	50,178
Series 10	34,013	34,115	34,212
Series 11	28,518	28,770	29,087
	-----	-----	-----
Total	\$ 290,208	\$ 291,338	\$ 292,524
	=====	=====	=====

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 Statement of Operations.

	2003	2002	2001
	----	----	----
Series 7	\$ 32,765	\$ 20,917	\$ 16,312
Series 8	36,127	23,062	17,985
Series 9	20,164	12,872	10,038
Series 10	12,601	8,045	6,274
Series 11	10,081	6,436	5,019
	-----	-----	-----
Total	\$111,738	\$ 71,332	\$ 55,628
	=====	=====	=====

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

SERIES 7

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 39 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, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 7,732,089	\$ 7,732,089
Cumulative equity in losses of Project Partnerships (1)	(6,862,243)	(6,725,125)
Cumulative distributions received from Project Partnerships	(204,444)	(190,234)
	-----	-----
Investment in Project Partnerships before Adjustment	665,402	816,730
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	793,335	793,335
Accumulated amortization of acquisition fees and expenses	(179,903)	(173,218)
	-----	-----
Investments in Project Partnerships	\$ 1,278,834	\$ 1,436,847
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$2,658,435 for the year ended March 31, 2003 and cumulative suspended losses of \$1,932,905 for the year ended March 31, 2002 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 8

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 43 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, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 7,586,105	\$ 7,586,105
Cumulative equity in losses of Project Partnerships (1)	(7,303,925)	(7,221,095)
Cumulative distributions received from Project Partnerships	(158,899)	(152,130)
	-----	-----
Investment in Project Partnerships before Adjustment	123,281	212,880
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	549,773	549,773
Accumulated amortization of acquisition fees and expenses	(112,823)	(108,084)
	-----	-----
Investments in Project Partnerships	\$ 560,231	\$ 654,569
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$3,065,413 for the year ended March 31, 2003 and cumulative suspended losses of \$2,199,653 for the year ended March 31, 2002 are not included.



NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 9

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 24 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, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 4,914,116	\$ 4,914,116
Cumulative equity in losses of Project Partnerships (1)	(3,770,400)	(3,490,627)
Cumulative distributions received from Project Partnerships	(122,154)	(110,670)
	-----	-----
Investment in Project Partnerships before Adjustment	1,021,562	1,312,819
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	244,087	244,087
Accumulated amortization of acquisition fees and expenses	(53,716)	(50,462)
	-----	-----
Investments in Project Partnerships	\$ 1,211,933	\$ 1,506,444
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$925,614 for the year ended March 31, 2003 and cumulative suspended losses of \$279,195 for the year ended March 31, 2002 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 10

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 15 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, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 3,914,672	\$ 3,914,672
Cumulative equity in losses of Project Partnerships (1)	(1,898,143)	(1,696,369)
Cumulative distributions received from Project Partnerships	(148,645)	(137,244)
	-----	-----
Investment in Project Partnerships before Adjustment	1,867,884	2,081,059
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	196,738	196,738
Accumulated amortization of acquisition fees and expenses	(49,880)	(45,069)
	-----	-----
Investments in Project Partnerships	\$ 2,014,742	\$ 2,232,728
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$94,384 for the year ended March 31, 2003 and cumulative suspended losses of \$60,069 for the year ended March 31, 2002 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 11

As of March 31, 2003, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 12 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, 2003	MARCH 31, 2002
	-----	-----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 4,128,042	\$ 4,128,042
Cumulative equity in losses of Project Partnerships	(1,293,389)	(1,123,530)
Cumulative distributions received from Project Partnerships	(142,928)	(123,651)
	-----	-----
Investment in Project Partnerships before Adjustment	2,691,725	2,880,861
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	290,335	290,335
Accumulated amortization of acquisition fees and expenses	(67,930)	(59,636)
	-----	-----
Investments in Project Partnerships	\$ 2,914,130	\$ 3,111,560
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$40,610 for the year ended March 31, 2003 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

The following is a summary of Investments in Project Partnerships:

TOTAL SERIES 7 - 11	MARCH 31, 2003 -----	MARCH 31, 2002 -----
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$28,275,024	\$28,275,024
Cumulative equity in losses of Project Partnerships	(21,128,100)	(20,256,746)
Cumulative distributions received from Project Partnerships	(777,070) -----	(713,929) -----
Investment in Project Partnerships before Adjustment	6,369,854	7,304,349
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	2,074,268	2,074,268
Accumulated amortization of acquisition fees and expenses	(464,252) -----	(436,469) -----
Investments in Project Partnerships	\$ 7,979,870 =====	\$ 8,942,148 =====

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:

	2002	DECEMBER 31, 2001	2000
	----	----	----
SERIES 7			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 3,546,381	\$ 3,400,437	\$ 3,324,385
Investment properties, net	31,103,350	32,420,081	33,782,091
Other assets	50,943	10,935	10,922
	-----	-----	-----
Total assets	\$34,700,674	\$35,831,453	\$37,117,398
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 844,292	\$ 881,958	\$ 902,946
Long-term debt	36,170,712	36,328,189	36,474,343
	-----	-----	-----
Total liabilities	37,015,004	37,210,147	37,377,289
	-----	-----	-----
Partners' equity			
Gateway	(2,103,991)	(1,213,146)	(147,086)
General Partners	(210,339)	(165,548)	(112,805)
	-----	-----	-----
Total Partners' equity	(2,314,330)	(1,378,694)	(259,891)
	-----	-----	-----
Total liabilities and partners' equity	\$34,700,674	\$35,831,453	\$37,117,398
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 6,061,519	\$ 5,997,121	\$ 5,883,288
Expenses:			
Operating expenses	3,129,792	3,092,324	2,934,848
Interest expense	2,335,459	2,486,595	2,496,733
Depreciation and amortization	1,467,630	1,457,962	1,466,589
	-----	-----	-----
Total expenses	6,932,881	7,036,881	6,898,170
	-----	-----	-----
Net loss	\$ (871,362)	\$ (1,039,760)	\$ (1,014,882)
	=====	=====	=====
Other partners' share of net loss	\$ (8,714)	\$ (10,398)	\$ (10,149)
	=====	=====	=====
Partnership's share of net loss	\$ (862,648)	\$ (1,029,362)	\$ (1,004,733)
	-----	-----	-----
Suspended losses	725,530	712,066	570,272
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (137,118)	\$ (317,296)	\$ (434,461)
	=====	=====	=====

(1) As of December 31, 2002, the largest Project Partnership constituted 5.2% and 5.4%, and as of December 31, 2001 the largest Project Partnership constituted 5.2% and 5.4% 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:

	2002	DECEMBER 31, 2001	2000
	----	----	----
SERIES 8			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 3,241,125	\$ 3,022,526	\$ 2,897,105
Investment properties, net	32,829,923	34,249,319	35,691,339
Other assets	65,889	27,071	27,518
	-----	-----	-----
Total assets	\$36,136,937	\$37,298,916	\$38,615,962
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 1,247,298	\$ 1,241,513	\$ 1,215,026
Long-term debt	38,160,367	38,312,780	38,480,477
	-----	-----	-----
Total liabilities	39,407,665	39,554,293	39,695,503
	-----	-----	-----
Partners' equity			
Gateway	(2,760,061)	(1,790,759)	(662,872)
General Partners	(510,667)	(464,618)	(416,669)
	-----	-----	-----
Total Partners' equity	(3,270,728)	(2,255,377)	(1,079,541)
	-----	-----	-----
Total liabilities and partners' equity	\$36,136,937	\$37,298,916	\$38,615,962
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 5,730,666	\$ 5,945,510	\$ 5,851,713
Expenses:			
Operating expenses	3,051,073	3,035,450	2,911,723
Interest expense	2,123,237	2,506,737	2,524,343
Depreciation and amortization	1,516,946	1,522,646	1,578,473
	-----	-----	-----
Total expenses	6,691,256	7,064,833	7,014,539
	-----	-----	-----
Net loss	\$ (960,589)	\$ (1,119,323)	\$ (1,162,826)
	=====	=====	=====
Other partners' share of net loss	\$ (12,000)	\$ (14,981)	\$ (16,000)
	=====	=====	=====
Partnership's share of net loss	\$ (948,590)	\$ (1,104,342)	\$ (1,146,826)
	-----	-----	-----
Suspended losses	865,760	832,101	689,097
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (82,830)	\$ (272,241)	\$ (457,729)
	=====	=====	=====

(1) As of December 31, 2002, the largest Project Partnership constituted 5.5% and 4.3%, and as of December 31, 2001 the largest Project Partnership constituted 5.6% and 5.7% 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:

	2002 ----	DECEMBER 31, 2001 ----	2000 ----
SERIES 9			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,662,424	\$ 1,681,955	\$ 1,714,614
Investment properties, net	18,687,336	19,435,536	20,194,773
Other assets	22,800	6,026	5,979
	-----	-----	-----
Total assets	\$20,372,560	\$21,123,517	\$21,915,366
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 332,748	\$ 327,147	\$ 340,274
Long-term debt	20,220,384	20,302,379	20,378,805
	-----	-----	-----
Total liabilities	20,553,132	20,629,526	20,719,079
	-----	-----	-----
Partners' equity			
Gateway	60,033	699,416	1,370,557
General Partners	(240,605)	(205,425)	(174,270)
	-----	-----	-----
Total Partners' equity	(180,572)	493,991	1,196,287
	-----	-----	-----
Total liabilities and partners' equity	\$20,372,560	\$21,123,517	\$21,915,366
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 3,146,415	\$ 3,063,822	\$ 3,022,359
Expenses:			
Operating expenses	1,637,020	1,563,587	1,453,869
Interest expense	1,334,467	1,341,565	1,352,043
Depreciation and amortization	807,268	820,700	832,666
	-----	-----	-----
Total expenses	3,778,755	3,725,852	3,638,578
	-----	-----	-----
Net loss	\$ (632,340)	\$ (662,030)	\$ (616,219)
	=====	=====	=====
Other partners' share of net loss	\$ (6,323)	\$ (6,620)	\$ (6,162)
	=====	=====	=====
Partnership's share of net loss	\$ (626,017)	\$ (655,410)	\$ (610,057)
	-----	-----	-----
Suspended losses	346,247	300,173	200,607
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (279,770)	\$ (355,237)	\$ (409,450)
	=====	=====	=====

(1) As of December 31, 2002, the largest Project Partnership constituted 7.7 % and 6.6%, and as of December 31, 2001 the largest Project Partnership constituted 10.7% and 8.5% 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:

	2002	DECEMBER 31, 2001	2000
	----	----	----
SERIES 10			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,550,938	\$ 1,496,692	\$ 1,363,874
Investment properties, net	13,462,939	13,881,402	14,326,922
Other assets	7,263	2,779	2,972
	-----	-----	-----
Total assets	\$15,021,140	\$15,380,873	\$15,693,768
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 314,259	\$ 312,885	\$ 277,628
Long-term debt	13,223,246	13,275,761	13,324,659
	-----	-----	-----
Total liabilities	13,537,505	13,588,646	13,602,287
	-----	-----	-----
Partners' equity			
Gateway	1,772,744	2,032,117	2,299,451
General Partners	(289,109)	(239,890)	(207,970)
	-----	-----	-----
Total Partners' equity	1,483,635	1,792,227	2,091,481
	-----	-----	-----
Total liabilities and partners' equity	\$15,021,140	\$15,380,873	\$15,693,768
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 1,901,592	\$ 1,886,324	\$ 1,826,336
Expenses:			
Operating expenses	1,075,495	999,409	961,097
Interest expense	599,922	664,466	665,521
Depreciation and amortization	465,739	478,396	496,926
	-----	-----	-----
Total expenses	2,141,156	2,142,271	2,123,544
	-----	-----	-----
Net loss	\$ (239,564)	\$ (255,947)	\$ (297,208)
	=====	=====	=====
Other partners' share of net loss	\$ (3,476)	\$ (4,016)	\$ (4,461)
	=====	=====	=====
Partnership's share of net loss	\$ (236,088)	\$ (251,931)	\$ (292,747)
	-----	-----	-----
Suspended losses	34,315	60,069	0
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (201,773)	\$ (191,862)	\$ (292,747)
	=====	=====	=====

(1) As of December 31, 2002, the largest Project Partnership constituted 11.1% and 9.4%, and as of December 31, 2001 the largest Project Partnership constituted 11.0% and 12.9% 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:

