

## 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, 2004Commission 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 (IRS 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, 2004</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, 2004, 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, 2004, 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, 2004 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 1.4% of the Series' total balance sheet assets, Series 8 is 0.4%, Series 9 is 1.6%, Series 10 is 3.7% and Series 11 is 7.1%. The following table provides certain summary information regarding the Project Partnerships in which Gateway had an interest as of December 31, 2003:

## Item 2 - Properties (continued):

## SERIES 7

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCUPANCY RATE
Nottingham	Pisgah, AL	18	6/92	723,530	100%
Cedar Hollow	Waterloo, NE	24	7/92	976,891	100%
Sunrise	Mission, SD	44	7/92	2,565,272	89%
Mountain City	Mountain City, TN	40	8/92	1,639,648	98%
Burbank	Falls City, NE	24	8/92	1,031,705	88%
Washington	Bloomfield, NE	24	9/92	984,189	71%
BrookStone	McCaysville, GA	40	9/92	1,462,345	100%
Tazewell	New Tazewell, TN	44	9/92	1,734,015	100%
N. Irvine	Irvine, KY	24	9/92	1,021,896	96%
Horton	Horton, KS	24	9/92	932,540	88%
Manchester	Manchester, GA	42	9/92	1,475,740	98%
Waynesboro	Waynesboro, GA	24	9/92	816,324	100%
Lakeland II	Lakeland, GA	30	9/92	1,009,647	100%
Mt. Vernon	Mt. Vernon, GA	24	9/92	900,526	79%
Meadow Run	Dawson, GA	48	9/92	1,744,840	88%
Spring Creek II	Quitman, GA	24	9/92	808,475	96%
Warm Springs	Warm Springs, GA	22	9/92	821,967	100%
Blue Ridge	Blue Ridge, GA	41	9/92	1,339,143	100%
Walnut	Elk Point, SD	24	9/92	1,033,101	96%
Pioneer	Mountain View, AR	48	9/92	1,450,008	100%
Dilley	Dilley, TX	28	9/92	890,402	86%
Elsa	Elsa, TX	40	9/92	1,340,727	100%
Clinch View	Gate City, VA	42	9/92	1,822,159	98%
Jamestown	Jamestown, TN	40	9/92	1,536,985	93%
Leander	Leander, TX	36	9/92	1,157,829	100%
Louisa Sr.	Louisa, KY	36	9/92	1,518,537	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	1,621,800	100%
BrooksHollow	Jasper, GA	40	9/92	1,440,612	100%
Cavalry Crossing	Ft. Scott, KS	40	9/92	1,814,066	95%
Carson City	Carson City, KS	24	11/92	959,432	100%
Matteson	Capa, KS	24	11/92	948,499	96%
Pembroke	Pembroke, KY	16	12/92	623,304	100%
Robynwood	Cynthiana, KY	24	12/92	1,011,684	96%
Atoka	Atoka, OK	24	1/93	835,334	100%
Coalgate	Coalgate, OK	24	1/93	828,505	96%
Hill Creek	West Blocton, AL	24	11/93	989,782	100%
Cardinal	Mountain Home, AR	32	11/93	781,984	88%
		1,195		45,990,672	
		====		=====	

An average effective rental per unit is \$3,882 per year (\$324 per month).

## Item 2 - Properties (continued):

## SERIES 8

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
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Purdy	Purdy, MO	16	12/92	586,527	100%
Galena	Galena, KS	24	12/92	787,355	96%
Antlers 2	Antlers, OK	24	1/93	787,859	92%
Holdenville	Holdenville, OK	24	1/93	892,598	100%
Wetumka	Wetumka, OK	24	1/93	812,853	96%
Mariners Cove	Marine City, MI	32	1/93	1,304,393	100%
Mariners Cove Sr.	Marine City, MI	24	1/93	1,014,869	100%
Antlers	Antlers, OK	36	3/93	1,321,039	89%
Bentonville	Bentonville, AR	24	3/93	758,489	100%
Deerpont	Elgin, AL	24	3/93	932,474	100%
Aurora	Aurora, MO	28	3/93	912,412	96%
Baxter	Baxter Springs, KS	16	4/93	556,343	100%
Arbor Gate	Bridgeport, AL	24	5/93	941,986	88%
Timber Ridge	Collinsville, AL	24	5/93	910,313	88%
Concordia Sr.	Concordia, KS	24	5/93	826,389	96%
Mountainburg	Mountainburg, AR	24	6/93	883,990	100%
Lincoln	Pierre, SD	25	5/93	1,124,889	96%
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	777,396	94%
Morningside	Kenton, OH	32	6/93	1,189,817	84%
Grand Isle	Grand Isle, ME	16	6/93	1,168,437	56%
Meadowview	Van Buren, AR	29	8/93	994,717	100%
Taylor	Taylor, TX	44	9/93	1,529,792	100%
Brookwood	Gainesboro, TN	44	9/93	1,812,190	100%
Pleasant Valley	Lynchburg, TN	33	9/93	1,358,100	97%
Reelfoot	Ridgely, TN	20	9/93	829,848	100%
River Rest	Newport, TN	34	9/93	1,404,539	100%
Kirskville	Kirksville, MO	24	9/93	831,492	96%
Cimmaron	Arco, ID	24	9/93	1,128,843	100%
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	100%
So. Brenchley	Rexburg, ID	30	10/93	1,563,567	93%
Hustonville	Hustonville, KY	16	10/93	697,695	81%
Northpoint	Jackson, KY	24	10/93	1,088,279	96%
Brooks Field	Louisville, GA	32	10/93	1,176,092	100%
Brooks Lane	Clayton, GA	36	10/93	1,355,739	100%
Brooks Point	Dahlonaga, GA	41	10/93	1,659,179	98%
Brooks Run	Jasper, GA	24	10/93	925,875	100%
Logan Heights	Russellville, KY	24	11/93	951,730	92%
Lakeshore 2	Tuskegee, AL	36	12/93	1,424,761	97%
Cottondale	Cottondale, FL	25	1/94	948,319	98%
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		1,207		47,651,519	
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An average effective rental per unit is \$3,725 per year (\$310 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	96%
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	96%
Arbor Trace 2	Lake Park, GA	42	11/93	1,806,434	95%
Omega	Omega, GA	36	11/93	1,407,304	83%
Cornell 2	Watertown, SD	24	11/93	1,185,996	92%
Elm Creek	Pierre, SD	24	11/93	1,204,876	63%
Marionville	Marionville, MO	20	11/93	714,792	100%
Lamar	Lamar, AR	24	12/93	904,325	96%
Mt. Glen	Heppner, OR	24	12/93	1,075,568	96%
Centreville	Centreville, AL	24	12/93	980,023	100%
Skyview	Troy, AL	36	12/93	1,416,897	97%
Sycamore	Coffeyville, KS	40	12/93	1,837,170	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	96%
Abernathy	Abernathy, TX	24	1/94	781,898	96%
Pembroke	Pembroke, KY	24	1/94	1,006,295	100%
Meadowview	Greenville, AL	24	2/94	1,136,913	83%
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	100%
Manchester	Manchester, GA	18	5/94	737,835	94%
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		624		26,021,086	
		=====		=====	

An average effective rental per unit is \$3,669 per year (\$306 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	1,145,151	83%
Albany	Albany, KY	24	1/94	1,042,529	100%
Oak Terrace	Bonifay, FL	18	1/94	664,508	100%
Wellshill	West Liberty, KY	32	1/94	1,350,944	100%
Applegate	Florence, AL	36	2/94	1,847,692	100%
Heatherwood	Alexander, AL	36	2/94	1,618,875	94%
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	1,356,642	96%
Tecumseh	Tecumseh, NE	24	4/94	1,094,967	96%
Clay City	Clay City, KY	24	5/94	1,037,068	92%
Irvine West	Irvine, KY	24	5/94	1,090,841	79%
New Castle	New Castle, KY	24	5/94	1,023,606	100%
Stigler	Stigler, OK	20	7/94	754,056	100%
Courtyard	Huron, SD	21	8/94	775,137	86%
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		409		17,673,479	
		====		=====	

An average effective rental per unit is \$3,754 per year (\$313 per month).

Item 2 - Properties (continued):

SERIES 11

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU- PANCY RATE
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Homestead	Pinetop, AZ	32	9/94	1,810,132	97%
Mountain Oak	Collinsville, AL	24	9/94	888,793	75%
Eloy	Eloy, AZ	24	11/94	988,837	96%
Gila Bend	Gila Bend, AZ	36	11/94	1,359,250	81%
Creekstone	Dallas, GA	40	12/94	2,008,604	90%
Tifton	Tifton, GA	36	12/94	1,706,886	100%
Cass Towne	Cartersville, GA	10	12/94	328,668	90%
Warsaw	Warsaw, VA	56	12/94	3,360,626	100%
Royston	Royston, GA	25	12/94	936,525	92%
Red Bud	Mokane, MO	8	12/94	301,564	100%
Cardinal	Mountain Home, AR	32	12/94	510,167	88%
Parsons	Parsons, KS	38	12/94	1,371,590	92%
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		361		15,571,642	
		====		=====	

An average effective rental per unit is \$4,057 per year (\$338 per month).



Item 2 - Properties (continued):

A summary of the cost of the properties at December 31, 2003, 2002 and 2001 is as follows:

	12/31/03		
	<u>SERIES 7</u>	<u>SERIES 8</u>	<u>SERIES 9</u>
Land	\$ 1,725,382	\$ 1,978,809	\$ 1,099,659
Land Improvements	230,375	458,457	191,080
Buildings	42,171,835	43,376,314	23,642,954
Furniture and Fixtures	1,863,080	1,837,939	1,080,527
Construction in Progress	0	0	6,866
	-----	-----	-----
Properties, at Cost	45,990,672	47,651,519	26,021,086
Less: Accum. Depreciation	16,066,571	16,318,595	8,088,865
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Properties, Net	\$29,924,101	\$31,332,924	\$17,932,221
	=====	=====	=====

	<u>SERIES 10</u>	<u>SERIES 11</u>	<u>TOTAL</u>
Land	\$ 648,625	\$ 599,197	\$ 6,051,672
Land Improvements	62,866	18,163	960,941
Buildings	16,354,880	14,394,066	139,940,049
Furniture and Fixtures	607,108	560,216	5,948,870
Construction in Progress	0	0	6,866
	-----	-----	-----
Properties, at Cost	17,673,479	15,571,642	152,908,398
Less: Accum. Depreciation	4,636,704	4,302,127	49,412,862
	-----	-----	-----
Properties, Net	\$13,036,775	\$11,269,515	\$103,495,536
	=====	=====	=====

	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
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Properties, at Cost	45,685,264	47,541,477	25,984,028
Less: Accum. Depreciation	14,581,914	14,711,554	7,296,692
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Properties, Net	\$31,103,350	\$32,829,923	\$18,687,336
	=====	=====	=====

	<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
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Properties, Net	\$13,462,939	\$11,692,568	\$107,776,116
	=====	=====	=====

	12/31/01		
	SERIES 7	SERIES 8	SERIES 9
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
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Properties, at Cost	45,535,207	47,456,742	25,925,289
Less: Accum. Depreciation	13,115,126	13,207,423	6,489,753
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Properties, Net	\$32,420,081	\$34,249,319	\$19,435,536
	=====	=====	=====
	SERIES 10	SERIES 11	TOTAL
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	\$13,881,402	\$12,138,184	\$112,124,522
	=====	=====	=====

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, 2004, 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, 2004</u>
Limited Partner Interest	2,254
General Partner Interest	2

### Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,

SERIES 7	2004 ----	2003 ----	2002 ----	2001 ----	2000 ----
Total Revenues	\$ 38,687	\$ 51,700	\$ 60,809	\$ 59,053	\$ 51,236
Net Loss	(261,362)	(233,056)	(390,210)	(508,769)	(555,736)
Equity in Losses of Project Partnerships	(130,277)	(137,118)	(317,296)	(434,461)	(471,721)
Total Assets	1,737,330	1,979,828	2,171,233	2,509,975	2,972,199
Investments In Project Partnerships	1,127,941	1,278,834	1,436,847	1,773,751	2,237,728
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	92.87	163.08	163.08	161.40	161.40
Portfolio Income	5.38	6.94	11.28	13.30	11.50
Passive Loss	(121.02)	(113.17)	(129.83)	(131.90)	(117.20)
Net Loss	(24.89)	(22.20)	(37.16)	(48.45)	(52.93)