	2002	DECEMBER 31, 2001	2000
	----	----	----
SERIES 11			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,154,999	\$ 1,210,403	\$ 1,225,996
Investment properties, net	11,692,568	12,138,184	12,613,456
Other assets	130,037	56,436	12,136
	-----	-----	-----
Total assets	\$12,977,604	\$13,405,023	\$13,851,588
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 277,172	\$ 311,045	\$ 316,341
Long-term debt	10,233,992	10,360,413	10,520,430
	-----	-----	-----
Total liabilities	10,511,164	10,671,458	10,836,771
	-----	-----	-----
Partners' equity			
Limited Partner	2,664,470	2,890,186	3,098,992
General Partners	(198,030)	(156,621)	(84,175)
	-----	-----	-----
Total Partners' equity	2,466,440	2,733,565	3,014,817
	-----	-----	-----
Total liabilities and partners' equity	\$12,977,604	\$13,405,023	\$13,851,588
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 1,668,728	\$ 1,738,366	\$ 1,652,984
Expenses:			
Operating expenses	966,246	943,728	861,060
Interest expense	396,246	463,182	471,257
Depreciation and amortization	530,098	524,869	516,766
	-----	-----	-----
Total expenses	1,892,590	1,931,779	1,849,083
	-----	-----	-----
Net loss	\$ (223,862)	\$ (193,413)	\$ (196,099)
	=====	=====	=====
Other partners' share of net loss	\$ (13,395)	\$ (13,314)	\$ (14,694)
	=====	=====	=====
Partnership's share of net loss	\$ (210,467)	\$ (180,099)	\$ (181,405)
	-----	-----	-----
Suspended losses	40,610	0	0
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (169,857)	\$ (180,099)	\$ (181,405)
	=====	=====	=====

(1) As of December 31, 2002, the largest Project Partnership constituted 21.0% and 21.5%, and as of December 31, 2001 the largest Project Partnership constituted 21.1% and 20.7% 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:

	2002 ----	DECEMBER 31, 2001 ----	2000 ----
TOTAL SERIES 7 - 11			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 11,155,867	\$ 10,812,013	\$ 10,525,974
Investment properties, net	107,776,116	112,124,522	116,608,581
Other assets	276,932	103,247	59,527
	-----	-----	-----
Total assets	\$119,208,915	\$123,039,782	\$127,194,082
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 3,015,769	\$ 3,074,548	\$ 3,052,215
Long-term debt	118,008,701	118,579,522	119,178,714
	-----	-----	-----
Total liabilities	121,024,470	121,654,070	122,230,929
	-----	-----	-----
Partners' equity			
Limited Partner	(366,805)	2,617,814	5,959,042
General Partners	(1,448,750)	(1,232,102)	(995,889)
	-----	-----	-----
Total Partners' equity	(1,815,555)	1,385,712	4,963,153
	-----	-----	-----
Total liabilities and partners' equity	\$119,208,915	\$123,039,782	\$127,194,082
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 18,508,920	\$ 18,631,143	\$ 18,236,680
Expenses:	-----	-----	-----
Operating expenses	9,859,626	9,634,498	9,122,597
Interest expense	6,789,331	7,462,545	7,509,897
Depreciation and amortization	4,787,681	4,804,573	4,891,420
	-----	-----	-----
Total expenses	21,436,638	21,901,616	21,523,914
	-----	-----	-----
Net loss	\$ (2,927,718)	\$ (3,270,473)	\$ (3,287,234)
	=====	=====	=====
Other partners' share of net loss	\$ (43,908)	\$ (49,329)	\$ (51,466)
	=====	=====	=====
Partnership's share of net loss	\$ (2,883,810)	\$ (3,221,144)	\$ (3,235,768)
	-----	-----	-----
Suspended losses	2,012,462	1,904,409	1,459,976
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (871,348)	\$ (1,316,735)	\$ (1,775,792)
	=====	=====	=====

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 Partnerships before acquisition fees and expenses and amortization by Series primarily because of suspended losses on the Partnership's books.

	Equity Per Project Partnership	Equity Per Partnership
	-----	-----
Series 7	\$ (2,103,991)	\$ 665,402
Series 8	(2,760,061)	123,280
Series 9	60,033	1,021,565
Series 10	1,772,744	1,867,886
Series 11	2,664,470	2,691,727

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:

	2003	2002	2001
	----	----	----
SERIES 7			
Net Loss per Financial Statements	\$ (233,056)	\$ (390,210)	\$ (508,769)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(927,361)	(882,199)	(787,758)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	21,890	(20,798)	(5,087)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	43,642	40,604	43,842
Amortization Expense	(9,419)	20,227	11,739
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (1,104,304)	\$ (1,232,376)	\$ (1,246,033)
	=====	=====	=====
	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 1,695,195	\$ 1,695,195	\$ 1,695,199
	=====	=====	=====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	\$1,278,834	\$ (2,937,557)	\$ 4,216,391
Other Assets	\$ 700,994	\$ 1,882,368	\$ (1,181,374)
Liabilities	\$ 506,820	\$ 11,692	\$ 495,128

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 8	2003 ----	2002 ----	2001 ----
Net Loss per Financial Statements	\$ (193,325)	\$ (365,765)	\$ (539,766)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(1,046,407)	(1,002,523)	(819,558)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	(2,521)	1,017	(433)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	58,766	46,564	47,922
Amortization Expense	2,753	6,135	6,067
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (1,180,734) =====	\$ (1,314,572) =====	\$ (1,305,768) =====
	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 1,617,063 =====	\$ 1,620,507 =====	\$ 1,620,506 =====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 560,231	\$ (3,403,848)	\$ 3,964,079
Other Assets	\$ 745,392	\$ 1,927,673	\$ (1,182,281)
Liabilities	\$ 575,804	\$ 14,374	\$ 561,430

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 9	2003 ----	2002 ----	2001 ----
Net Loss per Financial Statements	\$ (346,402)	\$ (407,619)	\$ (457,177)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(460,255)	(420,765)	(328,207)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	4,083	(502)	(938)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	41,045	32,339	32,760
Amortization Expense	2,281	3,677	4,780
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (759,248) =====	\$ (792,870) =====	\$ (748,782) =====
	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 968,960 =====	\$ 968,960 =====	\$ 968,961 =====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 1,211,933	\$ (697,119)	\$ 1,909,052
Other Assets	\$ 464,222	\$ 1,206,423	\$ (742,201)
Liabilities	\$ 353,687	\$ 7,570	\$ 346,117

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:

	2003 ----	2002 ----	2001 ----
SERIES 10			
Net Loss per Financial Statements	\$ (246,694)	\$ (227,243)	\$ (321,107)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(206,405)	(221,853)	(163,670)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	2,066	1,745	863
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	15,375	7,995	6,943
Amortization Expense	4,204	5,625	5,619
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (431,454) =====	\$ (433,731) =====	\$ (471,352) =====
	December 31, 2002 -----	December 31, 2001 -----	December 31, 2000 -----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 762,218 =====	\$ 762,218 =====	\$ 762,217 =====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 2,014,742	\$ 619,837	\$ 1,394,905
Other Assets	\$ 427,766	\$ 1,026,975	\$ (599,209)
Liabilities	\$ 121,633	\$ 4,865	\$ 116,768

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:

	2003 ----	2002 ----	2001 ----
SERIES 11			
Net Loss per Financial Statements	\$ (207,311)	\$ (209,234)	\$ (202,390)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(80,878)	(40,367)	(63,857)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	1,090	2,828	494
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	(4,403)	(1,563)	202
Amortization Expense	8,295	8,297	8,291
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (283,207) =====	\$ (240,039) =====	\$ (257,260) =====
	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 754,678 =====	\$ 754,678 =====	\$ 754,677 =====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2003 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 2,914,130	\$ 2,504,548	\$ 409,582
Other Assets	\$ 462,920	\$ 909,707	\$ (446,787)
Liabilities	\$ 45,330	\$ 3,998	\$ 41,332

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:

	2003 ----	2002 ----	2001 ----
TOTAL SERIES 7 -11			
Net Loss per Financial Statements	\$ (1,226,788)	\$ (1,600,071)	\$ (2,029,209)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(2,721,306)	(2,567,707)	(2,163,050)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	26,608	(15,710)	(5,101)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	154,425	125,939	131,669
Amortization Expense	8,114	43,961	36,496
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (3,758,947) =====	\$ (4,013,588) =====	\$ (4,029,195) =====

The difference in the total value of the Partnership's Investment in Project Partnerships is approximately \$3,299,995 higher for Series 7, \$2,915,355 higher for Series 8, \$1,455,465 higher for Series 9, \$1,182,629 higher for Series 10 and \$334,500 higher for Series 11 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, 2003 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 7,979,870	\$ (3,914,139)	\$11,894,009
Other Assets	\$ 2,801,294	\$ 6,953,146	\$ (4,151,852)
Liabilities	\$ 1,603,274	\$ 42,499	\$ 1,560,775

NOTE 7 - SUBSEQUENT EVENTS

In 2003, subsequent to the financial statement date, Value Partners, Inc., an affiliate of Raymond James Tax Credit Funds, Inc., the general partner of Logan Heights, purchased the limited partners interest in the apartment project located in Russellville, Kentucky.



NOTE 8 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) :

<u>Series 7</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 7,451	\$ 7,434	\$ 7,310	\$ 29,505
Net Income (Loss)	\$ (58,085)	\$ (76,505)	\$ (71,129)	\$ (27,337)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (5.53)	\$ (7.29)	\$ (6.77)	\$ (2.61)

<u>Series 8</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>2/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 6,966	\$ 6,956	\$ 6,778	\$ 25,125
Net Income (Loss)	\$ (54,806)	\$ (70,978)	\$ (73,705)	\$ 6,164
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (5.44)	\$ (7.04)	\$ (7.27)	\$ 0.57

<u>Series 9</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 4,177	\$ 4,177	\$ 4,093	\$ 8,081
Net Income (Loss)	\$ (81,161)	\$ (99,946)	\$ (97,205)	\$ (68,090)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (12.85)	\$ (15.82)	\$ (15.39)	\$ (10.78)

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

<u>Series 10</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 4,027	\$ 4,065	\$ 3,982	\$ 4,130
Net Income (Loss)	\$ (47,869)	\$ (50,792)	\$ (67,969)	\$ (80,064)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (9.40)	\$ (9.97)	\$ (13.34)	\$ (15.72)

<u>Series 11</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 4,714	\$ 4,721	\$ 4,625	\$ 4,163
Net Income (Loss)	\$ (51,328)	\$ (39,712)	\$ (87,398)	\$ (28,873)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (9.91)	\$ (7.67)	\$ (16.88)	\$ (5.57)

<u>Series 7 - 11</u> <u>Year 2003</u>	<u>Quarter 1</u> <u>6/30/2002</u>	<u>Quarter 2</u> <u>9/30/2002</u>	<u>Quarter 3</u> <u>12/31/2002</u>	<u>Quarter 4</u> <u>3/31/2003</u>
Total Revenues	\$ 27,335	\$ 27,353	\$ 26,788	\$ 71,004
Net Income (Loss)	\$ (293,249)	\$ (337,933)	\$ (397,406)	\$ (198,200)

NOTE 8 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued):

<u>Series 7</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 10,331	\$ 9,588	\$ 8,589	\$ 32,301
Net Income (Loss)	\$ (104,287)	\$ (114,728)	\$ (104,218)	\$ (66,977)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (9.93)	\$ (11.04)	\$ (9.81)	\$ (6.38)

<u>Series 8</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 10,503	\$ 9,489	\$ 8,227	\$ 17,436
Net Income (Loss)	\$ (123,048)	\$ (72,011)	\$ (164,343)	\$ (6,363)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (12.21)	\$ (7.22)	\$ (16.22)	\$ (0.63)

<u>Series 9</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 6,012	\$ 5,500	\$ 4,861	\$ 9,088
Net Income (Loss)	\$ (88,925)	\$ (106,134)	\$ (143,554)	\$ (69,006)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (14.08)	\$ (16.80)	\$ (22.72)	\$ (10.93)

NOTE 8 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued) :

<u>Series 10</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 5,814	\$ 5,332	\$ 4,671	\$ 3,976
Net Income (Loss)	\$ (72,931)	\$ (67,301)	\$ (76,067)	\$ (10,944)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (14.32)	\$ (13.21)	\$ (14.93)	\$ (2.15)

<u>Series 11</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 6,582	\$ 6,078	\$ 5,375	\$ 4,788
Net Income (Loss)	\$ (28,796)	\$ (68,003)	\$ (46,937)	\$ (65,498)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (5.56)	\$ (13.13)	\$ (9.06)	\$ (12.65)

<u>Series 7 - 11</u> <u>Year 2002</u>	<u>Quarter 1</u> <u>6/30/2001</u>	<u>Quarter 2</u> <u>9/30/2001</u>	<u>Quarter 3</u> <u>12/31/2001</u>	<u>Quarter 4</u> <u>3/31/2002</u>
Total Revenues	\$ 39,242	\$ 35,987	\$ 31,723	\$ 67,589
Net Income (Loss)	\$ (417,987)	\$ (472,820)	\$ (490,476)	\$ (218,788)

Hill, Barth & King LLC  
5121 Zuck Road  
Erie, PA 16506  
PHONE: 814-836-9968  
FAX: 814-836-9989

INDEPENDENT AUDITORS' REPORT  
-----

To the Partners  
Maple Street Apartments Limited Partnership  
Emporium, Pennsylvania

We have audited the accompanying balance sheets of Maple Street Apartments Limited Partnership, as of December 31, 2002 and 2001 and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maple Street Apartments Limited Partnership of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2003 on our consideration of Maple Street Apartments Limited Partnership internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

/s/ Hill, Barth & King LLC  
Certified Public Accountants

January 21, 2003

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

INDEPENDENT AUDITORS' REPORT  
-----

To the Partners  
Creekstone Apartments, L.P.

We have audited the accompanying balance sheets of CREEKSTONE APARTMENTS, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CREEKSTONE APARTMENTS, L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners equity (deficit), and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10-11 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 auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Atlanta, Georgia  
February 5, 2003

Blackman & Associates, P.C.  
17445 Arbor Street, Suite 200  
Omaha, Nebraska 68130  
PHONE: 402-330-1040  
FAX: 402-333-9189

INDEPENDENT AUDITORS' REPORT  
-----

To the Partners of  
Gila Bend Housing, Ltd.  
(An Arizona Limited Partnership)

We have audited the accompanying balance sheets of Gila Bend Housing, Ltd. (an Arizona Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), changes in partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Rural Development regulations as set forth in the Rural Housing Service Audit Guide dated February, 1999 - specifically, Attachment 1 relating to Rural Rental Housing Loans. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gila Bend Housing, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 17, 2003, on our consideration of Gila Bend Housing, Ltd.'s internal control and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Omaha, Nebraska  
January 17, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners of  
Manchester Elderly Housing, L.L.P.

We have audited the accompanying balance sheets of MANCHESTER ELDERLY HOUSING, L.L.P. (USDA Rural Development Case No. 10-099-581965616), a limited partnership, as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration's Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MANCHESTER ELDERLY HOUSING, L.L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners equity (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States, we have also issued our report dated January 31, 2003, on our consideration of MANCHESTER ELDERLY HOUSING, L.L.P.'s internal control and a report dated January 31, 2003, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 12-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Atlanta, Georgia  
January 31, 2003



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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Meadow Run Apartments, L.P.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Meadow Run Apartments, L.P. (a limited partnership), Federal ID #:58-1994614, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadow Run Apartments, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued reports dated January 23, 2003, on our consideration of Meadow Run Apartments, L.P.'s internal control structure and its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT

To the Partners  
Mt. Vernon Rental Housing, L.P.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Mt. Vernon Rental Housing, L.P. (a limited partnership), Federal ID #:58-1965613, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mt. Vernon Rental Housing, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003, on our consideration of Mt. Vernon Rental Housing, L.P.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Lakeland II L.P.  
Lakeland, Georgia

We have audited the accompanying balance sheets of Lakeland II, L.P. (a limited partnership), Federal ID #58-1965624, as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeland II, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003, on our consideration of Lakeland II, L.P.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT

To the Partners  
Blue Ridge Elderly Housing, L.P.  
Valdosta, Georgia

We have audited the accompanying balance sheets of Blue Ridge Elderly Housing, L.P. (a limited partnership), Federal ID No.: 58-1936981 as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Elderly Housing, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued a report dated January 23, 2003 on our consideration of Blue Ridge Elderly Housing, L.P.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Cottdondale Rental Housing, L.P.  
Valdosta, Georgia

We have audited the accompanying balance sheet of Cottdondale Rental Housing, L.P. (a limited partnership), Federal ID No.: 58-1924862 as of December 31, 2002, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cottdondale Rental Housing, L.P. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The December 31, 2001 financial statements were compiled by us and our report thereon, dated January 29, 2002, stated we did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.

In accordance with Government Auditing Standards, we have also issued reports dated January 23, 2003 on our consideration of Cottdondale Rental Housing, L.P.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT

To the Partners  
Arbor Trace Apartments Phase II, L.P.  
Lake Park, Georgia

We have audited the accompanying balance sheets of Arbor Trace Apartments Phase II, L.P. (a limited partnership), Federal ID No. 58-2032771 as of December 31, 2002 and 2001, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor Trace Apartments Phase II, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2003 on our consideration of Arbor Trace Apartments Phase II, L.P.'s internal control structure and a report dated January 23, 2003 on its compliance with laws and regulations. These reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

January 23, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Omega Rental Housing, L.P.

We have audited the accompanying balance sheets of OMEGA RENTAL HOUSING, L.P., (RHS Project No.11-037-582031602) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Rural Development Services Office for the U.S. Department of Agriculture's, formerly known as the Farmers Home Administration, Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMEGA RENTAL HOUSING, L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners' accumulated deficit, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2003, on our consideration of OMEGA RENTAL HOUSING, L.P.'s internal control and a report dated January 17, 2003, on its compliance with laws and regulations applicable to the financial statements.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 11-13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Atlanta, Georgia  
January 17, 2003

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

INDEPENDENT AUDITORS' REPORT

To the Partners  
Magnolia Place, L.P.

We have audited the accompanying balance sheets of MAGNOLIA PLACE, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MAGNOLIA PLACE, L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners' equity, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10-11 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 auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Atlanta, Georgia  
January 17, 2003



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

INDEPENDENT AUDITORS' REPORT  
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Partners  
Antlers Properties I, A Limited Partnership  
D/B/A Woodbine Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Antlers Properties I, A Limited Partnership, D/B/A Woodbine Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antlers Properties I, A Limited Partnership, D/B/A Woodbine Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of the laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz & Dobson, LLP  
Certified Public Accountants

February 5, 2003

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

INDEPENDENT AUDITORS' REPORT

Partners  
Meadowview Properties, A Limited Partnership  
D/B/A Meadowview Apartments  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Meadowview Properties, A Limited Partnership, D/B/A Meadowview Apartments as of December 31, 2002 and 2001, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadowview Properties, A Limited Partnership, D/B/A Meadowview Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of the laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Baird, Kurtz & Dobson, LLP  
Certified Public Accountants

February 5, 2003

Eide Bailly LLP  
200 E. 10<sup>th</sup> Street, Suite 500  
P.O. Box 5126  
Sioux Falls, SD 57117-5126  
PHONE: 605-339-1999  
FAX: 605-339-1306

INDEPENDENT AUDITORS' REPORT  
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The Partners  
**Sunrise I Apartments Limited Partnership**  
Sioux Falls, South Dakota

We have audited the accompanying balance sheets of **Sunrise I Apartments Limited Partnership** as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Sunrise I Apartments Limited Partnership** as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2003 on our consideration of **Sunrise I Apartments Limited Partnership's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 11 and 12 is presented for the purposes of additional analysis and is not a required part of the financial statements of **Sunrise I Apartments Limited Partnership**. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

/s/ Eide Bailly LLP  
Certified Public Accountants

Sioux Falls, South Dakota  
January 23, 2003

Miller & Rose, P.A.  
1309 E. Race Avenue  
Searcy, AR 72143  
PHONE: 501-268-8356  
FAX: 501-268-9362

INDEPENDENT AUDITORS' REPORT

Partners  
Pioneer Apartments, An Arkansas Limited Partnership  
D/B/A Pioneer Apartments  
351 E. 4th Street  
Mountain Home, AR 72653

We have audited the accompanying financial statements of Pioneer Apartments, An Arkansas Limited Partnership D/B/A Pioneer Apartments as of December 31, 2002 and 2001, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Apartments, An Arkansas Limited Partnership D/B/A Pioneer Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 5, 2003 on our consideration of Pioneer Apartments, An Arkansas Limited Partnership D/B/A Pioneer Apartments' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

/s/ Miller & Rose, P.A.  
Certified Public Accountants

February 5, 2003

Miller & Rose, P.A.  
1309 E. Race Avenue  
Searcy, AR 72143  
PHONE: 501-268-8356  
FAX: 501-268-9362

INDEPENDENT AUDITORS' REPORT

Partners  
Cardinal Apartments, An Arkansas Limited Partnership  
D/B/A Cardinal Apartments  
351 E. 4th Street  
Mountain Home, AR 72653

We have audited the accompanying financial statements of Cardinal Apartments, An Arkansas Limited Partnership D/B/A Cardinal Apartments as of December 31, 2002 and 2001, and for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cardinal Apartments, An Arkansas Limited Partnership, D/B/A Cardinal Apartments as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Miller & Rose, P.A.  
Certified Public Accountants

January 29, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Peachtree Associates Limited Partnership  
Charlotte, North Carolina

We have audited the accompanying balance sheets of Peachtree Associates Limited Partnership (a South Carolina limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peachtree Associates Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

January 31, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Mountain City Manor Limited Partnership

I have audited the accompanying balance sheets of Mountain City Manor Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain City Manor Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Mountain City Manor Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC  
Certified Public Accountants

February 15, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Tazewell Village Limited Partnership

I have audited the accompanying balance sheets of Tazewell Village Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tazewell Village Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Tazewell Village Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC  
Certified Public Accountants

February 15, 2003



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

INDEPENDENT AUDITORS' REPORT

To the Partners  
Jamestown Village Limited Partnership

I have audited the accompanying balance sheets of Jamestown Village Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jamestown Village Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Jamestown Village Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC  
Certified Public Accountants

February 15, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Clinch View Manor Limited Partnership

I have audited the accompanying balance sheets of Clinch View Manor Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinch View Manor Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' deficit, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Clinch View Manor Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC  
Certified Public Accountants

February 15, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Warsaw Manor Limited Partnership

I have audited the accompanying balance sheets of Warsaw Manor Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Warsaw Manor Limited Partnership as of December 31, 2002 and 2001, and the results of its operations, changes in partners' (deficit)/equity, and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2003 on my consideration of Warsaw Manor Limited Partnership's internal control over financial reporting and on my tests of its compliance with certain provisions of laws and regulations.

/s/ Thomas C. Cunningham, CPA PC  
Certified Public Accountant

February 15, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

INDEPENDENT AUDITORS' REPORT

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To The Partners  
Elsa Retirement, Ltd.-(A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Elsa Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elsa Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 8, 2003, on our consideration of the internal control structure of Elsa Retirement, Ltd.-(A Texas Limited Partnership) and a report dated February 8, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 8, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

INDEPENDENT AUDITORS' REPORT

To The Partners  
Dilley Retirement, Ltd.-(A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Dilley Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Generally Accepted Auditing Standards and Government Auditing Standards, as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dilley Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2003, on our consideration of the internal control structure of Dilley Retirement, Ltd.-(A Texas Limited Partnership) and a report dated February 13, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 13, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

INDEPENDENT AUDITORS' REPORT

To The Partners  
Taylor Retirement, Ltd.-(A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Taylor Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss) and partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taylor Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 17, 2003, on our consideration of the internal control structure of Taylor Retirement, Ltd.-(A Texas Limited Partnership) and a report dated February 17, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 17, 2003

Lou Ann Montey and Associates, P.C.  
8400 N. Mopac Expressway, Suite 304  
Austin, TX 78759  
PHONE: 512-338-0044  
FAX: 512-338-5395

INDEPENDENT AUDITORS' REPORT

To The Partners  
Donna Retirement, Ltd.-(A Texas Limited Partnership)  
Burnet, Texas

We have audited the accompanying balance sheets of Donna Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the related statements of income (loss), partners' equity, and cash flows for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with Generally Accepted Auditing Standards and Government Auditing Standards, as issued by the Comptroller General of the United States and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donna Retirement, Ltd.-(A Texas Limited Partnership) as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 2003, on our consideration of the internal control structure of Donna Retirement, Ltd.-(A Texas Limited Partnership) and a report dated February 10, 2003, on its compliance with laws and regulations.

/s/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 10, 2003

David G. Pelliccione, C.P.A., P.C.  
329 Commercial Drive, Suite 120  
Savannah, GA 31406  
PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT

To The Partners  
Brooks Lane Apartments, L.P.

We have audited the accompanying balance sheets of BROOKS LANE APARTMENTS, L.P., as of December 31, 2002 and 2001 and the related statement of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of The Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and **Government Auditing Standards** issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKS LANE APARTMENTS, L.P., as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles of the United States.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 10, 2003, on our consideration of BROOKS LANE APARTMENTS, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of BROOKS LANE APARTMENTS, L.P., taken as a whole. The supplemental information on pages 9 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ David G. Pelliccione, C.P.A., P.C.  
Certified Public Accountants

Savannah, Georgia  
February 10, 2003



David G. Pelliccione, C.P.A., P.C.  
329 Commercial Dr., Suite 120  
Savannah, GA 31406  
PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT

To The Partners  
Brooks Field Apartments, L.P.

We have audited the accompanying balance sheets of BROOKS FIELD APARTMENTS, L.P., as of December 31, 2002 and 2001 and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of The Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and **Government Auditing Standards** issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKS FIELD APARTMENTS, L.P., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles of the United States.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 10, 2003, on our consideration of BROOKS FIELD APARTMENTS, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of BROOKS FIELD APARTMENTS, L.P., taken as a whole. The supplemental information on pages 9 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ David G. Pelliccione, C.P.A., P.C.  
Certified Public Accountants

Savannah, Georgia  
February 10, 2003

David G. Pelliccione, C.P.A., P.C.  
329 Commercial Dr., Suite 120  
Savannah, GA 31406  
PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT  
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To The Partners  
Brooks Point Apartments, L.P.