## FOR THE YEARS ENDED MARCH 31,

SERIES 8	2004	2003	2002	2001	2000
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Total Revenues	\$ 41,898	\$ 45,825	\$ 45,655	\$ 55,568	\$ 48,434
Net Loss	(176,442)	(193,325)	(365,765)	(539,766)	(1,247,292)
Equity in Losses of Project Partnerships	(39,434)	(82,830)	(272,241)	(457,729)	(1,158,932)
Total Assets	1,163,295	1,305,623	1,442,531	1,749,931	2,238,666
Investments In Project Partnerships	512,795	560,231	654,569	940,463	1,423,188
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	140.61	162.03	162.38	160.80	160.80
Portfolio Income	5.04	7.29	11.09	12.30	10.70
Passive Loss	(127.45)	(125.60)	(142.75)	(141.80)	(133.70)
Net Loss	(17.50)	(19.18)	(36.28)	(53.54)	(123.73)

## FOR THE YEARS ENDED MARCH 31,

SERIES 9	2004	2003	2002	2001	2000
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Total Revenues	\$ 17,853	\$ 20,528	\$ 25,461	\$ 28,868	\$ 25,243
Net Loss	(311,941)	(346,402)	(407,619)	(457,177)	(547,924)
Equity in Losses of Project Partnerships	(230,291)	(279,770)	(355,237)	(409,450)	(496,765)
Total Assets	1,395,878	1,676,155	1,982,691	2,326,088	2,774,157
Investments In Project Partnerships	967,040	1,211,933	1,506,444	1,849,358	2,303,872
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	153.39	154.93	154.93	153.40	153.40
Portfolio Income	4.44	6.10	9.42	11.40	10.40
Passive Loss	(112.92)	(127.50)	(136.20)	(130.00)	(124.90)
Net Loss	(49.38)	(54.84)	(64.53)	(72.37)	(86.74)

FOR THE YEARS ENDED MARCH 31,

SERIES 10	2004	2003	2002	2001	2000
----	----	----	----	----	----
Total Revenues	\$ 15,184	\$ 16,204	\$ 19,793	\$ 26,582	\$ 24,705
Net Loss	(228,743)	(246,694)	(227,243)	(321,107)	(328,409)
Equity in Losses of Project Partnerships	(175,628)	(201,773)	(191,862)	(292,747)	(299,182)
Total Assets	2,223,393	2,442,508	2,674,512	2,889,469	3,202,510
Investments In Project Partnerships	1,815,475	2,014,742	2,232,728	2,451,287	2,764,397
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	151.14	151.14	151.14	149.60	149.60
Portfolio Income	6.94	8.34	10.98	12.50	11.30
Passive Loss	(89.01)	(93.89)	(96.98)	(105.00)	(103.70)
Net Loss	(44.91)	(48.43)	(44.61)	(63.04)	(64.47)

FOR THE YEARS ENDED MARCH 31,

SERIES 11	2004	2003	2002	2001	2000
----	----	----	----	----	----
Total Revenues	\$ 18,051	\$ 18,223	\$ 22,823	\$ 29,446	\$ 27,431
Net Loss	(143,577)	(207,311)	(209,234)	(202,390)	(164,613)
Equity in Losses of Project Partnerships	(101,608)	(169,857)	(180,099)	(181,405)	(143,181)
Total Assets	3,228,629	3,377,050	3,590,467	3,797,213	3,998,687
Investments In Project Partnerships	2,799,412	2,914,130	3,111,560	3,328,681	3,534,837
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	147.19	147.20	147.20	145.70	145.70
Portfolio Income	4.71	6.21	10.16	11.70	10.20
Passive Loss	(75.39)	(61.45)	(56.98)	(61.40)	(51.10)
Net Loss	(27.72)	(40.03)	(40.40)	(39.08)	(31.79)

(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, 2004, March 31, 2003 and March 31, 2002. General and Administrative expenses - General Partner and General and Administrative expenses - Other for the year ended March 31, 2004 have increased as compared to March 31, 2003 and March 31, 2002 due to a change in the method of allocation.

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, 2004, 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, 2003.

The Equity in Losses of Project Partnerships decreased from \$137,118 for the year ended March 31, 2003 to \$130,277 for the year ended March 31, 2004 as a result of not including losses that would reduce the investment in certain Project Partnerships below zero. Equity in losses of Project Partnerships for the year ended March 31, 2003 of \$137,118 were comparable to the Equity in Losses of Project Partnerships for the year ended March 31, 2004. 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 \$1,457,962, \$1,467,030 and \$1,489,791 for the periods ended December 31, 2001, 2002 and 2003, 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, 2004, the Series had \$343,873 of short-term investments (Cash and Cash Equivalents). It also had \$265,516 in Zero Coupon Treasuries with annual maturities providing \$72,000 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 \$261,362 for the year ending March 31, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$130,277 and the changes in operating assets and liabilities, net cash used in operating activities was \$105,480 of which \$38,500 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$59,345 consisting of \$28,698 in cash distributions from the Project Partnerships and \$30,647 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, 2004, 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 95% at December 31, 2003.

Equity in Losses of Project Partnerships decreased from \$272,241 for the year ended March 31, 2002 to \$82,830 for the year ended March 31, 2003 to \$39,434 for the year ended March 31, 2004. The decreases resulted from not including suspended losses, which increased from \$832,101 for the year ended March 31, 2002 to \$865,760 for the year ended March 31, 2003 to \$937,351 for the year ended March 31, 2004, as these losses would reduce the investment in Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of \$1,522,646, \$1,516,946 and \$1,525,330 for the periods ended December 31, 2001, 2002 and 2003, respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2004, the Series had \$373,899 of short-term investments (Cash and Cash Equivalents). It also had \$252,381 in Zero Coupon Treasuries with annual maturities providing \$67,000 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 \$176,442 for the year ending March 31, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$39,434 and the changes in operating assets and liabilities, net cash used in operating activities was \$131,944 of which \$24,500 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$55,637 consisting of \$25,030 received in cash distributions from the Project Partnerships and \$30,607 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, 2004, 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 95% at December 31, 2003.

The Equity in Losses of Project Partnerships decreased from \$355,237 for the year ended March 31, 2002 to \$279,770 for the year ended March 31, 2003 to \$230,291 for the year ended March 31, 2004. The decreases resulted from not including suspended losses, which increased from \$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. However, in 2004 the Project Partnerships reported higher income, which caused the decline in the Equity in Losses of Project Partnerships. (These Project Partnerships reported depreciation and amortization of \$820,700, \$807,268 and \$792,503 for the years ended December 31, 2001, 2002 and 2003, respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2004, the Series had \$248,902 of short-term investments (Cash and Cash Equivalents). It also had \$179,336 in Zero Coupon Treasuries with annual maturities providing \$39,000 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 \$311,941 for the period ending March 31, 2004. After adjusting for Equity in Losses of Project Partnerships of \$230,291 and the changes in operating assets and liabilities, net cash used in operating activities was \$47,539. Cash provided by investing activities totaled \$35,956 consisting of \$15,767 received in cash distributions from the Project Partnerships and \$20,189 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, 2004, 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 95% at December 31, 2003.

The Equity in Losses of Project Partnerships decreased from \$201,713 for the year ended March 31, 2003 to \$175,628 for the year ended March 31, 2004 as a result of not including losses of \$38,046, as these losses would reduce the investment in certain Project Partnerships below zero. Equity in Losses of Project Partnerships of \$201,773 for the year ended March 31, 2003 were comparable to Equity in Losses for the year ended March 31, 2002. (These Project Partnerships reported depreciation and amortization of \$478,396, \$465,739 and \$465,268 for the years ended December 31, 2001, 2002, and 2003 respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits, which meet projections.

At March 31, 2004, the Series had \$247,847 of short-term investments (Cash and Cash Equivalents). It also had \$160,071 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 \$228,743 for the year ending March 31, 2004. After adjusting for Equity in Losses of Project Partnerships of \$175,628 and the changes in operating assets and liabilities, net cash used in operating activities was \$39,561 of which \$12,500 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$35,467 consisting of \$20,993 received in cash distributions from the Project Partnerships and \$14,474 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, 2004 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 92% at December 31, 2003.

Equity in losses of Project Partnerships were comparable for the years ended March 31, 2002, 2003 and 2004. (These Project Partnerships reported depreciation and amortization of \$524,869, \$530,098 and \$530,705 for the periods ended December 31, 2001, 2002 and 2003.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2004, the Series had \$247,638 of short-term investments (Cash and Cash Equivalents). It also had \$181,579 in Zero Coupon Treasuries with annual maturities providing \$34,000 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 \$143,577 for the year ending March 31, 2004. After adjusting for Equity in Losses of Project Partnerships of \$101,608 and the changes in operating assets and liabilities, net cash used in operating activities was \$41,035 of which \$23,500 was the Asset Management Fee actually paid. Cash provided by investing activities totaled \$24,475 consisting of \$15,911 from matured Zero Coupon Treasures and \$8,564 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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2004 and 2003 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, 2004 and 2003 and net losses included on the statements of operations for each of the three years in the period ended March 31, 2004 are:

	Cumulative Equity In Losses March 31,		Partnership Loss Year Ended March 31,		
	2004	2003	2004	2003	2002
Series 7	\$4,415,298	\$4,335,041	\$ 82,642	\$ 70,059	\$166,008
Series 8	4,420,631	4,392,445	28,185	68,561	153,916
Series 9	1,384,909	1,227,251	157,657	149,650	179,779
Series 10	711,850	595,038	116,811	109,420	85,164
Series 11	1,281,056	1,219,058	61,998	171,160	169,727

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such underlying partnerships, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2004 and 2003, 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 22, 2004

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

SERIES 7	2004	2003
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 343,873	\$ 390,008
Investments in Securities	67,834	64,155
	-----	-----
Total Current Assets	411,707	454,163
Investments in Securities	197,682	246,831
Investments in Project Partnerships, Net	1,127,941	1,278,834
	-----	-----
Total Assets	\$1,737,330	\$1,979,828
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 72,070	\$ 69,660
	-----	-----
Total Current Liabilities	72,070	69,660
	-----	-----
Long Term Liabilities:		
Payable to General Partners	453,614	437,160
	-----	-----
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, 2004 and 2003)	1,290,808	1,549,556
General Partners	(79,162)	(76,548)
	-----	-----
Total Partners' Equity	1,211,646	1,473,008
	-----	-----
Total Liabilities and Partners' Equity	\$1,737,330	\$1,979,828
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

SERIES 8	2004	2003
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 373,899	\$ 450,206
Investments in Securities	63,292	59,583
Accounts Receivable	24,220	0
	-----	-----
Total Current Assets	461,411	509,789
Investments in Securities	189,089	235,603
Investments in Project Partnerships, Net	512,795	560,231
	-----	-----
Total Assets	\$1,163,295	\$1,305,623
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 56,210	\$ 61,828
	-----	-----
Total Current Liabilities	56,210	61,828
	-----	-----
Long Term Liabilities:		
Payable to General Partners	553,708	513,976
	-----	-----
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, 2004 and 2003)	635,468	810,146
General Partners	(82,091)	(80,327)
	-----	-----
Total Partners' Equity	553,377	729,819
	-----	-----
Total Liabilities and Partners' Equity	\$1,163,295	\$1,305,623
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

SERIES 9	2004	2003
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 248,902	\$ 260,485
Investments in Securities	37,028	35,177
Accounts Receivable	600	0
	-----	-----
Total Current Assets	286,530	295,662
Investments in Securities	142,308	168,560
Investments in Project Partnerships, Net	967,040	1,211,933
	-----	-----
Total Assets	\$1,395,878	\$1,676,155
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 24,890	\$ 35,252
	-----	-----
Total Current Liabilities	24,890	35,252
	-----	-----
Long Term Liabilities:		
Payable to General Partners	360,461	318,435
	-----	-----
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, 2004 and 2003)	1,055,258	1,364,080
General Partners	(44,731)	(41,612)
	-----	-----
Total Partners' Equity	1,010,527	1,322,468
	-----	-----
Total Liabilities and Partners' Equity	\$1,395,878	\$1,676,155
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