We have audited the accompanying balance sheets of BROOKS POINT APARTMENTS, L.P., as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flow for the years then ended. These financial statements are the responsibility of The Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and **Government Auditing Standards** issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKS POINT APARTMENTS, L.P., as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles of the United States.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 10, 2003, on our consideration of BROOKS POINT APARTMENTS, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of BROOK POINT APARTMENTS, L.P., taken as a whole. The supplemental information on pages 9 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ David G. Pelliccione, C.P.A., P.C.  
Certified Public Accountants

Savannah, Georgia  
February 10, 2003

McCartney & Company, P.C.  
2121 University Park Drive - Suite 150  
Okemos, MI 48864  
PHONE: 517-347-5000  
FAX: 517-347-5007

INDEPENDENT AUDITORS' REPORT

Partners  
Mariner Cove Apartments Limited Partnership  
DeWitt, Michigan

We have audited the accompanying balance sheets of Mariner Cove Apartments Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mariner Cove Apartments Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2003, on our consideration of Mariner Cove Apartments Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

/s/ McCartney & Company, P.C.  
Certified Public Accountants

March 18, 2003

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

INDEPENDENT AUDITORS' REPORT

General Partner  
South Branchley Housing Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of South Branchley Housing Limited Partnership as of December 31, 2002 and 2001, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Branchley Housing Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2003, on our consideration of South Branchley's internal control, and a report dated January 21, 2003, on its compliance with specific requirements applicable to major programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
January 21, 2003

Gubler & Company, P.C.  
1234 W. South Jordan Parkway, #C  
South Jordan, UT 84095  
PHONE: 801-566-5866  
FAX: 801-565-0509

INDEPENDENT AUDITORS' REPORT

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TO THE PARTNERS  
HOMESTEAD WEST LIMITED PARTNERSHIP

We have audited the accompanying balance sheets of Homestead West Limited Partnership, as of December 31, 2002 and 2001 and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration *Audit Program*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homestead West Limited Partnership, as of December 31, 2002 and 2001 and the results of its operations, changes in partners' capital, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated February 7, 2003 on our consideration of Homestead West Limited Partnership's internal control, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Homestead West Limited Partnership. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Gubler & Company, P.C.  
Certified Public Accountants  
South Jordan, Utah  
February 7, 2003

Miller, Mayer, Sullivan & Stevens LLP  
2365 Harrodsburg Rd.  
Lexington, KY 40504-3399  
PHONE: 859-223-3095  
FAX: 859-223-2143

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Louisa Senior Apartments, Ltd.

Rural Development  
Morehead, Kentucky

We have audited the accompanying balance sheets of Louisa Senior Apartments, Ltd., (a limited partnership) Case No. 20-064-407447188, as of December 31, 2002 and 2001 and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisa Senior Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2003 on our consideration of Louisa Senior Apartments, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

/s/ Miller, Mayer, Sullivan & Stevens, LLP  
Certified Public Accountants

Lexington, Kentucky  
January 24, 2003

Miller, Mayer, Sullivan & Stevens LLP  
2365 Harrodsburg Rd.  
Lexington, KY 40504-3399  
PHONE: 859-223-3095  
FAX: 859-223-2143

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Wells Hill Apartments, Ltd.

Rural Development  
Morehead, Kentucky

We have audited the accompanying balance sheets of Wells Hill Apartments, Ltd., (a limited partnership) Case No. 20-086-611204241, as of December 31, 2002 and 2001 and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wells Hill Apartments, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2003 on our consideration of Wells Hill Apartments, Ltd.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

/s/ Miller, Mayer, Sullivan & Stevens LLP  
Certified Public Accountants

Lexington, Kentucky  
January 24, 2003

Eide Bailly LLP  
200 East 10<sup>th</sup> Street, Suite 500  
P.O. Box 5126  
Sioux Falls, SD 57117-5126  
PHONE: 605-339-1999  
FAX: 605-339-1306

INDEPENDENT AUDITORS' REPORT

The Partners  
**Lincoln, Ltd.**  
Pierre, South Dakota

We have audited the accompanying balance sheets of **Lincoln, Ltd.** (a limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Lincoln, Ltd.** as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2003 on our consideration of **Lincoln, Ltd.'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements of **Lincoln, Ltd.** Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

/s/ Eide Bailly LLP  
Certified Public Accountants

Sioux Falls, South Dakota  
January 18, 2003



Eide Bailly LLP  
200 East 10<sup>th</sup> Street, Suite 500  
P.O. Box 5126  
Sioux Falls, SD 57117-5126  
PHONE: 605-339-1999  
FAX: 605-339-1306

INDEPENDENT AUDITORS' REPORT

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The Partners  
**Courtyard, Ltd.**  
Huron, South Dakota

We have audited the accompanying balance sheets of **Courtyard, Ltd.** (a limited partnership) as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Courtyard, Ltd.** as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2003, on our consideration of **Courtyard, Ltd.'s** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements of **Courtyard, Ltd.** Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Eide Bailly LLP  
Certified Public Accountants

Sioux Falls, South Dakota  
January 22, 2003

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

INDEPENDENT AUDITORS' REPORT

The Partners  
Leander Housing 1990, Ltd.  
Leander, Texas

We have audited the accompanying balance sheet of Leander Housing 1990, Ltd. (a Texas limited partnership) as of December 31, 2002 and 2001 and the related statements of operations, partners' capital (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leander Housing 1990, Ltd. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated February 3, 2003, on our consideration of Leander Housing 1990, Ltd.'s internal control and on its compliance with laws and regulations applicable to the financial statements. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 9 through 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Year End Report/Analysis (Form FmHA 1930-8); the Statement of Actual Budget and Income (Form FmHA 1930-7) for the year ended December 31, 2002, and the Supplemental Data Required by USDA Rural Development, is presented for purposes of complying with the requirements of USDA Rural Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

February 3, 2003

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

INDEPENDENT AUDITORS' REPORT  
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**To the General Partners of  
Pleasant Valley Apartments, L.P.:**

We have audited the accompanying balance sheets of Pleasant Valley Apartments, L.P. as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Valley Apartments, L.P. as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2003, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

January 15, 2003

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

INDEPENDENT AUDITORS' REPORT  
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**To the General Partners of  
Brookwood Apartments, L.P.:**

We have audited the accompanying balance sheets of Brookwood Apartments, L.P. as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brookwood Apartments, L.P. as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2003, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

January 14, 2003

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

INDEPENDENT AUDITORS' REPORT

**To the General Partners of  
River Rest Apartments, L.P.:**

We have audited the accompanying balance sheets of River Rest Apartments, L.P. as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Rest Apartments, L.P. as of December 31, 2002 and 2001, and the results of its operations, changes in partners' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2003, on our consideration of the partnership's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

January 14, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Royston Elderly Housing, L.P.

We have audited the accompanying balance sheets of ROYSTON ELDERLY HOUSING, L.P. (USDA Rural Development Case No. 10-059-582088484), a limited partnership, as of December 31, 2002 and 2001, and the related statements of operations, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration's Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ROYSTON ELDERLY HOUSING, L.P. as of December 31, 2002 and 2001, and the results of its operations, its changes in partners' equity (deficit), and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States, we have also issued our report dated January 31, 2003, on our consideration of ROYSTON ELDERLY HOUSING, L.P.'s internal control and a report dated January 31, 2003, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

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

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

Atlanta, Georgia  
January 31, 2003

Leavitt, Christensen & Co.  
9100 W. Blackeagle Drive  
Boise, ID 83709  
PHONE: 208-322-6769  
FAX: 208-322-7307

INDEPENDENT AUDITORS' REPORT

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Managing General Partner  
Heritage Park Associates Limited Partnership  
Boise, Idaho

We have audited the accompanying balance sheets of Heritage Park Associates Limited Partnership, as of December 31, 2002 and 2001, and the related statements of operations, partners' capital (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the USDA, Rural Housing Service Audit Program issued in December 1989. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Heritage Park Associates Limited Partnership as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated January 16, 2003 on our consideration of Heritage Park Associates Limited Partnership's internal control and on its compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership has filed tax returns with the Internal Revenue Service which allow the partners to receive the benefit of a low income housing tax credit. Because the qualifying standards of the low income housing tax credit are different than the requirements of the loan agreement and the interest credit agreements, and due to the fact that the low income housing tax credit relates to income taxes which are the responsibility of the individual partners, the scope of these audits were not designed or intended to audit the compliance with the various low income housing tax credit laws. Therefore, these audits can not be relied on to give assurances with regard to compliance with any low income housing tax credit laws.

/s/ Leavitt, Christensen & Co.  
Certified Public Accountants

January 16, 2003

Bob T. Robinson  
2084 Dunbarton Drive  
Jackson, MS 39216  
PHONE: 601-982-3875  
FAX: 601-982-3876

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Elderly Housing of Pontotoc, L.P.

I have audited the accompanying balance sheet of Elderly Housing of Pontotoc, L.P. (RD Case number 28-058-640818315), as of December 31, 2002 and 2001, and the related statements of income, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elderly Housing of Pontotoc, L.P. as of December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated February 3, 2003 on my consideration of Elderly Housing of Pontotoc, L.P.'s internal control and on my tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of the audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements of Elderly Housing of Pontotoc, L.P. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The annual budgets of Elderly Housing of Pontotoc, L.P. included in the accompanying prescribed form RD 1930-7 (Rev 7-00) have not been compiled or examined by me, and I do not express any form of assurance on them. In addition they may contain departures from guidelines for presentation of prospective financial information established by the American Institute of Certified Public Accountants. The actual results may vary from the presentation and the variations may be material.

/s/ Bob T. Robinson  
Certified Public Accountant

February 3, 2003  
Jackson, Mississippi



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  
Lakeshore II, Ltd.  
Tuskegee, Alabama

We have audited the accompanying balance sheets of Lakeshore II, Ltd., a limited partnership, RHS Project No.: 01-044-631056927 as of December 31, 2002 and 2001, and the related statements of operations, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeshore II, Ltd., RHS Project No.: 01-044-631056927 as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2002 and 2001, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2003 on our consideration of Lakeshore II, Ltd.'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

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

Gadsden, Alabama  
February 27, 2003

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  
Skyview Apartments, Ltd.  
Troy, Alabama

We have audited the accompanying balance sheets of Skyview Apartments, Ltd., a limited partnership, RHS Project No.: 01-055-631086473 as of December 31, 2002 and 2001, and the related statements of operations, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration Audit Program. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyview Apartments, Ltd., RHS Project No.: 01-055-631086473 as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the year ended December 31, 2002 and 2001, is presented for purposes of complying with the requirements of the Rural Housing Services and is also not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2003 on our consideration of Skyview Apartments, Ltd's., internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

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

Gadsden, Alabama  
February 27, 2003

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  
Meadowview Apartments, Ltd.  
Greenville, Alabama

We have audited the accompanying balance sheets of Meadowview Apartments, Ltd., a limited partnership, as of December 31, 2002 and 2001, and the related statement of operations, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadowview Apartments, Ltd., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the 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 and Associates, P.C.  
Certified Public Accountant

Gadsden, Alabama  
February 26, 2003

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  
Applegate Apartments, Ltd.  
Florence, Alabama

We have audited the accompanying balance sheets of Applegate Apartments, Ltd., a limited partnership, as of December 31, 2002 and 2001, and the related statements of operations, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Applegate Apartments, Ltd., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the 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, 2003

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  
Heatherwood Apartments, Ltd.  
Alexander City, Alabama

We have audited the accompanying balance sheets of Heatherwood Apartments, Ltd., a limited partnership, as of December 31, 2002 and 2001, and the related statement of operations, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted the audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heatherwood Apartments, Ltd., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 9 and 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the 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 12, 2003

Turk & Giles, CPAs, P.C.  
2026 Connecticut-P.O. Box 3766  
Joplin, MO 64803  
PHONE: 417-623-8666  
FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT

To the Partners  
Galena Seniors, L.P.  
Joplin, Missouri 64804

We have audited the accompanying balance sheets of Galena Seniors, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Galena Seniors L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2003 on our consideration of Galena Seniors, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Letter on pages 15-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Turk & Giles, CPAs, P.C.  
Certified Public Accountants

February 15, 2003

Turk & Giles, CPAs, P.C.  
2026 Connecticut-P.O. Box 3766  
Joplin, MO 64803  
PHONE: 417-623-8666  
FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT

To the Partners  
Purdy Apartments, L.P.  
Joplin, Missouri

We have audited the accompanying balance sheets of Purdy Apartments L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Purdy Apartments, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2003 on our consideration of Purdy Apartments, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Letter on pages 15-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Turk & Giles, CPAs, P.C.  
Certified Public Accountants

February 15, 2003

Turk & Giles, CPAs, P.C.  
2026 Connecticut-P.O. Box 3766  
Joplin, MO 64803  
PHONE: 417-623-8666  
FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT

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To the Partners  
Aurora Seniors, L.P.  
Joplin, Missouri 64804

We have audited the accompanying balance sheets of Aurora Seniors, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aurora Seniors L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2003 on our consideration of Aurora Seniors, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Letter on pages 15-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Turk & Giles, CPAs, P.C.  
Certified Public Accountants

February 15, 2003



Turk & Giles, CPAs, P.C.  
2025 Connecticut-P.O. Box 3766  
Joplin, MO 64803  
PHONE: 417-623-8666  
FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT

To the Partners  
Baxter Springs Seniors, L.P.  
Joplin, Missouri 64804

We have audited the accompanying balance sheets of Baxter Springs Seniors, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baxter Springs Seniors L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2003 on our consideration of Baxter Springs Seniors, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. Those reports are an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Letter on pages 15-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Turk & Giles, CPAs, P.C.  
Certified Public Accountants