SERIES 10	2004	2003
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 247,847	\$ 251,941
Investments in Securities	27,571	26,620
	-----	-----
Total Current Assets	275,418	278,561
Investments in Securities	132,500	149,205
Investments in Project Partnerships, Net	1,815,475	2,014,742
	-----	-----
Total Assets	\$2,223,393	\$2,442,508
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 34,508	\$ 35,197
	-----	-----
Total Current Liabilities	34,508	35,197
	-----	-----
Long Term Liabilities:		
Payable to General Partners	96,753	86,436
	-----	-----
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, 2004 and 2003)	2,115,390	2,341,846
General Partners	(23,258)	(20,971)
	-----	-----
Total Partners' Equity	2,092,132	2,320,875
	-----	-----
Total Liabilities and Partners' Equity	\$2,223,393	\$2,442,508
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

SERIES 11	2004	2003
	----	----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 247,638	\$ 264,198
Investments in Securities	31,987	30,129
	-----	-----
Total Current Assets	279,625	294,327
Investments in Securities	149,592	168,593
Investments in Project Partnerships, Net	2,799,412	2,914,130
	-----	-----
Total Assets	\$3,228,629	\$3,377,050
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 39,680	\$ 33,669
	-----	-----
Total Current Liabilities	39,680	33,669
	-----	-----
Long Term Liabilities:		
Payable to General Partners	806	11,661
	-----	-----
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, 2004 and 2003	3,202,252	3,344,393
General Partners	(14,109)	(12,673)
	-----	-----
Total Partners' Equity	3,188,143	3,331,720
	-----	-----
Total Liabilities and Partners' Equity	\$3,228,629	\$3,377,050
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.  
(A Florida Limited Partnership)  
BALANCE SHEETS  
MARCH 31, 2004 AND 2003

TOTAL SERIES 7 -11	2004 ----	2003 ----
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,462,159	\$ 1,616,838
Investments in Securities	227,712	215,664
Accounts Receivable	24,820	0
	-----	-----
Total Current Assets	1,714,691	1,832,502
Investments in Securities	811,171	968,792
Investments in Project Partnerships, Net	7,222,663	7,979,870
	-----	-----
Total Assets	\$ 9,748,525	\$10,781,164
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 227,358	\$ 235,606
	-----	-----
Total Current Liabilities	227,358	235,606
	-----	-----
Long Term Liabilities:		
Payable to General Partners	1,465,342	1,367,668
	-----	-----
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, 2004 and 2003)	8,299,176	9,410,021
General Partners	(243,351)	(232,131)
	-----	-----
Total Partners' Equity	8,055,825	9,177,890
	-----	-----
Total Liabilities and Partners' Equity	\$ 9,748,525	\$10,781,164
	=====	=====

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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 23,962	\$ 28,612	\$ 36,075
Other Income	14,725	23,088	24,734
	-----	-----	-----
Total Revenues	38,687	51,700	60,809
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	86,749	87,082	87,394
General and Administrative:			
General Partner	56,842	32,765	20,917
Other	19,538	21,107	18,727
Amortization	6,643	6,684	6,685
	-----	-----	-----
Total Expenses	169,772	147,638	133,723
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(131,085)	(95,938)	(72,914)
Equity in Losses of Project Partnerships	(130,277)	(137,118)	(317,296)
	-----	-----	-----
Net Loss	\$ (261,362)	\$ (233,056)	\$ (390,210)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$ (258,748)	\$ (230,725)	\$ (386,308)
General Partners	(2,614)	(2,331)	(3,902)
	-----	-----	-----
	\$ (261,362)	\$ (233,056)	\$ (390,210)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (24.89)	\$ (22.20)	\$ (37.16)
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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 21,800	\$ 26,630	\$ 35,358
Other Income	20,098	19,195	10,297
	-----	-----	-----
Total Revenues	41,898	45,825	45,655
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	90,313	90,730	91,032
General and Administrative:			
General Partner	62,671	36,127	23,062
Other	22,850	24,723	20,346
Amortization	3,072	4,740	4,739
	-----	-----	-----
Total Expenses	178,906	156,320	139,179
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(137,009)	(110,495)	(93,524)
Equity in Losses of Project Partnerships	(39,434)	(82,830)	(272,241)
	-----	-----	-----
Net Loss	\$(176,442)	\$(193,325)	\$(365,765)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$(174,678)	\$(191,392)	\$(362,107)
General Partners	(1,764)	(1,933)	(3,658)
	-----	-----	-----
	\$(176,442)	\$(193,325)	\$(365,765)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (17.50)	\$ (19.18)	\$ (36.28)
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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 13,607	\$ 16,095	\$ 20,661
Other Income	4,246	4,433	4,800
	-----	-----	-----
Total Revenues	17,853	20,528	25,461
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	49,711	49,865	50,027
General and Administrative:			
General Partner	34,979	20,164	12,872
Other	11,731	13,875	11,690
Amortization	3,082	3,256	3,254
	-----	-----	-----
Total Expenses	99,503	87,160	77,843
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(81,650)	(66,632)	(52,382)
Equity in Losses of Project Partnerships	(230,291)	(279,770)	(355,237)
	-----	-----	-----
Net Loss	\$(311,941)	\$(346,402)	\$(407,619)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$(308,822)	\$(342,938)	\$(403,543)
General Partners	(3,119)	(3,464)	(4,076)
	-----	-----	-----
	\$(311,941)	\$(346,402)	\$(407,619)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (49.38)	\$ (54.84)	\$ (64.53)
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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 13,252	\$ 15,454	\$ 19,793
Other Income	1,932	750	0
	-----	-----	-----
Total Revenues	15,184	16,204	19,793
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	33,890	34,013	34,115
General and Administrative:			
General Partner	21,863	12,601	8,045
Other	7,968	9,699	8,203
Amortization	4,578	4,812	4,811
	-----	-----	-----
Total Expenses	68,299	61,125	55,174
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(53,115)	(44,921)	(35,381)
Equity in Losses of Project Partnerships	(175,628)	(201,773)	(191,862)
	-----	-----	-----
Net Loss	\$(228,743)	\$(246,694)	\$(227,243)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$(226,456)	\$(244,227)	\$(224,971)
General Partners	(2,287)	(2,467)	(2,272)
	-----	-----	-----
	\$(228,743)	\$(246,694)	\$(227,243)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (44.91)	\$ (48.43)	\$ (44.61)
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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 15,869	\$ 18,223	\$ 22,823
Other Income	2,182	0	0
	-----	-----	-----
Total Revenues	18,051	18,223	22,823
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	28,254	28,518	28,770
General and Administrative:			
General Partner	17,491	10,081	6,436
Other	7,549	8,782	8,458
Amortization	6,726	8,296	8,294
	-----	-----	-----
Total Expenses	60,020	55,677	51,958
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(41,969)	(37,454)	(29,135)
Equity in Losses of Project Partnerships	(101,608)	(169,857)	(180,099)
	-----	-----	-----
Net Loss	\$(143,577)	\$(207,311)	\$(209,234)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$(142,141)	\$(205,238)	\$(207,142)
General Partners	(1,436)	(2,073)	(2,092)
	-----	-----	-----
	\$(143,577)	\$(207,311)	\$(209,234)
	=====	=====	=====
Net Loss Per Beneficial Assignee Certificate	\$ (27.72)	\$ (40.03)	\$ (40.40)
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	2004	2003	2002
	----	----	----
Revenues:			
Interest Income	\$ 88,490	\$ 105,014	\$ 134,710
Other Income	43,183	47,466	39,831
	-----	-----	-----
Total Revenues	131,673	152,480	174,541
	-----	-----	-----
Expenses:			
Asset Management Fee-General Partner	288,917	290,208	291,338
General and Administrative:			
General Partner	193,846	111,738	71,332
Other	69,636	78,186	67,424
Amortization	24,101	27,788	27,783
	-----	-----	-----
Total Expenses	576,500	507,920	457,877
	-----	-----	-----
Loss Before Equity in Losses of Project Partnerships	(444,827)	(355,440)	(283,336)
Equity in Losses of Project Partnerships	(677,238)	(871,348)	(1,316,735)
	-----	-----	-----
Net Loss	\$(1,122,065)	\$(1,226,788)	\$(1,600,071)
	=====	=====	=====
Allocation of Net Loss:			
Assignees	\$(1,110,845)	\$(1,214,520)	\$(1,584,071)
General Partners	(11,220)	(12,268)	(16,000)
	-----	-----	-----
	\$(1,122,065)	\$(1,226,788)	\$(1,600,071)
	=====	=====	=====

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, 2004, 2003 AND 2002:

SERIES 7	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(258,748) -----	(2,614) -----	(261,362) -----
Balance at March 31, 2004	\$1,290,808 =====	\$ (79,162) =====	\$1,211,646 =====

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, 2004, 2003 AND 2002:

SERIES 8	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(174,678) -----	(1,764) -----	(176,442) -----
Balance at March 31, 2004	\$ 635,468 =====	\$ (82,091) =====	\$ 553,377 =====

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, 2004, 2003 AND 2002:

SERIES 9	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(308,822) -----	(3,119) -----	(311,941) -----
Balance at March 31, 2004	\$1,055,258 =====	\$ (44,731) =====	\$1,010,527 =====

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, 2004, 2003 AND 2002:

SERIES 10	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(226,456) -----	(2,287) -----	(228,743) -----
Balance at March 31, 2004	\$2,115,390 =====	\$ (23,258) =====	\$2,092,132 =====

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, 2004, 2003 AND 2002:

SERIES 11	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(142,141) -----	(1,436) -----	(143,577) -----
Balance at March 31, 2004	\$3,202,252 =====	\$ (14,109) =====	\$3,188,143 =====

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, 2004, 2003 AND 2002:

TOTAL SERIES 7 - 11	Limited Partners -----	General Partners -----	Total -----
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
Net Loss	(1,110,845) -----	(11,220) -----	(1,122,065) -----
Balance at March 31, 2004	\$ 8,299,176 =====	\$(243,351) =====	\$ 8,055,825 =====

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, 2004, 2003 AND 2002:

SERIES 7 -----	2004 ----	2003 ----	2002 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (261,362)	\$ (233,056)	\$ (390,210)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	6,643	6,684	6,685
Accreted Interest Income on Investments in Securities	(22,530)	(25,226)	(27,373)
Equity in Losses of Project Partnerships	130,277	137,118	317,296
Interest Income from Redemption of Securities	37,353	32,576	27,811
Distributions Included in Other Income	(14,725)	(23,088)	(24,734)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	18,864	41,651	51,468
Net Cash Used in Operating Activities	(105,480)	(63,341)	(39,057)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	28,698	37,299	37,656
Redemption of Investment in Securities	30,647	31,424	32,189
Net Cash Provided by Investing Activities	59,345	68,723	69,845
Increase (Decrease) in Cash and Cash Equivalents	(46,135)	5,382	30,788
Cash and Cash Equivalents at Beginning of Year	390,008	384,626	353,838
Cash and Cash Equivalents at End of Year	\$ 343,873	\$ 390,008	\$ 384,626
	=====	=====	=====

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, 2004, 2003 AND 2002:

SERIES 8 -----	2004 ----	2003 ----	2002 ----
Cash Flows from Operating Activities:			
Net Loss	\$ (176,442)	\$ (193,325)	\$ (365,765)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	3,072	4,740	4,739
Accreted Interest Income on Investments in Securities	(20,197)	(22,580)	(24,482)
Equity in Losses of Project Partnerships	39,434	82,830	272,241
Interest Income from Redemption of Securities	32,393	27,883	23,584
Distributions Included in Other Income	(20,098)	(19,195)	(10,297)
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	(24,220)	0	0
Increase in Payable to General Partners	34,114	56,418	58,366
	-----	-----	-----
Net Cash Used in Operating Activities	(131,944)	(63,229)	(41,614)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	25,030	25,963	19,211
Redemption of Investment in Securities	30,607	31,116	31,416
	-----	-----	-----
Net Cash Provided by Investing Activities	55,637	57,079	50,627
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(76,307)	(6,150)	9,013
Cash and Cash Equivalents at Beginning of Year	450,206	456,356	447,343
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 373,899	\$ 450,206	\$ 456,356
	=====	=====	=====

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, 2004, 2003 AND 2002:

SERIES 9 -----	2004 ----	2003 ----	2002 ----
Cash Flows from Operating Activities:			
Net Loss	\$(311,941)	\$(346,402)	\$(407,619)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	3,082	3,256	3,254
Accreted Interest Income on Investments in Securities	(12,599)	(13,821)	(14,874)
Equity in Losses of Project Partnerships	230,291	279,770	355,237
Interest Income from Redemption of Securities	16,810	14,467	12,651
Distributions Included in Other Income	(4,246)	(4,433)	(4,800)
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	(600)	0	0
Increase in Payable to General Partners	31,664	39,866	38,984
	-----	-----	-----
Net Cash Used in Operating Activities	(47,539)	(27,297)	(17,167)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	15,767	15,918	14,461
Redemption of Investment in Securities	20,189	20,533	21,349
	-----	-----	-----
Net Cash Provided by Investing Activities	35,956	36,451	35,810
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(11,583)	9,154	18,643
Cash and Cash Equivalents at Beginning of Year	260,485	251,331	232,688
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 248,902	\$ 260,485	\$ 251,331
	=====	=====	=====

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, 2004, 2003 AND 2002:

SERIES 10	2004	2003	2002
-----	----	----	----
Cash Flows from Operating Activities:			
Net Loss	\$(228,743)	\$(246,694)	\$(227,243)
Adjustments to Reconcile Net Loss			
to Net Cash Used in Operating			
Activities:			
Amortization	4,578	4,812	4,811
Accreted Interest Income on			
Investments in Securities	(12,243)	(13,191)	(13,976)
Equity in Losses of Project			
Partnerships	175,628	201,773	191,862
Interest Income from Redemption			
of Securities	13,525	11,953	10,314
Distributions Included in Other			
Income	(1,932)	(750)	0
Changes in Operating Assets and			
Liabilities:			
Increase in Payable to General			
Partners	9,628	14,690	12,287
	-----	-----	-----
Net Cash Used in Operating			
Activities	(39,559)	(27,407)	(21,945)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project			
Partnerships	20,992	12,151	21,886
Redemption of Investment in Securities	14,473	15,048	15,686
	-----	-----	-----
Net Cash Provided by Investing			
Activities	35,465	27,199	37,572
	-----	-----	-----
Increase (Decrease) in Cash and Cash			
Equivalents	(4,094)	(208)	15,627
Cash and Cash Equivalents at Beginning			
of Year	251,941	252,149	236,522
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 247,847	\$ 251,941	\$ 252,149
	=====	=====	=====

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, 2004, 2003 AND 2002:

SERIES 11	2004	2003	2002
-----	----	----	----
Cash Flows from Operating Activities:			
Net Loss	\$ (143,577)	\$ (207,311)	\$ (209,234)
Adjustments to Reconcile Net Loss			
to Net Cash Used in Operating			
Activities:			
Amortization	6,726	8,296	8,294
Accreted Interest Income on			
Investments in Securities	(14,856)	(15,873)	(16,655)
Equity in Losses of Project			
Partnerships	101,608	169,857	180,099
Interest Income from Redemption			
of Securities	16,091	13,863	11,670
Distributions Included in Other			
Income	(2,182)	0	0
Changes in Operating Assets and			
Liabilities:			
Increase (Decrease) in Payable			
to General Partners	(4,844)	(6,106)	2,488
	-----	-----	-----
Net Cash Used in Operating			
Activities	(41,034)	(37,274)	(23,338)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project			
Partnerships	8,564	19,277	28,728
Redemption of Investment in Securities	15,910	16,136	16,330
	-----	-----	-----
Net Cash Provided by Investing			
Activities	24,474	35,413	45,058
	-----	-----	-----
Increase (Decrease) in Cash and Cash			
Equivalents	(16,560)	(1,861)	21,720
Cash and Cash Equivalents at Beginning			
of Year	264,198	266,059	244,339
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$ 247,638	\$ 264,198	\$ 266,059
	=====	=====	=====

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, 2004, 2003 AND 2002:

TOTAL SERIES 7 - 11 -----	2004 ----	2003 ----	2002 ----
Cash Flows from Operating Activities:			
Net Loss	\$(1,122,065)	\$(1,226,788)	\$(1,600,071)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	24,101	27,788	27,783
Accreted Interest Income on Investments in Securities	(82,425)	(90,691)	(97,360)
Equity in Losses of Project Partnerships	677,238	871,348	1,316,735
Interest Income from Redemption of Securities	116,172	100,742	86,030
Distributions Included in Other Income	(43,183)	(47,466)	(39,831)
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	(24,820)	0	0
Increase in Payable to General Partners	89,426	146,519	163,593
	-----	-----	-----
Net Cash Used in Operating Activities	(365,556)	(218,548)	(143,121)
	-----	-----	-----
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	99,051	110,608	121,942
Redemption of Investment in Securities	111,826	114,257	116,970
	-----	-----	-----
Net Cash Provided by Investing Activities	210,877	224,865	238,912
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(154,679)	6,317	95,791
Cash and Cash Equivalents at Beginning of Year	1,616,838	1,610,521	1,514,730
	-----	-----	-----
Cash and Cash Equivalents at End of Year	\$1,462,159	\$1,616,838	\$1,610,521
	=====	=====	=====

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004, 2003 AND 2002

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, 2004, 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. Gateway does not guarantee any of the mortgages or other debt of the Project Partnerships.

#### 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 2002 and 2003 figures have been reclassified, where appropriate, to conform with the financial statement presentation used in 2004.

## 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 December 15, 2004. The Partnership does not feel that there will be any effects on its results of operations as a result of the adoption of FIN46. Prior to the effective date of FIN 46, Gateway is required to disclose its maximum exposure to economic and financial statement losses as a result of its involvement with variable interest entities. Gateway's exposure to these losses is limited to its investment in the Project Partnerships which is \$7,222,663 at March 31, 2004.

## NOTE 3 - INVESTMENT IN SECURITIES:

The March 31, 2004 Balance Sheet includes Investment in Securities consisting of U.S. Treasury Security Strips which represents their cost, plus accreted interest income of \$151,475 for Series 7, \$134,743 for Series 8, \$85,172 for Series 9, \$81,092 for Series 10 and \$94,434 for Series 11.

	Estimated Market Value	Cost Plus Accreted Interest	Gross Unrealized Gains and (Losses)
	-----	-----	-----
Series 7	\$ 300,723	\$ 265,516	\$ 35,207
Series 8	283,503	252,381	31,122
Series 9	200,808	179,336	21,472
Series 10	184,383	160,071	24,312
Series 11	213,839	181,579	32,260

As of March 31, 2004, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 7 -----	Series 8 -----	Series 9 -----
Due within 1 year	\$ 67,834	\$ 63,292	\$ 37,028
After 1 year through 5 years	197,682	189,089	72,578
After 5 years through 10 years	0	0	69,730
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 265,516	\$ 252,381	\$ 179,336
	=====	=====	=====
	Series 10 -----	Series 11 -----	Total -----
Due within 1 year	\$ 27,571	\$ 31,987	\$ 227,712
After 1 year through 5 years	53,968	62,216	575,533
After 5 years through 10 years	78,532	87,376	235,638
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 160,071	\$ 181,579	\$1,038,883
	=====	=====	=====

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.

Value Partners, Inc., an affiliate of Gateway, acquired the general partner interest in Logan Heights, one of the Project Partnerships in Series 8, in 2003.

For the periods ended March 31, 2004, 2003, and 2002 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.

	2004	2003	2002
	----	----	----
Series 7	\$ 86,749	\$ 87,082	\$ 87,394
Series 8	90,313	90,730	91,032
Series 9	49,711	49,865	50,027
Series 10	33,890	34,013	34,115
Series 11	28,254	28,518	28,770
	-----	-----	-----
Total	\$ 288,917	\$ 290,208	\$ 291,338
	=====	=====	=====

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.

	2004	2003	2002
	----	----	----
Series 7	\$ 56,842	\$ 32,765	\$ 20,917
Series 8	62,671	36,127	23,062
Series 9	34,979	20,164	12,872
Series 10	21,863	12,601	8,045
Series 11	17,491	10,081	6,436
	-----	-----	-----
Total	\$193,846	\$111,738	\$ 71,332
	=====	=====	=====

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

SERIES 7

As of March 31, 2004, 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, 2004	MARCH 31, 2003
	-----	-----
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)	(6,992,520)	(6,862,243)
Cumulative distributions received from Project Partnerships	(218,417)	(204,444)
	-----	-----
Investment in Project Partnerships before Adjustment	521,152	665,402
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	793,335	793,335
Accumulated amortization of acquisition fees and expenses	(186,546)	(179,903)
	-----	-----
Investments in Project Partnerships	\$ 1,127,941	\$ 1,278,834
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$3,469,144 for the year ended March 31, 2004 and cumulative suspended losses of \$2,658,435 for the year ended March 31, 2003 are not included.



NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 8

As of March 31, 2004, 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, 2004	MARCH 31, 2003
	-----	-----
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)	(7,343,360)	(7,303,925)
Cumulative distributions received from Project Partnerships	(163,828)	(158,899)
	-----	-----
Investment in Project Partnerships before Adjustment	78,917	123,281
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	549,773	549,773
Accumulated amortization of acquisition fees and expenses	(115,895)	(112,823)
	-----	-----
Investments in Project Partnerships	\$ 512,795	\$ 560,231
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$4,002,763 for the year ended March 31, 2004 and cumulative suspended losses of \$3,065,413 for the year ended March 31, 2003 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 9

As of March 31, 2004, 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, 2004	MARCH 31, 2003
	-----	-----
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)	(4,000,688)	(3,770,400)
Cumulative distributions received from Project Partnerships	(133,676)	(122,154)
	-----	-----
Investment in Project Partnerships before Adjustment	779,752	1,021,562
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	244,087	244,087
Accumulated amortization of acquisition fees and expenses	(56,799)	(53,716)
	-----	-----
Investments in Project Partnerships	\$ 967,040	\$ 1,211,933
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$1,226,519 for the year ended March 31, 2004 and cumulative suspended losses of \$925,614 for the year ended March 31, 2003 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 10

As of March 31, 2004, 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, 2004	MARCH 31, 2003
	-----	-----
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)	(2,073,769)	(1,898,143)
Cumulative distributions received from Project Partnerships	(167,705)	(148,645)
	-----	-----
Investment in Project Partnerships before Adjustment	1,673,198	1,867,884
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	196,738	196,738
Accumulated amortization of acquisition fees and expenses	(54,461)	(49,880)
	-----	-----
Investments in Project Partnerships	\$ 1,815,475	\$ 2,014,742
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$132,431 for the year ended March 31, 2004 and cumulative suspended losses of \$94,384 for the year ended March 31, 2003 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 11

As of March 31, 2004, 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, 2004	MARCH 31, 2003
	-----	-----
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	(1,394,995)	(1,293,389)
Cumulative distributions received from Project Partnerships	(149,310)	(142,928)
	-----	-----
Investment in Project Partnerships before Adjustment	2,583,737	2,691,725
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	290,335	290,335
Accumulated amortization of acquisition fees and expenses	(74,660)	(67,930)
	-----	-----
Investments in Project Partnerships	\$ 2,799,412	\$ 2,914,130
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$208,165 for the year ended March 31, 2004 are not included and 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, 2004 -----	MARCH 31, 2003 -----
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	(21,805,332)	(21,128,100)
Cumulative distributions received from Project Partnerships	(832,936) -----	(777,070) -----
Investment in Project Partnerships before Adjustment	5,636,756	6,369,854
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	(488,361) -----	(464,252) -----
Investments in Project Partnerships	\$ 7,222,663 =====	\$ 7,979,870 =====

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:

	2003	DECEMBER 31, 2002	2001
	----	----	----
SERIES 7			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 3,594,482	\$ 3,546,381	\$ 3,400,437
Investment properties, net	29,924,101	31,103,350	32,420,081
Other assets	12,192	50,943	10,935
	-----	-----	-----
Total assets	\$33,530,775	\$34,700,674	\$35,831,453
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 861,548	\$ 844,292	\$ 881,958
Long-term debt	36,002,235	36,170,712	36,328,189
	-----	-----	-----
Total liabilities	36,863,783	37,015,004	37,210,147
	-----	-----	-----
Partners' equity			
Gateway	(3,077,941)	(2,103,991)	(1,213,146)
General Partners	(255,067)	(210,339)	(165,548)
	-----	-----	-----
Total Partners' equity	(3,333,008)	(2,314,330)	(1,378,694)
	-----	-----	-----
Total liabilities and partners' equity	\$33,530,775	\$34,700,674	\$35,831,453
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 6,333,913	\$ 6,061,519	\$ 5,997,121
Expenses:			
Operating expenses	3,366,664	3,129,792	3,092,324
Interest expense	2,427,949	2,335,459	2,486,595
Depreciation and amortization	1,489,791	1,467,630	1,457,962
	-----	-----	-----
Total expenses	7,284,404	6,932,881	7,036,881
	-----	-----	-----
Net loss	\$ (950,491)	\$ (871,362)	\$ (1,039,760)
	=====	=====	=====
Other partners' share of net loss	\$ (9,505)	\$ (8,714)	\$ (10,398)
	=====	=====	=====
Partnership's share of net loss	\$ (940,986)	\$ (862,648)	\$ (1,029,362)
	-----	-----	-----
Suspended losses	810,709	725,530	712,066
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (130,277)	\$ (137,118)	\$ (317,296)
	=====	=====	=====

(1) As of December 31, 2003, the largest Project Partnership constituted 5.1% and 5.7%, and as of December 31, 2002 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:

	2003	DECEMBER 31, 2002	2001
	----	----	----
SERIES 8			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 3,443,344	\$ 3,241,125	\$ 3,022,526
Investment properties, net	31,332,924	32,829,923	34,249,319
Other assets	46,863	65,889	27,071
	-----	-----	-----
Total assets	\$34,823,131	\$36,136,937	\$37,298,916
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 1,283,369	\$ 1,247,298	\$ 1,241,513
Long-term debt	37,949,865	38,160,367	38,312,780
	-----	-----	-----
Total liabilities	39,233,234	39,407,665	39,554,293
	-----	-----	-----
Partners' equity			
Gateway	(3,762,267)	(2,760,061)	(1,790,759)
General Partners	(647,836)	(510,667)	(464,618)
	-----	-----	-----
Total Partners' equity	(4,410,103)	(3,270,728)	(2,255,377)
	-----	-----	-----
Total liabilities and partners' equity	\$34,823,131	\$36,136,937	\$37,298,916
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 6,105,139	\$ 5,730,666	\$ 5,945,510
Expenses:			
Operating expenses	3,219,867	3,051,073	3,035,450
Interest expense	2,349,394	2,123,237	2,506,737
Depreciation and amortization	1,525,330	1,516,946	1,522,646
	-----	-----	-----
Total expenses	7,094,591	6,691,256	7,064,833
	-----	-----	-----
Net loss	\$ (989,452)	\$ (960,589)	\$ (1,119,323)
	=====	=====	=====
Other partners' share of net loss	\$ (12,667)	\$ (12,000)	\$ (14,981)
	=====	=====	=====
Partnership's share of net loss	\$ (976,785)	\$ (948,590)	\$ (1,104,342)
	-----	-----	-----
Suspended losses	937,351	865,760	832,101
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (39,434)	\$ (82,830)	\$ (272,241)
	=====	=====	=====

(1) As of December 31, 2003, the largest Project Partnership constituted 5.3% and 4.1%, and as of December 31, 2002 the largest Project Partnership constituted 5.5% and 4.3% of the combined total assets by series and combined total revenues by series, respectively.

An affiliate of the General Partner is the operating general partner in one of the Project Partnerships included above. The Project Partnership has total assets of \$607,463, total liabilities of \$828,776, Gateway equity of (\$105,271), other partners equity of (\$116,042), total revenue of \$66,180, and net loss of \$38,658. The Project Partnership was not a related party as of December 31, 2002 and 2001.

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:

	2003 ----	DECEMBER 31, 2002 ----	2001 ----
SERIES 9			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,778,979	\$ 1,662,424	\$ 1,681,955
Investment properties, net	17,932,221	18,687,336	19,435,536
Other assets	5,319	22,800	6,026
	-----	-----	-----
Total assets	\$19,716,519	\$20,372,560	\$21,123,517
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 332,832	\$ 332,748	\$ 327,147
Long-term debt	20,142,793	20,220,384	20,302,379
	-----	-----	-----
Total liabilities	20,475,625	20,553,132	20,629,526
	-----	-----	-----
Partners' equity			
Gateway	(485,230)	60,033	699,416
General Partners	(273,876)	(240,605)	(205,425)
	-----	-----	-----
Total Partners' equity	(759,106)	(180,572)	493,991
	-----	-----	-----
Total liabilities and partners' equity	\$19,716,519	\$20,372,560	\$21,123,517
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 3,252,688	\$ 3,146,415	\$ 3,063,822
Expenses:			
Operating expenses	1,669,611	1,637,020	1,563,587
Interest expense	1,327,135	1,334,467	1,341,565
Depreciation and amortization	792,503	807,268	820,700
	-----	-----	-----
Total expenses	3,789,249	3,778,755	3,725,852
	-----	-----	-----
Net loss	\$ (536,561)	\$ (632,340)	\$ (662,030)
	=====	=====	=====
Other partners' share of net loss	\$ (5,365)	\$ (6,323)	\$ (6,620)
	=====	=====	=====
Partnership's share of net loss	\$ (531,196)	\$ (626,017)	\$ (655,410)
	-----	-----	-----
Suspended losses	300,905	346,247	300,173
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (230,291)	\$ (279,770)	\$ (355,237)
	=====	=====	=====

(1) As of December 31, 2003, the largest Project Partnership constituted 7.7 % and 6.4%, and as of December 31, 2002 the largest Project Partnership constituted 7.7% and 6.6% 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:

	2003	DECEMBER 31, 2002	2001
	----	----	----
SERIES 10			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,652,231	\$ 1,550,938	\$ 1,496,692
Investment properties, net	13,036,775	13,462,939	13,881,402
Other assets	2,479	7,263	2,779
	-----	-----	-----
Total assets	\$14,691,485	\$15,021,140	\$15,380,873
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 327,272	\$ 314,259	\$ 312,885
Long-term debt	13,161,837	13,223,246	13,275,761
	-----	-----	-----
Total liabilities	13,489,109	13,537,505	13,588,646
	-----	-----	-----
Partners' equity			
Gateway	1,538,058	1,772,744	2,032,117
General Partners	(335,682)	(289,109)	(239,890)
	-----	-----	-----
Total Partners' equity	1,202,376	1,483,635	1,792,227
	-----	-----	-----
Total liabilities and partners' equity	\$14,691,485	\$15,021,140	\$15,380,873
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 1,995,639	\$ 1,901,592	\$ 1,886,324
Expenses:			
Operating expenses	1,089,746	1,075,495	999,409
Interest expense	657,632	599,922	664,466
Depreciation and amortization	465,268	465,739	478,396
	-----	-----	-----
Total expenses	2,212,646	2,141,156	2,142,271
	-----	-----	-----
Net loss	\$ (217,007)	\$ (239,564)	\$ (255,947)
	=====	=====	=====
Other partners' share of net loss	\$ (3,333)	\$ (3,476)	\$ (4,016)
	=====	=====	=====
Partnership's share of net loss	\$ (213,674)	\$ (236,088)	\$ (251,931)
	-----	-----	-----
Suspended losses	38,046	34,315	60,069
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (175,628)	\$ (201,773)	\$ (191,862)
	=====	=====	=====

(1) As of December 31, 2003, the largest Project Partnership constituted 11.3% and 12.2%, and as of December 31, 2002 the largest Project Partnership constituted 11.1% and 9.4% 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:

	2003	DECEMBER 31, 2002	2001
	----	----	----
SERIES 11			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 1,193,232	\$ 1,154,999	\$ 1,210,403
Investment properties, net	11,269,515	11,692,568	12,138,184
Other assets	67,895	130,037	56,436
	-----	-----	-----
Total assets	\$12,530,642	\$12,977,604	\$13,405,023
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 272,578	\$ 277,172	\$ 311,045
Long-term debt	10,099,725	10,233,992	10,360,413
	-----	-----	-----
Total liabilities	10,372,303	10,511,164	10,671,458
	-----	-----	-----
Partners' equity			
Limited Partner	2,384,986	2,664,470	2,890,186
General Partners	(226,647)	(198,030)	(156,621)
	-----	-----	-----
Total Partners' equity	2,158,339	2,466,440	2,733,565
	-----	-----	-----
Total liabilities and partners' equity	\$12,530,642	\$12,977,604	\$13,405,023
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 1,732,562	\$ 1,668,728	\$ 1,738,366
Expenses:			
Operating expenses	1,041,768	966,246	943,728
Interest expense	443,999	396,246	463,182
Depreciation and amortization	530,705	530,098	524,869
	-----	-----	-----
Total expenses	2,016,472	1,892,590	1,931,779
	-----	-----	-----
Net loss	\$ (283,910)	\$ (223,862)	\$ (193,413)
	=====	=====	=====
Other partners' share of net loss	\$ (14,747)	\$ (13,395)	\$ (13,314)
	=====	=====	=====
Partnership's share of net loss	\$ (269,163)	\$ (210,467)	\$ (180,099)
	-----	-----	-----
Suspended losses	167,555	40,610	0
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (101,608)	\$ (169,857)	\$ (180,099)
	=====	=====	=====

(1) As of December 31, 2003, the largest Project Partnership constituted 20.2% and 20.7%, and as of December 31, 2002 the largest Project Partnership constituted 21.0% and 21.5% 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:

	2003 ----	DECEMBER 31, 2002 ----	2001 ----
TOTAL SERIES 7 - 11			
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	\$ 11,662,268	\$ 11,155,867	\$ 10,812,013
Investment properties, net	103,495,536	107,776,116	112,124,522
Other assets	134,748	276,932	103,247
	-----	-----	-----
Total assets	\$115,292,552	\$119,208,915	\$123,039,782
	=====	=====	=====
Liabilities and Partners' Equity:			
Current liabilities	\$ 3,077,599	\$ 3,015,769	\$ 3,074,548
Long-term debt	117,356,455	118,008,701	118,579,522
	-----	-----	-----
Total liabilities	120,434,054	121,024,470	121,654,070
	-----	-----	-----
Partners' equity			
Limited Partner	(3,402,394)	(366,805)	2,617,814
General Partners	(1,739,108)	(1,448,750)	(1,232,102)
	-----	-----	-----
Total Partners' equity	(5,141,502)	(1,815,555)	1,385,712
	-----	-----	-----
Total liabilities and partners' equity	\$115,292,552	\$119,208,915	\$123,039,782
	=====	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	\$ 19,419,941	\$ 18,508,920	\$ 18,631,143
Expenses:			
Operating expenses	10,387,656	9,859,626	9,634,498
Interest expense	7,206,109	6,789,331	7,462,545
Depreciation and amortization	4,803,597	4,787,681	4,804,573
	-----	-----	-----
Total expenses	22,397,362	21,436,638	21,901,616
	-----	-----	-----
Net loss	\$(2,977,421)	\$(2,927,718)	\$(3,270,473)
	=====	=====	=====
Other partners' share of net loss	\$ (45,617)	\$ (43,908)	\$ (49,329)
	=====	=====	=====
Partnership's share of net loss	\$(2,931,804)	\$(2,883,810)	\$(3,221,144)
	-----	-----	-----
Suspended losses	2,254,566	2,012,462	1,904,409
	-----	-----	-----
Equity in Losses of Project Partnerships	\$ (677,238)	\$ (871,348)	\$(1,316,735)
	=====	=====	=====

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	\$(3,077,941)	\$ 521,152
Series 8	(3,762,267)	78,917
Series 9	(485,230)	779,752
Series 10	1,538,058	1,673,198
Series 11	2,384,986	2,583,737

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:

	2004	2003	2002
	----	----	----
SERIES 7			
Net Loss per Financial Statements	\$(261,362)	\$(233,056)	\$(390,210)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(1,006,515)	(927,361)	(882,199)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	22,774	21,890	(20,798)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	24,255	43,642	40,604
Amortization Expense	6,655	(9,419)	20,227
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$(1,214,193)	\$(1,104,304)	\$(1,232,376)
	=====	=====	=====
	December 31, 2003	December 31, 2002	December 31, 2001
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 975,096	\$ 1,695,195	\$ 1,695,195
	=====	=====	=====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2004 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	\$1,127,941	\$(4,077,777)	\$ 5,205,718
Other Assets	\$ 609,389	\$ 1,822,839	\$(1,213,450)
Liabilities	\$ 525,684	\$ 26,135	\$ 499,549