February 15, 2003

Turk & Giles, CPAs, P.C.  
2026 Connecticut-P.O. Box 3766  
Joplin, MO 64803  
PHONE: 417-623-8666  
FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT

To the Partners  
Marionville Seniors, L.P.  
Joplin, Missouri 64804

We have audited the accompanying balance sheets of Marionville Seniors, L.P. (a limited partnership) as of December 31, 2002 and 2001, and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marionville Seniors, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated February 15, 2003 on our consideration of Marionville Seniors, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. Those reports are an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Letter on pages 15-17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Turk & Giles, CPAs, P.C.  
Certified Public Accountants

February 15, 2003

Suellen Doubet, CPA  
603 West Cherokee Street  
Wagoner, OK 74467  
PHONE: 918-485-8085  
FAX: 918-485-3092

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
of Cavalry Crossing:

I have audited the accompanying balance sheets of Cavalry Crossing (a Kansas Limited Partnership) as of December 31, 2002, and 2001 and the related statements of income, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cavalry Crossing as of December 31, 2002, and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, The Schedule of Maintenance Expenses has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated March 11, 2003 on my consideration of Cavalry Crossing's compliance and on internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

/s/ Suellen Doubet, CPA  
Certified Public Accountant  
Wagoner, OK 74467  
March 11, 2003

Suellen Doubet, CPA  
603 West Cherokee Street  
Wagoner, OK 74467  
PHONE: 918-485-8085  
FAX: 918-485-3092

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
of Sycamore Landing:

I have audited the accompanying balance sheets of Sycamore Landing (a Kansas Limited Partnership) as of December 31, 2002, and 2001 and the related statements of income, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sycamore Landing as of December 31, 2002, and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, "The Schedule of Maintenance Expenses" has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated March 10, 2003 on my consideration of Sycamore Landing's compliance and on internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

/s/ Suellen Doubet, CPA  
Certified Public Accountan  
Wagoner, OK 74467  
March 10, 2003

Suellen Doubet, CPA  
603 West Cherokee Street  
Wagoner, OK 74467  
PHONE: 918-485-8085  
FAX: 918-485-3092

INDEPENDENT AUDITORS' REPORT  
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To the Partners of  
Parsons Village:

I have audited the accompanying balance sheets of Parsons Village (a Kansas Limited Partnership) as of December 31, 2002, and 2001 and the related statements of income, partners' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parsons Village as of December 31, 2002 and December 31, 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, "The Schedule of Maintenance Expenses" has been subjected to the audit procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated March 7, 2003 on my consideration of Parsons Village's compliance and on internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

/s/ Suellen Doubet, CPA  
Certified Public Accountant  
Wagoner, OK 74467  
March 7, 2003

David G. Pelliccione, C.P.A., P.C.  
329 Commercial Drive, Suite 120  
Savannah, GA 31406  
PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT  
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To The Partners  
Brookstone Apartments, L.P.

We have audited the accompanying balance sheet of BROOKSTONE APARTMENTS, L.P., as of December 31, 2002 and 2001 and the related statement of operations, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of The Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and **Government Auditing Standards** issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKSTONE APARTMENTS, L.P. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles of the United States.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 10, 2003, on our consideration of BROOKSTONE APARTMENTS, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of BROOKSTONE APARTMENTS, L.P.'s taken as a whole. The supplemental information on pages 9 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ David G. Pelliccione, C.P.A., P.C.  
Certified Public Accountants  
Savannah, Georgia  
February 10, 2003

David G. Pelliccione, C.P.A., P.C.  
329 Commercial Drive, Suite 120  
Savannah, GA 31406  
PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT

To The Partners  
Brooks Hollow Apartments, L.P.

We have audited the accompanying balance sheet of BROOKS HOLLOW APARTMENTS, L.P., as of December 31, 2002 and 2001 and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of The Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States and **Government Auditing Standards** issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BROOKS HOLLOW APARTMENTS, L.P., as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles of the United States.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 10, 2003, on our consideration of BROOKS HOLLOW APARTMENTS, L.P.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of BROOKS HOLLOW APARTMENTS, L.P., taken as a whole. The supplemental information on pages 9 through 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ David G. Pelliccione, C.P.A., P.C.  
Certified Public Accountants  
Savannah, Georgia  
February 10, 2003

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

INDEPENDENT AUDITORS' REPORT  
-----

To the Partners of  
Morningside Villa Limited Partnership  
DBA Morningside Villa Apartments  
Mansfield, Ohio

Rural Housing Service  
Servicing Office  
Findlay, Ohio

We have audited the accompanying balance sheets of Morningside Villa Limited Partnership (a limited partnership), DBA Morningside Villa Apartments, Case No. 41-033-341704593, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program" issued in December 1989. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morningside Villa Limited Partnership, DBA Morningside Villa Apartments, Case No. 41-033-341704593, at December 31, 2002 and 2001, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 16, 2003, on our consideration of Morningside Villa Limited Partnership's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 16, 2003



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

INDEPENDENT AUDITORS' REPORT  
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To the Partners of  
Kenton Apartments Company Limited Partnership  
DBA Springbrook Commons  
Mansfield, Ohio

Rural Housing Service  
Servicing Office  
Findlay, Ohio

We have audited the accompanying balance sheets of Kenton Apartments Company Limited Partnership (a limited partnership), DBA Springbrook Commons, Case No. 41-033-0382999141, as of December 31, 2002 and 2001, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenton Apartments Company Limited Partnership, DBA Springbrook Commons, Case No. 41-033-0382999141, at December 31, 2002 and 2001, and the results of its operations, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* and the U.S. Department of Agriculture, Farmers Home Administration "Audit Program," issued in December 1989, we have also issued a report dated January 16, 2003, on our consideration of Kenton Apartments Company Limited Partnership's internal control and on compliance with specific requirements applicable to Rural Housing Service Programs. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

/s/ Fentress, Brown, CPAs & Associates, LLC  
Certified Public Accountants  
Columbus, Ohio  
January 16, 2003

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
Lovingston Ridge, L.P.  
Charlotte, North Carolina

We have audited the accompanying balance sheet of Lovingston Ridge, L.P. (A Virginia Limited Partnership) as of December 31, 2002, and the related statements of operations, partners' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Lovingston Ridge, L.P. as of December 31, 2001, were audited by other auditors whose report dated May 23, 2002, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lovingston Ridge, L.P. as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2003, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Partnership. Such information has been subjected to the auditing procedures applied in the 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/ Bernard Robinson & Company, LLP  
Certified Public Accountants

January 31, 2003

Burrus, Paul & Turnbull, PLC  
SunTrust Center, Suite 1230  
Norfolk, VA 23510-2276  
PHONE: 757-623-3236  
FAX: 757-627-8603

INDEPENDENT AUDITORS' REPORT  
-----

To the Partners  
Lovingston Ridge  
(A Limited Partnership)  
Yorktown, Virginia

We have audited the balance sheets of **Lovingston Ridge (A Limited Partnership)**, as of December 31, 2001 and 2000, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lovingston Ridge (A Limited Partnership) as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

/s/ Burrus, Paul & Turnbull PLC  
Certified Public Accountants

May 23, 2002

Item 9. Disagreements on Accounting and Financial Disclosures

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. The officers and directors of the Managing General Partner are as follows:

Ronald M. Diner, age 59, 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 47, 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.

Sandra L. Furey, age 41, is Secretary, Treasurer. Ms. Furey has been employed by Raymond James & Associates, Inc. since 1980 and currently serves as Closing Administrator for the Gateway Tax Credit Funds.

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 page 68 of the Prospectus under the section captioned "Management" (consisting of pages 66 through 69 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 own any units of the outstanding securities of Gateway as of March 31, 2003. Ronald M. Diner, President of Raymond James Tax Credit Funds, Inc. owns 5 units of Series 7. None of the other directors and officers own any units of the outstanding securities of Gateway as of March 31, 2003.

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, under the terms of the public offering, various kinds of compensation and fees are payable to the General Partners and its 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 24 to 26 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.

The Payable to Project Partnerships represents unpaid capital contributions to the Project Partnerships and will be paid after certain performance criteria are met. Such contributions are in turn payable to the general partners of the Project Partnerships.

For the periods ended March 31, 2003, 2002, and 2001 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 receive an annual asset management fee equal to the greater of (i) \$2,000 for each limited partnership in which Gateway invests, as adjusted by the Consumer Price Index or (ii) 0.275% of Gateway's gross proceeds from the sale of limited partnership interests. In either event (i) or (ii), the maximum amount may not exceed 0.2% of the aggregate cost (Gateway's capital contribution plus Gateway's share of the Properties' mortgage) of Gateway's interest in properties 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 Statement of Operations.

	2003	2002	2001
	----	----	----
Series 7	\$ 87,082	\$ 87,394	\$ 87,683
Series 8	90,730	91,032	91,364
Series 9	49,865	50,027	50,178
Series 10	34,013	34,115	34,212
Series 11	28,518	28,770	29,087
	-----	-----	-----
Total	\$290,208	\$ 291,338	\$ 292,524
	=====	=====	=====

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 Statement of Operations.

	2003	2002	2001
	----	----	----
Series 7	\$ 32,765	\$ 20,917	\$ 16,312
Series 8	36,127	23,062	17,985
Series 9	20,164	12,872	10,038
Series 10	12,601	8,045	6,274
Series 11	10,081	6,436	5,019
	-----	-----	-----
Total	\$111,738	\$ 71,332	\$ 55,628
	=====	=====	=====

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

a.(1) Financial Statements - see accompanying index to financial statements, Item 8.

(2) Financial Statement Schedules -

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 -

Table Number	Page
1.1	Form of Dealer Manager Agreement, including Soliciting Dealer Agreement
1.2	Form of Escrow Agreement between Gateway Tax Credit Fund III Ltd. and First Union National Bank
3.1	The form of Partnership Agreement of the Partnership is included as Exhibit "A" to the Prospectus
3.1.1	Certificate of Limited Partnership of Gateway Tax Credit Fund III Ltd.
3.2	Articles of Incorporation of Raymond James Partners, Inc.
3.2.1	Bylaws of Raymond James Partners, Inc.*
3.3	Articles of Incorporation of Raymond James Tax Credit Funds, Inc.
3.3.1	Bylaws of Raymond James Tax Credit Funds, Inc.
3.4	Amended and Restated Agreement of Limited Partnership of Nottingham Apartments, Ltd.
3.5	Amended and Restated Agreement of Limited Partnership of Cedar Hollow Apartments Limited Partnership
3.6	Amended and Restated Agreement of Limited Partnership of Sunrise I Apartments Limited Partnership
5.1	Legality opinion of Riden, Earle & Kiefner, P.A. is included in Exhibit 8.1
8.1	Tax opinion and consent of Riden, Earle & Kiefner, P.A.
24.1	The consent of Spence, Marston, Bunch, Morris & Co.
24.1.1	The consent of Spence, Marston, Bunch, Morris & Co. to all references made to them in the Registration Statement and the inclusion therein of the financial statements of Raymond James Tax Credit Funds, Inc. and Raymond James Partners, Inc. for the fiscal year ended September 25, 1992
24.1.2	The consent of Spence, Marston, Bunch, Morris & Co. to all references made to them in the Registration Statement and the inclusion therein of the financial statements of Raymond James Tax Credit Funds, Inc. and Raymond James Partners, Inc. for the fiscal year ended September 25, 1992 and the Registrant for the period ended March 31, 1992
24.4	The consent of Riden, Earle, & Kiefner, PA to all references made to them in the Prospectus included as a part of the Registration Statement of Gateway Tax Credit Fund III Ltd., and all amendments thereto is included in their opinions filed as Exhibit 8.1 to the Registration Statement.
28.1	Table VI (Acquisition of Properties by Program) of Appendix II to Industry Guide 5, Preparation of Registration Statements Relating to Interests in Real Estate Limited Partnerships

\* Included with Form S-11, Registration No. 33-44238 and amendments and supplements thereto previously filed with the Securities and Exchange Commission.

b.Reports filed on Form 8-K - NONE

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 7  
Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Nottingham	Pisgah, AL	18	577,529
Cedar Hollow	Waterloo, NE	24	755,968
Sunrise	Mission, SD	44	2,011,335
Mountain City	Mountain City, TN	40	1,306,747
Burbank	Falls City, NE	24	800,079
Washington	Bloomfield, NE	24	793,822
BrookStone	McCaysville, GA	40	1,191,088
Tazewell	New Tazewell, TN	44	1,392,889
N. Irvine	Irvine, KY	24	785,918
Horton	Horton, KS	24	763,012
Manchester	Manchester, GA	42	1,198,180
Waynesboro	Waynesboro, GA	24	669,034
Lakeland II	Lakeland, GA	30	828,350
Mt. Vernon	Mt. Vernon, GA	24	736,428
Meadow Run	Dawson, GA	48	1,420,494
Spring Creek II	Quitman, GA	24	664,732
Warm Springs	Warm Springs, GA	22	670,780
Blue Ridge	Blue Ridge, GA	41	1,088,847
Walnut	Elk Point, SD	24	816,678
Pioneer	Mountain View, AR	48	1,201,271
Dilley	Dilley, TX	28	719,586
Elsa	Elsa, TX	40	1,029,975
Clinch View	Gate City, VA	42	1,451,082
Jamestown	Jamestown, TN	40	1,213,976
Leander	Leander, TX	36	909,708
Louisa Sr.	Louisa, KY	36	1,186,341
Orchard Commons	Crab Orchard, KY	12	348,308
Vardaman	Vardaman, MS	24	727,306
Heritage Park	Paze, AZ	32	1,235,833
BrooksHollow	Jasper, GA	40	1,175,195
Cavalry Crossing	Ft. Scott, KS	40	1,409,766
Carson City	Carson City, KS	24	784,487
Matteson	Capa, KS	24	758,763
Pembroke	Pembroke, KY	16	508,947
Robynwood	Cynthiana, KY	24	775,368
Atoka	Atoka, OK	24	674,636
Coalgate	Coalgate, OK	24	674,099
Hill Creek	West Blocton, AL	24	771,967
Cardinal	Mountain Home. AR	32	142,188
			-----
			\$36,170,712
			=====



GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 7 Apartment Properties	Cost At Acquisition		Net Improvements Capitalized Subsequent to Acquisition
Partnership	Land	Buildings, Improvements and Equipment	
Nottingham	21,070	695,113	3,279
Cedar Hollow	25,000	889,355	58,402
Sunrise	30,000	837,000	1,664,036
Mountain City	67,000	1,345,826	215,495
Burbank	25,000	595,780	408,971
Washington	30,000	401,435	552,754
BrookStone	45,000	176,183	1,241,162
Tazewell	75,000	834,811	806,831
N. Irvine	27,600	696,407	297,024
Horton	15,615	641,460	275,465
Manchester	40,000	243,179	1,192,561
Waynesboro	45,310	107,860	664,328
Lakeland II	30,000	149,453	830,194
Mt. Vernon	19,500	156,335	724,691
Meadow Run	20,000	241,802	1,483,038
Spring Creek II	40,000	117,323	651,152
Warm Springs	45,000	196,691	581,636
Blue Ridge	0	234,193	1,104,950
Walnut	20,000	112,079	899,418
Pioneer	30,000	1,092,918	233,844
Dilley	30,000	847,755	12,647
Elsa	40,000	1,286,910	13,817
Clinch View	99,000	409,447	1,283,222
Jamestown	53,800	436,875	1,030,454
Leander	46,000	1,063,200	41,959
Louisa Sr.	90,000	449,409	970,578
Orchard Commons	28,789	452,556	(1,684)
Vardaman	15,000	93,877	808,691
Heritage Park	199,000	1,243,700	142,798
BrooksHollow	67,155	183,029	1,190,112
Cavalry Crossing	82,300	894,246	817,342
Carson City	86,422	354,778	518,232
Matteson	28,438	556,314	363,294
Pembroke	22,000	190,283	411,021
Robynwood	35,000	315,110	661,574
Atoka	16,000	819,334	0
Coalgate	22,500	806,005	0
Hill Creek	29,337	622,291	318,382
Cardinal	24,207	650,852	106,377
	\$ 1,666,043	\$21,441,174	\$22,578,047

SERIES 7	Gross Amount At Which Carried At December 31, 2002
Apartment Properties	-----

Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Nottingham	21,070	698,392	719,462
Cedar Hollow	28,197	944,560	972,757
Sunrise	31,702	2,499,334	2,531,036
Mountain City	67,000	1,561,321	1,628,321
Burbank	37,000	992,751	1,029,751
Washington	55,940	928,249	984,189
BrookStone	45,000	1,417,345	1,462,345
Tazewell	75,000	1,641,642	1,716,642
N. Irvine	27,600	993,431	1,021,031
Horton	15,615	916,925	932,540
Manchester	49,455	1,426,285	1,475,740
Waynesboro	34,500	782,998	817,498
Lakeland II	29,600	980,047	1,009,647
Mt. Vernon	19,500	881,026	900,526
Meadow Run	40,000	1,704,840	1,744,840
Spring Creek II	30,000	778,475	808,475
Warm Springs	20,000	803,327	823,327
Blue Ridge	0	1,339,143	1,339,143
Walnut	62,700	968,797	1,031,497
Pioneer	38,614	1,318,148	1,356,762
Dilley	30,000	860,402	890,402
Elsa	40,000	1,300,727	1,340,727
Clinch View	99,000	1,692,669	1,791,669
Jamestown	53,800	1,467,329	1,521,129
Leander	166,949	984,210	1,151,159
Louisa Sr.	90,000	1,419,987	1,509,987
Orchard Commons	28,789	450,872	479,661
Vardaman	15,000	902,568	917,568
Heritage Park	199,000	1,386,498	1,585,498
BrooksHollow	67,000	1,373,296	1,440,296
Cavalry Crossing	94,995	1,698,893	1,793,888
Carson City	40,028	919,404	959,432
Matteson	39,000	909,046	948,046
Pembroke	22,000	601,304	623,304
Robynwood	35,000	976,684	1,011,684
Atoka	16,000	819,334	835,334
Coalgate	22,500	806,005	828,505
Hill Creek	29,337	940,673	970,010
Cardinal	24,207	757,228	781,436
	-----	-----	-----
	\$ 1,841,098	\$43,844,165	\$45,685,264

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 7 Apartment Properties Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Nottingham	200,292	5.0-40.0
Cedar Hollow	272,323	7.0-40.0
Sunrise	907,377	5.0-27.5
Mountain City	607,439	7.0-27.5
Burbank	319,857	5.0-30.0
Washington	355,667	5.0-30.0
BrookStone	471,766	5.0-27.5
Tazewell	628,457	7.0-27.5
N. Irvine	265,812	5.0-40.0
Horton	379,683	5.0-25.0
Manchester	453,171	5.0-25.0
Waynesboro	259,728	10.0-30.0
Lakeland II	332,511	10.0-30.0
Mt. Vernon	271,303	5.0-30.0
Meadow Run	557,948	7.0-27.5
Spring Creek II	256,518	10.0-30.0
Warm Springs	276,314	5.0-40.0
Blue Ridge	467,482	5.0-25.0
Walnut	296,133	5.0-40.0
Pioneer	384,678	12.0-40.0
Dilley	181,222	5.0-50.0
Elsa	325,457	7.0-50.0
Clinch View	634,276	7.0-27.5
Jamestown	556,612	7.0-27.5
Leander	419,070	7.0-30.0
Louisa Sr.	395,542	5.0-40.0
Orchard Commons	133,419	5.0-40.0
Vardaman	233,816	5.0-40.0
Heritage Park	560,615	7.0-27.5
BrooksHollow	445,348	5.0-27.5
Cavalry Crossing	463,550	12.0-40.0
Carson City	351,417	7.0-27.5
Matteson	357,786	7.0-27.5
Pembroke	169,183	5.0-40.0
Robynwood	267,398	5.0-40.0
Atoka	332,301	5.0-25.0
Coalgate	333,141	5.0-25.0
Hill Creek	302,658	7.0-27.5
Cardinal	154,644	7.0-27.5
	-----	
	\$14,581,914	
	=====	

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 8

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Purdy	Purdy, MO	16	457,937
Galena	Galena, KS	24	605,309
Antlers 2	Antlers, OK	24	635,468
Holdenville	Holdenville, OK	24	721,424
Wetumka	Wetumka, OK	24	655,903
Mariners Cove	Marine City, MI	32	1,030,866
Mariners Cove Sr.	Marine City, MI	24	798,401
Antlers	Antlers, OK	36	1,085,703
Bentonville	Bentonville, AR	24	560,069
Deerpoint	Elgin, AL	24	746,219
Aurora	Aurora, MO	28	723,592
Baxter	Baxter Springs, KS	16	426,488
Arbor Gate	Bridgeport, AL	24	751,275
Timber Ridge	Collinsville, AL	24	731,637
Concordia Sr.	Concordia, KS	24	680,356
Mountainburg	Mountainburg, AR	24	709,773
Lincoln	Pierre, SD	25	884,382
Fox Ridge	Russellville, AL	24	739,510
Meadow View	Bridgeport, NE	16	588,539
Sheridan	Auburn, NE	16	606,209
Morningside	Kenton, OH	32	968,650
Grand Isle	Grand Isle, ME	16	959,157
Meadowview	Van Buren, AR	29	764,801
Taylor	Taylor, TX	44	1,240,543
Brookwood	Gainesboro, TN	44	1,459,028
Pleasant Valley	Lynchburg, TN	33	1,094,313
Reelfoot	Ridgely, TN	20	652,429
River Rest	Newport, TN	34	1,141,553
Kirksville	Kirksville, MO	24	679,852
Cimmaron	Arco, ID	24	826,686
Kenton	Kenton, OH	46	1,422,034
Lovingston	Lovingston, VA	64	2,218,407
Pontotoc	Pontotoc, MS	36	1,097,322
So. Branchley	Rexburg, ID	30	1,231,374
Hustonville	Hustonville, KY	16	520,836
Northpoint	Jackson, KY	24	892,389
Brooks Field	Louisville, GA	32	950,952
Brooks Lane	Clayton, GA	36	1,097,641
Brooks Point	Dahlonega, GA	41	1,361,146
Brooks Run	Jasper, GA	24	755,265
Logan Heights	Russellville, KY	24	780,032
Lakeshore 2	Tuskegee, AL	36	1,146,987
Cottdondale	Cottdondale, FL	25	759,910

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\$38,160,367  
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 8		Cost At Acquisition	
Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
Purdy	64,823	493,596	22,449
Galena	19,200	362,505	399,029
Antlers 2	26,000	761,859	0
Holdenville	15,000	877,598	0
Wetumka	19,977	792,876	0
Mariners Cove	117,192	1,134,974	39,726
Mariners Cove Sr.	72,252	901,745	26,477
Antlers	50,529	1,270,510	0
Bentonville	15,220	743,269	0
Deerpoint	33,250	912,974	(13,750)
Aurora	164,350	716,471	25,453
Baxter	13,800	418,296	120,372
Arbor Gate	43,218	873,748	15,148
Timber Ridge	15,145	879,334	11,577
Concordia Sr.	65,000	776,131	(14,742)
Mountainburg	20,000	863,990	0
Lincoln	121,000	933,872	63,623
Fox Ridge	35,000	867,785	0
Meadow View	29,000	686,959	11,808
Sheridan	20,100	373,018	379,236
Morningside	31,163	1,152,691	5,963
Grand Isle	20,000	1,180,210	(31,773)
Meadowview	40,000	954,717	0
Taylor	105,335	1,185,923	239,509
Brookwood	28,148	1,780,090	3,952
Pleasant Valley	56,269	1,288,452	11,637
Reelfoot	13,000	118,127	694,560
River Rest	50,750	431,259	922,530
Kirskville	50,000	188,140	593,352
Cimmaron	18,000	611,963	491,167
Kenton	61,699	785,703	934,357
Lovingston	178,985	2,215,782	333,152
Pontotoc	40,500	312,296	987,308
So. Brenchley	99,658	492,781	959,260
Hustonville	20,000	672,270	4,130
Northpoint	140,000	942,599	3,978
Brooks Field	45,762	113,295	1,017,028
Brooks Lane	57,500	123,401	1,167,063
Brooks Point	108,000	135,053	1,416,126
Brooks Run	50,000	158,025	717,850
Logan Heights	24,600	422,778	504,352
Lakeshore 2	45,000	273,501	1,106,260
Cottdondale	36,000	911,975	344
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	\$ 2,280,425	\$32,092,541	\$13,168,511
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 8