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

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

	2004	2003	2002
	----	----	----
SERIES 8			
Net Loss per Financial Statements	\$ (176,442)	\$ (193,325)	\$ (365,765)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(1,119,372)	(1,046,407)	(1,002,523)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	16,451	(2,521)	1,017
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	43,926	58,766	46,564
Amortization Expense	3,489	2,753	6,135
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$(1,231,948)	\$(1,180,734)	\$(1,314,572)
	=====	=====	=====
	December 31, 2003	December 31, 2002	December 31, 2001
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 1,417,434	\$ 1,617,063	\$ 1,620,507
	=====	=====	=====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2004 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 512,795	\$(4,558,365)	\$ 5,071,160
Other Assets	\$ 650,500	\$ 1,860,032	\$(1,209,532)
Liabilities	\$ 609,918	\$ 24,161	\$ 585,757

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

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

	2004 ----	2003 ----	2002 ----
SERIES 9			
Net Loss per Financial Statements	\$ (311,941)	\$ (346,402)	\$ (407,619)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(423,589)	(460,255)	(420,765)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	6,255	4,083	(502)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	40,841	41,045	32,339
Amortization Expense	3,127	2,281	3,677
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (685,307)	\$ (759,248)	\$ (792,870)
	=====	=====	=====
	December 31, 2003	December 31, 2002	December 31, 2001
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 968,960	\$ 968,960	\$ 968,960
	=====	=====	=====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2004 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 967,040	\$ (1,361,303)	\$ 2,328,343
Other Assets	\$ 428,838	\$ 1,187,951	\$ (759,113)
Liabilities	\$ 385,351	\$ 10,223	\$ 375,128

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

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

	2004 ----	2003 ----	2002 ----
SERIES 10			
Net Loss per Financial Statements	\$ (228,743)	\$ (246,694)	\$ (227,243)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(208,567)	(206,405)	(221,853)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	1,856	2,066	1,745
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	12,745	15,375	7,995
Amortization Expense	4,639	4,204	5,625
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (418,070) =====	\$ (431,454) =====	\$ (433,731) =====
	December 31, 2003	December 31, 2002	December 31, 2001
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 762,218 =====	\$ 762,218 =====	\$ 762,218 =====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2004 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 1,815,475	\$ 217,621	\$ 1,597,854
Other Assets	\$ 407,918	\$ 1,015,909	\$ (607,991)
Liabilities	\$ 131,261	\$ 9,654	\$ 121,607

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

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

	2004	2003	2002
	----	----	----
SERIES 11			
Net Loss per Financial Statements	\$ (143,577)	\$ (207,311)	\$ (209,234)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(225,717)	(80,878)	(40,367)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	1,662	1,090	2,828
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	(5,493)	(4,403)	(1,563)
Amortization Expense	7,123	8,295	8,297
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$ (366,002)	\$ (283,207)	\$ (240,039)
	=====	=====	=====
	December 31, 2003	December 31, 2002	December 31, 2001
	-----	-----	-----
Federal Low Income Housing Tax Credits (Unaudited)	\$ 754,678	\$ 754,678	\$ 754,678
	=====	=====	=====

The differences in the assets and liabilities of the Series for financial reporting purposes and tax reporting purposes for the year ended March 31, 2004 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 2,799,412	\$ 2,161,751	\$ 637,661
Other Assets	\$ 429,217	\$ 894,142	\$ (464,925)
Liabilities	\$ 40,486	\$ 11,638	\$ 28,848



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

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

	2004	2003	2002
	----	----	----
TOTAL SERIES 7 -11			
Net Loss per Financial Statements	\$(1,122,065)	\$(1,226,788)	\$(1,600,071)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(2,983,760)	(2,721,306)	(2,567,707)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	48,998	26,608	(15,710)
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	116,274	154,425	125,939
Amortization Expense	25,032	8,114	43,961
	-----	-----	-----
Partnership loss for tax purposes as of December 31	\$(3,915,520)	\$(3,758,947)	\$(4,013,588)
	=====	=====	=====

The difference in the total value of the Partnership's Investment in Project Partnerships is approximately \$5,709,961 higher for Series 7, \$5,409,672 higher for Series 8, \$2,430,880 higher for Series 9, \$1,630,545 higher for Series 10 and \$779,514 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, 2004 are as follows:

	<u>Financial Reporting Purposes</u>	<u>Tax Reporting Purposes</u>	<u>Differences</u>
Investments in Local Limited Partnerships	\$ 7,222,663	\$(7,618,073)	\$14,840,736
Other Assets	\$ 2,525,862	\$ 6,780,873	\$(4,255,011)
Liabilities	\$ 1,692,700	\$ 81,811	\$ 1,610,889

NOTE 8 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

<u>Series 7</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 7,946	\$ 6,109	\$ 13,495	\$ 11,137
Net Income (Loss)	\$ (78,203)	\$ (26,171)	\$ (84,911)	\$ (72,077)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (7.45)	\$ (2.49)	\$ (8.09)	\$ (6.86)

<u>Series 8</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>2/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 5,669	\$ 6,911	\$ 16,282	\$ 13,036
Net Income (Loss)	\$ (64,767)	\$ (44,859)	\$ (53,474)	\$ (13,342)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (6.42)	\$ (4.45)	\$ (5.30)	\$ (1.33)

<u>Series 9</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 4,335	\$ 5,039	\$ 4,077	\$ 4,402
Net Income (Loss)	\$ (84,012)	\$ (64,015)	\$ (69,472)	\$ (94,442)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (13.30)	\$ (10.13)	\$ (11.00)	\$ (14.95)

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

<u>Series 10</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 3,430	\$ 3,399	\$ 4,946	\$ 3,409
Net Income (Loss)	\$ (55,433)	\$ (59,064)	\$ (64,986)	\$ (49,260)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (10.88)	\$ (11.59)	\$ (12.76)	\$ (9.68)

<u>Series 11</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 4,058	\$ 6,187	\$ 5,044	\$ 2,762
Net Income (Loss)	\$ (34,309)	\$ (54,117)	\$ (15,758)	\$ (39,393)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	\$ (6.62)	\$ (10.45)	\$ (3.04)	\$ (7.61)

<u>Series 7 - 11</u> <u>Year 2004</u>	<u>Quarter 1</u> <u>6/30/2003</u>	<u>Quarter 2</u> <u>9/30/2003</u>	<u>Quarter 3</u> <u>12/31/2003</u>	<u>Quarter 4</u> <u>3/31/2004</u>
Total Revenues	\$ 25,438	\$ 27,645	\$ 43,844	\$ 34,746
Net Income (Loss)	\$(316,724)	\$(248,226)	\$(288,601)	\$(268,514)

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

<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>12/31/2002</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 8 - 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)

Hill, Barth & King LLC  
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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, 2003 and 2002 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 as of December 31, 2003 and 2002 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 15, 2004 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 15, 2004

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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, 2003 and 2002, 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, 2003 and 2002, 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.

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, 2004

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

INDEPENDENT AUDITORS' REPORT  
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To the Partners  
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, 2003 and 2002, 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, 2003 and 2002, 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 23, 2004, 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 shown on pages 14 - 18 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 23, 2004



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, 2003 and 2002, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MANCHESTER ELDERLY HOUSING, L.L.P. as of December 31, 2003 and 2002, 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, we have also issued our report dated February 16, 2004, on our consideration of MANCHESTER ELDERLY HOUSING, L.L.P.'s internal control and our report dated February 16, 2004, 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  
February 16, 2004

Henderson & Godbee, P.C.  
3488 N. Valdosta Rd. - P.O. Box 2241  
Valdosta, GA 31604-2241  
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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, 2003 and 2002, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2003 and 2002, 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 22, 2004, 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 22, 2004

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INDEPENDENT AUDITORS' REPORT  
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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 No. 58-1965613, as of December 31, 2003 and 2002, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mt. Vernon Rental Housing, L.P. as of December 31, 2003 and 2002, 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 22, 2004 on our consideration of Mt. Vernon Rental Housing, L.P.'s internal control structure and a report dated January 22, 2004 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 22, 2004

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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, 2003 and 2002, and the related statements of income, partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeland II, L.P. as of December 31, 2003 and 2002, 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 22, 2004, on our consideration of Lakeland II, L.P.'s internal control structure and a report dated January 22, 2004 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 22, 2004

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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, 2003 and 2002, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Elderly Housing, L.P. as of December 31, 2003 and 2002, 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 22, 2004 on our consideration of Blue Ridge Elderly Housing, L.P.'s internal control structure and a report dated January 22, 2004 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 22, 2004

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

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

We have audited the accompanying balance sheets of Cottdondale Rental Housing, L.P. (a limited partnership), Federal ID No.: 58-1924862 as of December 31, 2003 and 2002, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cottdondale Rental Housing, L.P. as of December 31, 2003 and 2002, 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 22, 2004 on our consideration of Cottdondale Rental Housing, L.P.'s internal control structure and a report dated January 22, 2004 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 22, 2004

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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, 2003 and 2002, and the related statements of income, partners' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor Trace Apartments Phase II, L.P. as of December 31, 2003 and 2002, 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 22, 2004 on our consideration of Arbor Trace Apartments Phase II, L.P.'s internal control structure and a report dated January 22, 2004 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 22, 2004

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Atlanta, GA 30342  
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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., (Rural Development Case No. 11-037-582031602), a Georgia limited partnership, as of December 31, 2003 and 2002, and the related statements of operations, changes in partners' accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Rural Development Services Office of the U.S. Department of Agriculture'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, 2003 and 2002, 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 16, 2004, on our consideration of OMEGA RENTAL HOUSING, L.P.'s internal control and a report dated January 16, 2004, on its compliance with laws and regulations applicable to the financial statements. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 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 16, 2004



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INDEPENDENT AUDITORS' REPORT

To the Partners  
Magnolia Place, L.P.

We have audited the accompanying balance sheets of MAGNOLIA PLACE, L.P. (a Georgia limited partnership) as of December 31, 2003 and 2002, 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, 2003 and 2002, 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 16, 2004

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 as of December 31, 2003 and 2002, 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 as of December 31, 2003 and 2002, 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 6, 2004, 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.

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

February 6, 2004

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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  
Meadowview Properties, A Limited Partnership  
D/B/A GardenWalk on 41<sup>st</sup> Circle  
Fort Smith, Arkansas

We have audited the accompanying balance sheets of Meadowview Properties, A Limited Partnership, D/B/A GardenWalk on 41<sup>st</sup> Circle as of December 31, 2003 and 2002, 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 GardenWalk on 41<sup>st</sup> Circle as of December 31, 2003 and 2002, 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 6, 2004, 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.

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

February 6, 2004

Eide Bailly LLP  
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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, 2003 and 2002, 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, 2003 and 2002, 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 18, 2004, 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 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  
February 18, 2004

Miller & Rose, P.A.  
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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, 2003 and 2002, 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, 2003 and 2002, 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 4, 2004 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 4, 2004

Miller & Rose, P.A.  
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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, 2003 and 2002, 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, 2003 and 2002, 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

February 12, 2004

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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, 2003 and 2002, 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 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, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2004, 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 audits.

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

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

January 31, 2004

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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, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of 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, 2004



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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, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of 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, 2004

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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, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of 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, 2004

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INDEPENDENT AUDITORS' REPORT

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, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of 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, 2004

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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, 2003 and 2002, and the related statements of operations, partners' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. My responsibility is to express an opinion on these financial statements based on my audits.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 15, 2004 on my consideration of 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, 2004

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INDEPENDENT AUDITORS' REPORT

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, 2003 and 2002, 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 the standards applicable to financial audits contained in 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, 2003 and 2002, 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, 2004, on our consideration of the internal control structure of Elsa Retirement, Ltd.-(A Texas Limited Partnership) 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/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 10, 2004

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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, 2003 and 2002, 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 the standards applicable to financial audits contained in 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, 2003 and 2002, 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, 2004, on our consideration of the internal control structure of Dilley Retirement, Ltd.-(A Texas Limited Partnership) 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/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 13, 2004

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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, 2003 and 2002, 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 standards applicable to financial audits contained in 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, 2003 and 2002, 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 14, 2004, on our consideration of the internal control structure of Taylor Retirement, Ltd.-(A Texas Limited Partnership) 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/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 14, 2004

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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, 2003 and 2002, and the related statements of income (loss), partners' equity, and cash flows for the years ended December 31, 2003 and 2002. 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 the standards applicable to financial audits contained in 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, 2003 and 2002, 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 11, 2004, on our consideration of the internal control structure of Donna Retirement, Ltd.-(A Texas Limited Partnership) 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/ Lou Ann Montey and Associates, P.C.  
Certified Public Accountants

Austin, Texas  
February 11, 2004



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Savannah, GA 31406  
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INDEPENDENT AUDITORS' REPORT  
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To The Partners  
Brooks Lane Apartments, L.P.

We have audited the accompanying balance sheet of BROOKS LANE APARTMENTS, L.P., as of December 31, 2003 and 2002 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 LANE APARTMENTS, L.P., as of December 31, 2003 and 2002 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 26, 2004, 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 26, 2004

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INDEPENDENT AUDITORS' REPORT  
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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, 2003 and 2002 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, 2003 and 2002, 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 26, 2004, 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 26, 2004

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INDEPENDENT AUDITORS' REPORT  
-----

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, 2003 and 2002, 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, 2003 and 2002 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 26, 2004, 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 BROOKS 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 26, 2004

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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, 2003 and 2002, 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, 2003 and 2002, 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 12, 2004, 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 12, 2004

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, 2003 and 2002, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Branchley Housing Limited Partnership as of December 31, 2003 and 2002, 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, 2004, on our consideration of South Branchley Housing Limited Partnership's internal control and on its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

/s/ Roger Clubb  
Simmons and Clubb  
Certified Public Accountants

Boise, Idaho  
February 10, 2004

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, 2003 and 2002 and the related statements of income, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the Project's management. Our responsibility is to express an opinion on these financial statements based on our 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, 2003 and 2002 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 January 30, 2004 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 14 through 16 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 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/ Gubler & Company, P.C.  
Certified Public Accountants  
South Jordan, Utah  
January 30, 2004

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, 2003 and 2002 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 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, 2003 and 2002, 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 4, 2004 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 accompanying 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  
February 4, 2004

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, 2003 and 2002 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 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, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2004 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 accompanying 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  
February 9, 2004



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

We have audited the accompanying balance sheets of **Lincoln, Ltd.** (a limited partnership) as of December 31, 2003 and 2002, 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, 2003 and 2002, 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 4, 2004 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 11 and 12 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  
February 4, 2004

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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, 2003 and 2002, 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, 2003 and 2002, 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 13, 2004, 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  
February 13, 2004

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, 2003 and 2002 and the related statements of partners' capital (deficit), operations, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leander Housing 1990, Ltd. as of December 31, 2003 and 2002, 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 January 31, 2004, 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, 2003, 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

January 31, 2004

Johnson, Hickey & Murchison, P.C.  
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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, 2003 and 2002, 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, 2003 and 2002, 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 30, 2004, 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 30, 2004

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, 2003 and 2002, 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, 2003 and 2002, 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 30, 2004, 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 30, 2004

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  
River Rest Apartments, L.P.:**

We have audited the accompanying balance sheets of River Rest Apartments, L.P. as of December 31, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004, 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 19, 2004

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, 2003 and 2002, and the related statements of operations, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Audit Program issued in December 1989 by the Rural Development Services Office of the U.S. Department of Agriculture, formerly known as the Farmers Home Administration. Those standards and the Audit Program 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, 2003 and 2002, 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, we have also issued our report dated February 16, 2004, on our consideration of ROYSTON ELDERLY HOUSING, L.P.'s internal control and our report dated February 16, 2004, 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 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  
February 16, 2004

Leavitt, Christensen & Co., PLLC  
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Boise, ID 83713  
PHONE: 208-287-5353  
FAX: 208-287-5358

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, 2003 and 2002, 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, 2003 and 2002, 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 22, 2004 on our consideration of Heritage Park Associates Limited Partnership's internal control and on its compliance with laws and regulations. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The partnership 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., PLLC  
Certified Public Accountants

January 22, 2004



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

INDEPENDENT AUDITORS' REPORT

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, 2003 and 2002 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. 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 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, 2003 and 2002 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 27, 2004 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, including separate reports on compliance with laws and regulations and on internal controls, 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

Jackson, Mississippi  
February 27, 2004

Donald W. Causey & Associates, P.C.  
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INDEPENDENT AUDITORS' REPORT  
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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, 2003 and 2002, 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, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Gadsden, Alabama  
February 19, 2004

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, 2003 and 2002, 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, 2003 and 2002, 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, 2003 and 2002, 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 6, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Gadsden, Alabama  
February 6, 2004

Donald W. Causey & Associates, P.C.  
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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, 2003 and 2002, 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, 2003 and 2002, 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 23, 2004

Donald W. Causey & Associates, P.C.  
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Gadsden, AL 35902  
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FAX: 256-543-9800

INDEPENDENT AUDITORS' REPORT  
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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, 2003 and 2002, 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, 2003 and 2002, 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 17, 2004

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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, 2003 and 2002, 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, 2003 and 2002, 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, 2004

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

INDEPENDENT AUDITORS' REPORT  
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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, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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 19, 2004

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INDEPENDENT AUDITORS' REPORT

To the Partners  
Purdy Apartments, L.P.  
Joplin, Missouri 64804

We have audited the accompanying balance sheets of Purdy Apartments L.P. (a limited partnership) as of December 31, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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 19, 2004



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INDEPENDENT AUDITORS' REPORT

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, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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 19, 2004

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FAX: 417-623-4075

INDEPENDENT AUDITORS' REPORT  
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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, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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 19, 2004

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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, 2003 and 2002, 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, 2003 and 2002, 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 19, 2004 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 19, 2004

Doubet and Gordon CPAs, LLP  
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:

We have audited the accompanying balance sheets of Cavalry Crossing (a Kansas Limited Partnership) as of December 31, 2003 and 2002 and the related statement of operations, partners' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 Cavalry Crossing as of December 31, 2003 and 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.

Our 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 2004 on our 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 our audit.

/s/ Doubet and Gordon CPAs, LLP  
Certified Public Accountants  
Wagoner, OK 74467  
March 15, 2004

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INDEPENDENT AUDITORS' REPORT  
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To the Partners  
of Sycamore Landing:

We have audited the accompanying balance sheet of Sycamore Landing (a Kansas Limited Partnership) as of December 31, 2003 and 2002 and the related statement of operations, partners' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 Sycamore Landing as of December 31, 2003 and 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.

Our 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 23, 2004 on our 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 our audit.

/s/ Doubet and Gordon CPAs, LLP  
Certified Public Accountants  
Wagoner, OK 74467  
March 23, 2004

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Wagoner, OK 74467  
PHONE: 918-485-8085  
FAX: 918-485-3092

INDEPENDENT AUDITORS' REPORT  
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To the Partners of  
Parsons Village:

We have audited the accompanying balance sheet of Parsons Village (a Kansas Limited Partnership) as of December 31, 2003 and 2002 and the related statement of operations, partners' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 Parsons Village as of December 31, 2003 and 2002 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.

Our 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 20, 2004 on our 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 our audit.

/s/ Doubet and Gordon CPAs, LLP  
Certified Public Accountant  
Wagoner, OK 74467  
March 20, 2004

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PHONE: 912-354-2334  
FAX: 912-354-2443

INDEPENDENT AUDITORS' REPORT  
-----

To The Partners  
Brookstone Apartments, L.P.

We have audited the accompanying balance sheet of BROOKSTONE APARTMENTS, L.P., as of December 31, 2003 and 2002 and the related statements of operation, 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, 2003 and 2002, 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 26, 2004, 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 26, 2004

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  
Brooks Hollow Apartments, L.P.

We have audited the accompanying balance sheet of BROOKS HOLLOW APARTMENTS, L.P., as of December 31, 2003 and 2002 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, 2003 and 2002, 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 26, 2004, 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 26, 2004



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  
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, 2003 and 2002, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morningside Villa Limited Partnership, DBA Morningside Villa Apartments, Case No. 41-033-341704593, at December 31, 2003 and 2002, 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 30, 2004, 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 30, 2004

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, 2003 and 2002, and the related statements of income, changes in partners' equity (deficit) and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenton Apartments Company Limited Partnership, DBA Springbrook Commons, Case No. 41-033-0382999141, at December 31, 2003 and 2002, 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 30, 2004, 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 30, 2004

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 sheets of Lovingston Ridge, L.P. (A Virginia Limited Partnership) as of December 31, 2003 and 2002, and the related statements of operations, partners' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. 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 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 Lovingston Ridge, L.P. as of December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2004, 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 audits.

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

/s/ Bernard Robinson & Company, LLP  
Certified Public Accountants

January 31, 2004

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, 2003 and 2002, 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, 2003 and 2002, 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

February 12, 2004

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

None.

Item 9a. Controls and Procedures

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

PART III

Item 10. Directors and Executive Officers of Gateway

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

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

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

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, 2004. 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, 2004.

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, 2004, 2003, and 2002 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.

	2004	2003	2002
	----	----	----
Series 7	\$ 87,649	\$ 87,082	\$ 87,394
Series 8	90,313	90,730	91,032
Series 9	49,711	49,865	50,027
Series 10	33,890	34,013	34,115
Series 11	28,254	28,518	28,770
	-----	-----	-----
Total	\$288,917	\$290,208	\$ 291,338
	=====	=====	=====

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.

	2004	2003	2002
	----	----	----
Series 7	\$ 56,842	\$ 32,765	\$ 20,917
Series 8	62,671	36,127	23,062
Series 9	34,979	20,164	12,872
Series 10	21,863	12,601	8,045
Series 11	17,491	10,081	6,436
	-----	-----	-----
Total	\$193,846	\$111,738	\$ 71,332
	=====	=====	=====

#### Item 14. Principal Accounting Fees & Services

The aggregate fees billed by the Partnership's principal accounting firm, Spence, Marston, Bunch, Morris and Co., for professional services rendered for the audit of the annual financial statements and review of financial statements included in the Partnerships quarterly reports on Form 10-Q for the years ended March 31, 2004 and 2003 were \$24,925 and \$24,500, respectively.

Tax - During fiscal 2004 and 2003, Spence, Marston, Bunch, Morris & Co. was engaged to prepare the Partnership's federal tax return, for which they billed \$6,500 for each year.

Other Fees - The Company's Audit Committee Charter requires that the Committee approve the engagement of the principal auditing firm prior to the rendering of any audit or non-audit services. During fiscal 2004, 100% of the audit related and other fees and 100% of the tax fees were pre-approved by the Audit Committee.