Gross Amount At Which Carried At December 31, 2002

Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Purdy	65,992	514,876	580,868
Galena	83,432	697,302	780,734
Antlers 2	26,000	761,859	787,859
Holdenville	15,000	877,598	892,598
Wetumka	19,977	792,876	812,853
Mariners Cove	122,656	1,169,236	1,291,892
Mariners Cove Sr.	89,518	910,956	1,000,474
Antlers	50,529	1,270,510	1,321,039
Bentonville	15,220	743,269	758,489
Deerpoint	19,500	912,974	932,474
Aurora	167,145	739,129	906,274
Baxter	46,173	506,295	552,468
Arbor Gate	43,218	888,896	932,114
Timber Ridge	15,145	890,911	906,056
Concordia Sr.	65,000	761,389	826,389
Mountainburg	20,000	863,990	883,990
Lincoln	132,188	986,307	1,118,495
Fox Ridge	35,000	867,785	902,785
Meadow View	29,000	698,767	727,767
Sheridan	32,885	739,469	772,354
Morningside	31,163	1,158,654	1,189,817
Grand Isle	20,000	1,148,437	1,168,437
Meadowview	40,000	954,717	994,717
Taylor	105,334	1,425,433	1,530,767
Brookwood	28,148	1,784,042	1,812,190
Pleasant Valley	56,269	1,300,089	1,356,358
Reelfoot	13,827	811,860	825,687
River Rest	52,062	1,352,477	1,404,539
Kirskville	50,000	781,492	831,492
Cimmaron	6,000	1,115,130	1,121,130
Kenton	61,699	1,720,060	1,781,759
Lovingston	194,772	2,533,147	2,727,919
Pontotoc	40,500	1,299,604	1,340,104
So. Brenchley	99,658	1,452,041	1,551,699
Hustonville	20,000	676,400	696,400
Northpoint	140,000	946,577	1,086,577
Brooks Field	45,761	1,130,324	1,176,085
Brooks Lane	57,500	1,290,464	1,347,964
Brooks Point	108,000	1,551,179	1,659,179
Brooks Run	50,366	875,509	925,875
Logan Heights	24,600	927,130	951,730
Lakeshore 2	45,000	1,379,761	1,424,761
Cottdondale	36,000	912,319	948,319
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	\$ 2,420,237	\$45,121,240	\$47,541,477
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 8 Apartment Properties	Accumulated Depreciation	Depreciable Life
Partnership -----	-----	-----
Purdy	255,139	7.0-27.5
Galena	307,558	7.0-27.5
Antlers 2	309,405	5.0-25.0
Holdenville	342,432	5.0-25.0
Wetumka	311,380	5.0-25.0
Mariners Cove	457,307	7.0-27.5
Mariners Cove Sr.	351,147	7.0-27.5
Antlers	499,237	10.0-25.0
Bentonville	316,069	5.0-25.0
Deerpoint	205,366	5.0-50.0
Aurora	360,433	7.0-27.5
Baxter	207,497	7.0-27.5
Arbor Gate	225,889	5.0-40.0
Timber Ridge	230,900	5.0-40.0
Concordia Sr.	293,116	5.0-25.0
Mountainburg	336,381	5.0-25.0
Lincoln	351,285	7.0-27.5
Fox Ridge	187,122	5.0-50.0
Meadow View	235,915	5.0-30.0
Sheridan	202,835	5.0-50.0
Morningside	349,467	5.0-33.0
Grand Isle	442,544	7.0-27.5
Meadowview	362,793	5.0-25.0
Taylor	268,211	5.0-50.0
Brookwood	617,972	5.0-50.0
Pleasant Valley	461,108	5.0-50.0
Reelfoot	266,691	7.0-27.5
River Rest	445,508	7.0-50.0
Kirskville	279,853	5.0-27.5
Cimmaron	379,260	7.0-27.5
Kenton	485,395	5.0-33.0
Lovingston	917,373	7.0-27.5
Pontotoc	274,403	5.0-40.0
So. Branchley	503,609	7.0-27.5
Hustonville	169,202	5.0-40.0
Northpoint	243,735	5.0-40.0
Brooks Field	340,376	5.0-40.0
Brooks Lane	391,460	5.0-40.0
Brooks Point	457,653	5.0-40.0
Brooks Run	271,966	5.0-40.0
Logan Heights	238,983	7.0-40.0
Lakeshore 2	288,431	5.0-40.0
Cottdondale	269,148	5.0-27.5
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	\$14,711,554	
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 9

Apartment Properties Partnership -----	Location -----	# of Units -----	Mortgage Loan Balance -----
Jay	Jay, OK	24	649,107
Boxwood	Lexington, TX	24	617,133
Stilwell 3	Stilwell, OK	16	464,642
Arbor Trace	Lake Park, GA	24	738,185
Arbor Trace 2	Lake Park, GA	42	1,452,112
Omega	Omega, GA	36	1,129,117
Cornell 2	Watertown, SD	24	918,870
Elm Creek	Pierre, SD	24	950,566
Marionville	Marionville, MO	20	561,878
Lamar	Lamar, AR	24	712,024
Mt. Glen	Heppner, OR	24	823,073
Centreville	Centreville, AL	24	785,739
Skyview	Troy, AL	36	1,129,640
Sycamore	Coffeyville, KS	40	1,409,117
Bradford	Cumberland, KY	24	788,190
Cedar Lane	London, KY	24	732,692
Stanton	Stanton, KY	24	799,178
Abernathy	Abernathy, TX	24	621,643
Pembroke	Pembroke, KY	24	794,797
Meadowview	Greenville, AL	24	652,718
Town Branch	Mt. Vernon, KY	24	769,241
Fox Run	Ragland, AL	24	773,531
Maple Sreet	Emporium, PA	32	1,358,915
Manchester	Manchester, GA	18	588,276
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			\$20,220,384
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 9  
Apartment Properties

Cost At Acquisition  
-----

Partnership -----	Land -----	Buildings, Improvements and Equipment -----	Net Improvements Capitalized Subsequent to Acquisition -----
Jay	30,000	103,524	677,073
Boxwood	22,273	718,529	30,137
Stilwell 3	15,567	82,347	489,218
Arbor Trace	62,500	185,273	670,585
Arbor Trace 2	100,000	361,210	1,345,224
Omega	35,000	188,863	1,183,441
Cornell 2	29,155	576,296	580,545
Elm Creek	71,360	233,390	887,907
Marionville	24,900	409,497	278,759
Lamar	18,000	202,240	684,085
Mt. Glen	23,500	480,064	569,290
Centreville	36,000	220,952	718,081
Skyview	120,000	220,161	1,076,736
Sycamore	64,408	415,748	1,341,515
Bradford	66,000	285,025	704,607
Cedar Lane	49,750	952,314	5,958
Stanton	41,584	959,574	0
Abernathy	30,000	751,898	0
Pembroke	43,000	955,687	7,608
Meadowview	46,270	1,086,351	4,292
Town Branch	21,000	942,114	21,296
Fox Run	47,467	919,296	9,668
Maple Sreet	85,000	1,178,856	448,225
Manchester	24,100	711,035	2,700
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	\$1,106,834	\$13,140,244	\$11,736,950
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 9		Gross Amount At Which Carried At December 31, 2002	
Apartment Properties		-----	
Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Jay	25,000	785,597	810,597
Boxwood	22,273	748,666	770,939
Stilwell 3	10,000	577,132	587,132
Arbor Trace	62,500	855,858	918,358
Arbor Trace 2	100,000	1,706,434	1,806,434
Omega	35,000	1,372,304	1,407,304
Cornell 2	86,281	1,099,715	1,185,996
Elm Creek	131,629	1,061,028	1,192,657
Marionville	90,604	622,552	713,156
Lamar	18,000	886,325	904,325
Mt. Glen	23,500	1,049,354	1,072,854
Centreville	36,000	939,033	975,033
Skyview	120,000	1,296,897	1,416,897
Sycamore	72,681	1,748,990	1,821,671
Bradford	66,000	989,632	1,055,632
Cedar Lane	49,750	958,272	1,008,022
Stanton	41,584	959,574	1,001,158
Abernathy	30,000	751,898	781,898
Pembroke	43,000	963,295	1,006,295
Meadowview	46,270	1,090,643	1,136,913
Town Branch	21,000	963,410	984,410
Fox Run	47,467	928,964	976,431
Maple Sreet	85,000	1,627,081	1,712,081
Manchester	27,200	710,635	737,835
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	\$1,290,739	\$24,693,289	\$25,984,028
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III -REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 9 Apartment Properties Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Jay	286,466	5.0-25.0
Boxwood	290,024	5.0-25.0
Stilwell 3	211,948	5.0-25.0
Arbor Trace	236,614	10.0-30.0
Arbor Trace 2	471,242	10.0-30.0
Omega	392,981	5.0-50.0
Cornell 2	415,304	5.0-30.0
Elm Creek	419,863	5.0-27.5
Marionville	271,278	7.0-27.5
Lamar	330,244	5.0-25.0
Mt. Glen	372,446	7.0-27.5
Centreville	332,405	5.0-40.0
Skyview	276,928	5.0-40.0
Sycamore	391,002	12.0-40.0
Bradford	248,104	5.0-40.0
Cedar Lane	255,945	5.0-40.0
Stanton	258,019	5.0-40.0
Abernathy	283,835	5.0-25.0
Pembroke	243,242	7.0-40.0
Meadowview	225,219	5.0-40.0
Town Branch	225,948	7.0-40.0
Fox Run	285,019	7.0-27.5
Maple Sreet	367,761	7.0-40.0
Manchester	204,855	5.0-27.5
	-----	
	\$ 7,296,692	
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 10

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Redstone	Challis, ID	24	841,116
Albany	Albany, KY	24	773,746
Oak Terrace	Bonifay, FL	18	540,549
Wellshill	West Liberty, KY	32	1,077,585
Applegate	Florence, AL	36	1,114,105
Heatherwood	Alexander City, AL	36	896,305
Peachtree	Gaffney, SC	28	998,537
Donna	Donna, TX	50	1,418,371
Wellsville	Wellsville, NY	24	1,050,805
Tecumseh	Tecumseh, NE	24	863,302
Clay City	Clay City, KY	24	808,739
Irvine West	Irvine, KY	24	806,041
New Castle	New Castle, KY	24	802,009
Stigler	Stigler, OK	20	590,631
Courtyard	Huron, SD	21	641,405

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\$13,223,246  
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Cost At Acquisition

Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
-----	-----	-----	-----
Redstone	24,000	747,591	369,671
Albany	39,500	990,162	12,867
Oak Terrace	27,200	633,284	6,519
Wellshill	75,000	1,270,844	5,100
Applegate	125,000	1,467,675	248,704
Heatherwood	55,000	1,551,679	5,077
Peachtree	25,000	1,021,466	46,330
Donna	112,000	1,661,889	4,778
Wellsville	38,000	1,286,389	25,648
Tecumseh	20,000	1,038,151	33,099
Clay City	22,750	998,334	8,945
Irvine West	25,000	1,060,585	3,961
New Castle	40,575	971,520	10,216
Stigler	24,000	730,056	0
Courtyard	12,000	465,936	295,562
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	\$665,025	\$15,895,561	\$ 1,076,477
	=====	=====	=====

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 10  
Apartment Properties

Gross Amount At Which Carried At December 31, 2002  
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Partnership -----	Land ----	Buildings, Improvements and Equipment -----	Total -----
Redstone	7,600	1,133,662	1,141,262
Albany	39,500	1,003,029	1,042,529
Oak Terrace	27,200	639,803	667,003
Wellshill	75,000	1,275,944	1,350,944
Applegate	125,000	1,716,379	1,841,379
Heatherwood	55,000	1,556,756	1,611,756
Peachtree	25,000	1,067,796	1,092,796
Donna	112,000	1,666,667	1,778,667
Wellsville	38,000	1,312,037	1,350,037
Tecumseh	21,500	1,069,750	1,091,250
Clay City	22,750	1,007,279	1,030,029
Irvine West	25,000	1,064,546	1,089,546
New Castle	40,575	981,736	1,022,311
Stigler	24,000	730,056	754,056
Courtyard	73,366	700,132	773,498
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	\$ 711,491	\$16,925,572	\$17,637,063
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Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Redstone	399,927	7.0-27.5
Albany	267,222	5.0-40.0
Oak Terrace	204,259	5.0-27.5
Wellshill	314,649	5.0-40.0
Applegate	353,161	5.0-40.0
Heatherwood	327,494	5.0-40.0
Peachtree	230,641	5.0-40.0
Donna	297,041	7.0-50.0
Wellsville	462,557	7.0-27.5
Tecumseh	238,413	5.0-50.0
Clay City	229,139	5.0-40.0
Irvine West	246,355	5.0-40.0
New Castle	223,593	5.0-40.0
Stigler	170,558	5.0-25.0
Courtyard	209,115	5.0-40.0
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	\$4,174,124	
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 11

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Homestead	Pinetop, AZ	32	1,307,147
Mountain Oak	Collinsville, AL	24	680,938
Eloy	Eloy, AZ	24	644,396
Gila Bend	Gila Bend, AZ	36	968,129
Creekstone	Dallas, GA	40	852,035
Tifton	Tifton, GA	36	879,551
Cass Towne	Cartersville, GA	10	93,417
Warsaw	Warsaw, VA	56	2,648,991
Royston	Royston, GA	25	740,485
Red Bud	Mokane, MO	8	237,913
Cardinal	Mountain Home, AR	32	92,764
Parsons	Parsons, KS	38	1,088,226
			-----
			\$10,233,992
			=====

Cost At Acquisition

Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
-----	-----	-----	-----
Homestead	126,000	1,628,502	42,162
Mountain Oak	30,000	473,033	376,391
Eloy	12,000	882,913	73,258
Gila Bend	18,000	945,233	381,180
Creekstone	130,625	170,655	1,707,324
Tifton	17,600	192,853	1,496,433
Cass Towne	22,690	301,458	3,226
Warsaw	146,800	3,200,738	(3,434)
Royston	36,000	785,602	114,923
Red Bud	5,500	295,617	0
Cardinal	15,793	424,616	69,400
Parsons	45,188	953,512	354,952
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	\$606,196	\$10,254,732	\$4,615,815
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GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002

SERIES 11                      Gross Amount At Which Carried At December 31, 2002  
Apartment Properties                      -----

Partnership -----	Land ----	Buildings, Improvements and Equipment -----	Total -----
Homestead	130,695	1,665,969	1,796,664
Mountain Oak	30,000	849,424	879,424
Eloy	12,000	956,171	968,171
Gila Bend	18,000	1,326,413	1,344,413
Creekstone	130,650	1,877,954	2,008,604
Tifton	17,327	1,689,559	1,706,886
Cass Towne	22,690	304,684	327,374
Warsaw	146,800	3,197,304	3,344,104
Royston	36,000	900,525	936,525
Red Bud	5,500	295,617	301,117
Cardinal	15,793	494,017	509,809
Parsons	38,437	1,315,215	1,353,652
	-----	-----	-----
	\$ 603,892	\$14,872,852	\$15,476,743
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Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Homestead	382,003	5.0-40.0
Mountain Oak	266,651	5.0-27.5
Eloy	303,760	5.0-27.5
Gila Bend	423,219	5.0-40.0
Creekstone	492,248	7.0-27.5
Tifton	302,732	5.0-25.0
Cass Towne	65,433	7.0-27.5
Warsaw	894,405	7.0-27.5
Royston	244,770	7.0-40.0
Red Bud	55,734	7.0-40.0
Cardinal	100,890	7.0-27.5
Parsons	252,330	12.0-40.0
	-----	
	\$ 3,784,175	
	=====	

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

SERIES 7

Balance at beginning of period - December 31, 2001		\$45,535,207
Additions during period:		
Acquisitions through foreclosure		
Other acquisitions	\$ 0	
Improvements, etc.	114,615	
Other	36,284	
	0	
	-----	150,899
Deductions during period:		
Cost of real estate sold		
	842	
	-----	(842)
		-----
Balance at end of period - December 31, 2002		\$45,685,264
		=====
Reconciliation of Accumulated Depreciation current year changes:		
Balance at beginning of period - December 31, 2001		\$13,115,126
Current year expense		1,467,630
Less Accumulated Depreciation of real estate sold		(842)
		-----
Balance at end of period - December 31, 2002		\$14,581,914
		=====



SCHEDULE III -REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 8

Balance at beginning of period -  
December 31, 2001 \$47,456,742

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	94,078
Improvements, etc.	3,025
Other	0
	-----

97,103

Deductions during period:

Cost of real estate sold	12,368
Other	0
	-----

(12,368)

Balance at end of period -  
December 31, 2002

\$47,541,477  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2001

\$13,207,423

Current year expense	1,516,499
Less Accumulated Depreciation of real estate sold	(12,368)
Other	0
	-----

Balance at end of period -  
December 31, 2002

\$14,711,554  
=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 9

Balance at beginning of period -  
December 31, 2001 \$25,925,289

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	59,609
Improvements, etc.	0
Other	0
	-----

59,609

Deductions during period:

Cost of real estate sold	870
Other	0
	-----

(870)

Balance at end of period -  
December 31, 2002

\$25,984,028  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2001

6,489,753

Current year expense	806,941
Less Accumulated Depreciation of real estate sold	(2)
Other	0
	-----

Balance at end of period -  
December 31, 2002

\$ 7,296,692  
=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 10

Balance at beginning of period - December 31, 2001		\$17,591,997
Additions during period:		
Acquisitions through foreclosure	\$ 0	
Other acquisitions	41,531	
Improvements, etc.	3,535	
Other	0	
	-----	
		45,066
Deductions during period:		
Cost of real estate sold	0	
Other	0	
	-----	
		0
		-----
Balance at end of period - December 31, 2002		\$17,637,063
		=====
Reconciliation of Accumulated Depreciation current year changes:		
Balance at beginning of period - December 31, 2001		\$ 3,710,595
Current year expense		465,548
Less Accumulated Depreciation of real estate sold		0
Other		(2,019)
		-----
Balance at end of period - December 31, 2002		\$ 4,174,124
		=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2002  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 11

Balance at beginning of period - December 31, 2001		\$15,393,675
Additions during period:		
Acquisitions through foreclosure	\$ 0	
Other acquisitions	78,373	
Improvements, etc.	4,695	
Other	0	
	-----	
		83,068
Deductions during period:		
Cost of real estate sold	0	
Other	0	
	-----	
		0
Balance at end of period - December 31, 2002		\$15,476,743
		=====
Reconciliation of Accumulated Depreciation current year changes:		
Balance at beginning of period - December 31, 2001		\$ 3,255,491
Current year expense		528,684
Less Accumulated Depreciation of real estate sold		0
Other		0
		-----
Balance at end of period - December 31, 2002		\$ 3,784,175
		=====

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2002

SERIES 7	# OF		INTEREST	MONTHLY	TERM
PARTNERSHIP	UNITS	BALANCE	RATE	DEBT SERVICE	(YEARS)
-----	-----	-----	-----	-----	-----
Nottingham	18	577,529	7.75%	4,041	50
Cedar Hollow	24	755,968	7.75%	5,115	50
Sunrise	44	2,011,335	7.25%	12,842	50
Mountain City	40	1,306,747	7.75%	8,853	50
Burbank	24	800,079	8.25%	5,725	50
Washington	24	793,822	8.25%	5,674	50
BrookStone	40	1,191,088	6.50%	6,970	50
Tazewell	44	1,392,889	7.25%	8,916	50
N. Irvine	24	785,918	7.75%	5,311	50
Horton	24	763,012	7.75%	5,160	50
Manchester	42	1,198,180	6.50%	6,991	50
Waynesboro	24	669,034	6.50%	3,899	50
Lakeland II	30	828,350	7.25%	5,290	50
Mt. Vernon	24	736,428	6.50%	4,294	50
Meadow Run	48	1,420,494	6.50%	8,284	50
Spring Creek II	24	664,732	6.50%	3,835	50
Warm Springs	22	670,780	7.25%	4,276	50
Blue Ridge	41	1,088,847	7.25%	2,372	50
Walnut	24	816,678	7.75%	5,528	50
Pioneer	48	1,201,271	8.25%	8,516	50
Dilley	28	719,586	8.25%	5,143	50
Elsa	40	1,029,975	7.75%	6,976	50
Clinch View	42	1,451,082	8.75%	11,046	50
Jamestown	40	1,213,976	7.25%	7,770	50
Leander	36	909,708	7.75%	6,755	50
Louisa Sr.	36	1,186,341	7.25%	7,622	50
Orchard Commons	12	348,308	7.75%	2,676	50
Vardaman	24	727,306	7.25%	4,634	50
Heritage Park	32	1,235,833	7.75%	8,360	50
BrooksHollow	40	1,175,195	6.50%	6,854	50
Cavalry Crossing	40	1,409,766	7.75%	9,545	50
Carson City	24	784,487	7.25%	5,005	50
Matteson	24	758,763	7.25%	4,845	50
Pembroke	16	508,947	7.25%	3,296	50
Robynwood	24	775,368	7.25%	5,078	50
Atoka	24	674,636	7.25%	4,392	50
Coalgate	24	674,099	7.25%	4,384	50
Hill Creek	24	771,967	6.50%	4,491	50
Cardinal	32	142,188	6.50%	948	50
		\$36,170,712			
		=====			

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2002

SERIES 8	# OF		INTEREST	MONTHLY	
PARTNERSHIP	UNITS	BALANCE	RATE	DEBT	TERM
-----	-----	-----	-----	SERVICE	(YEARS)
Purdy	16	457,937	7.75%	5,242	50
Galena	24	605,309	7.25%	6,410	50
Antlers 2	24	635,468	7.25%	4,174	50
Holdenville	24	721,424	6.50%	4,267	50
Wetumka	24	655,903	6.50%	3,911	50
Mariners Cove	32	1,030,866	7.25%	6,572	50
Mariners Cove Sr.	24	798,401	7.25%	5,105	50
Antlers	36	1,085,703	7.25%	6,938	50
Bentonville	24	560,069	7.75%	4,835	45
Deerpoint	24	746,219	7.75%	5,250	50
Aurora	28	723,592	7.25%	7,652	50
Baxter	16	426,488	6.50%	4,086	50
Arbor Gate	24	751,275	6.50%	4,380	50
Timber Ridge	24	731,637	7.25%	4,679	50
Concordia Sr.	24	680,356	6.50%	3,963	50
Mountainburg	24	709,773	6.50%	4,162	50
Lincoln	25	884,382	8.25%	6,330	50
Fox Ridge	24	739,510	7.25%	4,732	50
Meadow View	16	588,539	7.25%	3,757	50
Sheridan	16	606,209	8.25%	3,527	50
Morningside	32	968,650	7.25%	6,177	50
Grand Isle	16	959,157	8.25%	6,703	50
Meadowview	29	764,801	7.25%	5,243	39
Taylor	44	1,240,543	7.50%	7,223	50
Brookwood	44	1,459,028	6.50%	8,499	50
Pleasant Valley	33	1,094,313	7.25%	6,978	50
Reelfoot	20	652,429	7.25%	4,234	50
River Rest	34	1,141,553	7.25%	7,256	50
Kirskville	24	679,852	7.25%	4,320	50
Cimmaron	24	826,686	10.75%	4,905	50
Kenton	46	1,422,034	7.25%	9,045	50
Lovingston	64	2,218,407	7.00%	12,917	50
Pontotoc	36	1,097,322	7.25%	6,927	50
So. Brenchley	30	1,231,374	7.25%	7,728	50
Hustonville	16	520,836	6.50%	3,062	50
Northpoint	24	892,389	7.25%	5,700	50
Brooks Field	32	950,952	7.25%	6,046	50
Brooks Lane	36	1,097,641	7.25%	6,954	50
Brooks Point	41	1,361,146	7.25%	8,613	50
Brooks Run	24	755,265	7.25%	4,786	50
Logan Heights	24	780,032	7.25%	4,960	50
Lakeshore 2	36	1,146,987	7.75%	7,716	50
Cottdondale	25	759,910	7.75%	5,115	50
		\$38,160,367			
		=====			

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2002

SERIES 9

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
-----	-----	-----	-----	-----	-----
Jay	24	649,107	7.25%	4,167	50
Boxwood	24	617,133	6.50%	3,666	50
Stilwell 3	16	464,642	7.25%	3,038	50
Arbor Trace	24	738,185	7.25%	4,700	50
Arbor Trace 2	42	1,452,112	7.25%	9,235	50
Omega	36	1,129,117	7.25%	7,193	50
Cornell 2	24	918,870	7.25%	5,862	50
Elm Creek	24	950,566	7.25%	6,060	50
Marionville	20	561,878	6.50%	5,308	50
Lamar	24	712,024	7.25%	4,593	50
Mt. Glen	24	823,073	6.50%	4,797	50
Centreville	24	785,739	7.25%	4,998	50
Skyview	36	1,129,640	7.25%	7,199	50
Sycamore	40	1,409,117	7.25%	8,979	50
Bradford	24	788,190	7.03%	5,008	50
Cedar Lane	24	732,692	6.50%	4,383	50
Stanton	24	799,178	7.25%	5,120	50
Abernathy	24	621,643	6.50%	3,673	50
Pembroke	24	794,797	7.25%	5,070	50
Meadowview	24	652,718	0.50%	3,006	20
Town Branch	24	769,241	7.25%	4,973	50
Fox Run	24	773,531	6.50%	4,510	50
Maple Street	32	1,358,915	7.25%	8,632	50
Manchester	18	588,276	7.25%	3,740	50
		\$20,220,384			
		=====			

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2002

SERIES 10

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Redstone	24	841,116	6.50%	4,905	50
Albany	24	773,746	6.50%	4,570	50
Oak Terrace	18	540,549	6.50%	3,150	50
Wellshill	32	1,077,585	7.25%	6,843	50
Applegate	36	1,114,105	0.50%	4,937	20
Heatherwood	36	896,305	0.50%	4,301	20
Peachtree	28	998,537	7.25%	6,379	50
Donna	50	1,418,371	6.50%	8,252	50
Wellsville	24	1,050,805	6.50%	6,316	50
Tecumseh	24	863,302	7.25%	5,481	50
Clay City	24	808,739	7.25%	5,158	50
Irvine West	24	806,041	7.25%	5,137	50
New Castle	24	802,009	7.25%	5,131	50
Stigler	20	590,631	7.25%	3,764	50
Courtyard	21	641,405	6.50%	3,729	50

\$13,223,246

=====

SERIES 11

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Homestead	32	1,307,147	6.50%	7,411	50
Mountain Oak	24	680,938	8.00%	2,745	50
Eloy	24	644,396	6.00%	3,460	50
Gila Bend	36	968,129	8.00%	6,428	50
Creekstone	40	852,035	11.00%	5,235	30
Tifton	36	879,551	0.00%	2,077	42
Cass Towne	10	93,417	3.00%	1,417	10
Warsaw	56	2,648,991	6.50%	15,387	50
Royston	25	740,485	6.75%	4,414	50
Red Bud	8	237,913	7.25%	1,458	50
Cardinal	32	92,764	6.50%	1,348	50
Parsons	38	1,088,226	8.00%	6,243	50

\$10,233,992

=====



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

Date: June 24, 2003

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

Date: June 24, 2003

By: /s/ Sandra L. Furey  
Sandra L. Furey  
Secretary and Treasurer

Date: June 24, 2003

By: /s/ Carol Georges  
Carol Georges  
Vice President and Director of Accounting

**CERTIFICATIONS\***

I, Ron Diner, certify that:

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

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information include in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. 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 quarterly 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 quarterly report (the "Evaluation Date"); and

c) presented in this quarterly 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 quarterly 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: June 24, 2003

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

I, Carol Georges, certify that:

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

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information include in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. 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 quarterly 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 quarterly report (the "Evaluation Date"); and

c) presented in this quarterly 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 quarterly 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: June 24, 2003

By: /s/ Carol Georges  
Carol Georges  
Vice President and Director of Accounting  
Secretary and Treasurer