PART IV

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

a.(1) Financial Statements - 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, 2003

SERIES 7  
Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Nottingham	Pisgah, AL	18	573,658
Cedar Hollow	Waterloo, NE	24	753,074
Sunrise	Mission, SD	44	2,002,753
Mountain City	Mountain City, TN	40	1,301,749
Burbank	Falls City, NE	24	797,279
Washington	Bloomfield, NE	24	791,129
BrookStone	McCaysville, GA	40	1,185,003
Tazewell	New Tazewell, TN	44	1,386,877
N. Irvine	Irvine, KY	24	782,989
Horton	Horton, KS	24	760,130
Manchester	Manchester, GA	42	1,192,166
Waynesboro	Waynesboro, GA	24	665,636
Lakeland II	Lakeland, GA	30	824,815
Mt. Vernon	Mt. Vernon, GA	24	732,774
Meadow Run	Dawson, GA	48	1,413,405
Spring Creek II	Quitman, GA	24	661,336
Warm Springs	Warm Springs, GA	22	668,046
Blue Ridge	Blue Ridge, GA	41	1,084,318
Walnut	Elk Point, SD	24	813,531
Pioneer	Mountain View, AR	48	1,197,100
Dilley	Dilley, TX	28	717,145
Elsa	Elsa, TX	40	1,025,951
Clinch View	Gate City, VA	42	1,444,096
Jamestown	Jamestown, TN	40	1,208,798
Leander	Leander, TX	36	906,202
Louisa Sr.	Louisa, KY	36	1,180,703
Orchard Commons	Crab Orchard, KY	12	343,002
Vardaman	Vardaman, MS	24	724,300
Heritage Park	Paze, AZ	32	1,231,133
BrooksHollow	Jasper, GA	40	1,169,296
Cavalry Crossing	Ft. Scott, KS	40	1,404,513
Carson City	Carson City, KS	24	781,160
Matteson	Capa, KS	24	755,526
Pembroke	Pembroke, KY	16	506,202
Robynwood	Cynthiana, KY	24	770,483
Atoka	Atoka, OK	24	670,649
Coalgate	Coalgate, OK	24	670,238
Hill Creek	West Blocton, AL	24	768,137
Cardinal	Mountain Home. AR	32	136,933
			-----
			\$36,002,235
			=====

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, 2003

SERIES 7 Apartment Properties	Cost At Acquisition		Net Improvements Capitalized Subsequent to Acquisition
Partnership	Land	Buildings, Improvements and Equipment	
Nottingham	21,070	695,113	7,347
Cedar Hollow	25,000	889,355	62,536
Sunrise	30,000	837,000	1,698,272
Mountain City	67,000	1,345,826	226,822
Burbank	25,000	595,780	410,925
Washington	30,000	401,435	552,754
BrookStone	45,000	176,183	1,241,162
Tazewell	75,000	834,811	824,204
N. Irvine	27,600	696,407	297,889
Horton	15,615	641,460	275,465
Manchester	40,000	243,179	1,192,561
Waynesboro	45,310	107,860	663,154
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	580,276
Blue Ridge	0	234,193	1,104,950
Walnut	20,000	112,079	901,022
Pioneer	30,000	1,092,918	327,090
Dilley	30,000	847,755	12,647
Elsa	40,000	1,286,910	13,817
Clinch View	99,000	409,447	1,313,712
Jamestown	53,800	436,875	1,046,310
Leander	46,000	1,063,200	48,629
Louisa Sr.	90,000	449,409	979,128
Orchard Commons	28,789	452,556	(1,684)
Vardaman	15,000	93,877	808,691
Heritage Park	199,000	1,243,700	179,100
BrooksHollow	67,155	183,029	1,190,428
Cavalry Crossing	82,300	894,246	837,520
Carson City	86,422	354,778	518,232
Matteson	28,438	556,314	363,747
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	338,154
Cardinal	24,207	650,852	106,925
	-----	-----	-----
	\$ 1,666,043	\$21,441,174	\$22,883,455
	-----	-----	-----

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, 2003

SERIES 7		Gross Amount At Which Carried At December 31, 2003	
Apartment Properties		-----	
Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Nottingham	21,070	702,460	723,530
Cedar Hollow	25,000	951,891	976,891
Sunrise	30,000	2,535,272	2,565,272
Mountain City	67,000	1,572,648	1,639,648
Burbank	25,000	1,006,705	1,031,705
Washington	30,000	954,189	984,189
BrookStone	45,000	1,417,345	1,462,345
Tazewell	75,000	1,659,015	1,734,015
N. Irvine	27,600	994,296	1,021,896
Horton	15,615	916,925	932,540
Manchester	49,455	1,426,285	1,475,740
Waynesboro	34,500	781,824	816,324
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	801,967	821,967
Blue Ridge	0	1,339,143	1,339,143
Walnut	20,000	1,013,101	1,033,101
Pioneer	123,016	1,326,992	1,450,008
Dilley	30,000	860,402	890,402
Elsa	40,000	1,300,727	1,340,727
Clinch View	99,000	1,723,159	1,822,159
Jamestown	53,800	1,483,185	1,536,985
Leander	46,000	1,111,829	1,157,829
Louisa Sr.	90,000	1,428,537	1,518,537
Orchard Commons	28,789	450,872	479,661
Vardaman	15,000	902,568	917,568
Heritage Park	199,000	1,422,800	1,621,800
BrooksHollow	67,000	1,373,612	1,440,612
Cavalry Crossing	101,365	1,712,701	1,814,066
Carson City	40,028	919,404	959,432
Matteson	39,000	909,499	948,499
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	960,445	989,782
Cardinal	24,207	757,777	781,984
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	\$ 1,725,382	\$44,265,290	\$45,990,672
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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, 2003

SERIES 7 Apartment Properties Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Nottingham	217,677	5.0-40.0
Cedar Hollow	302,768	7.0-40.0
Sunrise	1,003,900	5.0-27.5
Mountain City	674,092	7.0-27.5
Burbank	351,544	5.0-30.0
Washington	389,491	5.0-30.0
BrookStone	523,642	5.0-27.5
Tazewell	696,553	7.0-27.5
N. Irvine	290,640	5.0-40.0
Horton	414,912	5.0-25.0
Manchester	501,103	5.0-25.0
Waynesboro	286,577	10.0-30.0
Lakeland II	366,480	10.0-30.0
Mt. Vernon	303,333	5.0-30.0
Meadow Run	619,942	7.0-27.5
Spring Creek II	284,321	10.0-30.0
Warm Springs	300,834	5.0-40.0
Blue Ridge	515,080	5.0-25.0
Walnut	325,959	5.0-40.0
Pioneer	422,572	12.0-40.0
Dilley	198,683	5.0-50.0
Elsa	354,460	7.0-50.0
Clinch View	705,658	7.0-27.5
Jamestown	614,488	7.0-27.5
Leander	460,371	7.0-30.0
Louisa Sr.	429,335	5.0-40.0
Orchard Commons	143,972	5.0-40.0
Vardaman	257,000	5.0-40.0
Heritage Park	613,105	7.0-27.5
BrooksHollow	495,647	5.0-27.5
Cavalry Crossing	512,704	12.0-40.0
Carson City	383,371	7.0-27.5
Matteson	390,632	7.0-27.5
Pembroke	183,351	5.0-40.0
Robynwood	290,590	5.0-40.0
Atoka	363,556	5.0-25.0
Coalgate	363,813	5.0-25.0
Hill Creek	337,872	7.0-27.5
Cardinal	176,543	7.0-27.5
	-----	
	\$16,066,571	
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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, 2003

SERIES 8

Apartment Properties Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Purdy	Purdy, MO	16	454,912
Galena	Galena, KS	24	602,502
Antlers 2	Antlers, OK	24	631,310
Holdenville	Holdenville, OK	24	716,983
Wetumka	Wetumka, OK	24	651,480
Mariners Cove	Marine City, MI	32	1,026,605
Mariners Cove Sr.	Marine City, MI	24	795,101
Antlers	Antlers, OK	36	1,081,003
Bentonville	Bentonville, AR	24	545,480
Deerpoint	Elgin, AL	24	740,445
Aurora	Aurora, MO	28	720,321
Baxter	Baxter Springs, KS	16	423,719
Arbor Gate	Bridgeport, AL	24	747,432
Timber Ridge	Collinsville, AL	24	728,431
Concordia Sr.	Concordia, KS	24	676,920
Mountainburg	Mountainburg, AR	24	705,852
Lincoln	Pierre, SD	25	881,295
Fox Ridge	Russellville, AL	24	736,355
Meadow View	Bridgeport, NE	16	586,044
Sheridan	Auburn, NE	16	603,201
Morningside	Kenton, OH	32	964,621
Grand Isle	Grand Isle, ME	16	932,986
Meadowview	Van Buren, AR	29	757,091
Taylor	Taylor, TX	44	1,234,317
Brookwood	Gainesboro, TN	44	1,451,662
Pleasant Valley	Lynchburg, TN	33	1,089,761
Reelfoot	Ridgely, TN	20	648,810
River Rest	Newport, TN	34	1,137,096
Kirskville	Kirksville, MO	24	677,215
Cimmaron	Arco, ID	24	822,536
Kenton	Kenton, OH	46	1,416,413
Lovingston	Lovingston, VA	64	2,207,271
Pontotoc	Pontotoc, MS	36	1,093,145
So. Branchley	Rexburg, ID	30	1,226,536
Hustonville	Hustonville, KY	16	517,849
Northpoint	Jackson, KY	24	888,564
Brooks Field	Louisville, GA	32	947,227
Brooks Lane	Clayton, GA	36	1,093,632
Brooks Point	Dahlonega, GA	41	1,356,313
Brooks Run	Jasper, GA	24	752,496
Logan Heights	Russellville, KY	24	778,384
Lakeshore 2	Tuskegee, AL	36	1,143,148
Cottdondale	Cottdondale, FL	25	757,401
			-----
			\$37,949,865
			=====

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, 2003

Partnership -----	Cost At Acquisition -----		Net Improvements Capitalized Subsequent to Acquisition -----
	Land ----	Buildings, Improvements and Equipment -----	
Purdy	64,823	493,596	28,108
Galena	19,200	362,505	405,650
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	52,227
Mariners Cove Sr.	72,252	901,745	40,872
Antlers	50,529	1,270,510	0
Bentonville	15,220	743,269	0
Deerpont	33,250	912,974	(13,750)
Aurora	164,350	716,471	31,591
Baxter	13,800	418,296	124,247
Arbor Gate	43,218	873,748	25,020
Timber Ridge	15,145	879,334	15,834
Concordia Sr.	65,000	776,131	(14,742)
Mountainburg	20,000	863,990	0
Lincoln	121,000	933,872	70,017
Fox Ridge	35,000	867,785	0
Meadow View	29,000	686,959	11,808
Sheridan	20,100	373,018	384,278
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	238,534
Brookwood	28,148	1,780,090	3,952
Pleasant Valley	56,269	1,288,452	13,379
Reelfoot	13,000	118,127	698,721
River Rest	50,750	431,259	922,530
Kirskville	50,000	188,140	593,352
Cimmaron	18,000	611,963	498,880
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	971,128
Hustonville	20,000	672,270	5,425
Northpoint	140,000	942,599	5,680
Brooks Field	45,762	113,295	1,017,035
Brooks Lane	57,500	123,401	1,174,838
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
Cottondale	36,000	911,975	344
	-----	-----	-----
	\$ 2,280,425	\$32,092,541	\$13,278,553
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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, 2003

SERIES 8

Gross Amount At Which Carried At December 31, 2003

Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Purdy	12,200	574,327	586,527
Galena	19,200	768,155	787,355
Antlers 2	26,000	761,859	787,859
Holdenville	15,000	877,598	892,598
Wetumka	19,977	792,876	812,853
Mariners Cove	64,000	1,240,393	1,304,393
Mariners Cove Sr.	46,216	968,653	1,014,869
Antlers	50,529	1,270,510	1,321,039
Bentonville	15,220	743,269	758,489
Deerpoint	19,500	912,974	932,474
Aurora	35,000	877,412	912,412
Baxter	14,845	541,498	556,343
Arbor Gate	43,218	898,768	941,986
Timber Ridge	15,145	895,168	910,313
Concordia Sr.	65,000	761,389	826,389
Mountainburg	20,000	863,990	883,990
Lincoln	121,000	1,003,889	1,124,889
Fox Ridge	35,000	867,785	902,785
Meadow View	18,000	709,767	727,767
Sheridan	20,100	757,296	777,396
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	1,424,458	1,529,792
Brookwood	28,148	1,784,042	1,812,190
Pleasant Valley	56,269	1,301,831	1,358,100
Reelfoot	13,827	816,021	829,848
River Rest	52,062	1,352,477	1,404,539
Kirskville	50,000	781,492	831,492
Cimmaron	6,000	1,122,843	1,128,843
Kenton	61,699	1,720,060	1,781,759
Lovingston	171,772	2,556,147	2,727,919
Pontotoc	40,500	1,299,604	1,340,104
So. Branchley	99,658	1,463,909	1,563,567
Hustonville	20,000	677,695	697,695
Northpoint	140,000	948,279	1,088,279
Brooks Field	45,761	1,130,331	1,176,092
Brooks Lane	57,500	1,298,239	1,355,739
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
Cottondale	36,000	912,319	948,319
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	\$ 1,978,809	\$45,672,710	\$47,651,519
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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, 2003

SERIES 8 Apartment Properties	Accumulated Depreciation	Depreciable Life
Partnership -----	-----	-----
Purdy	277,900	7.0-27.5
Galena	337,981	7.0-27.5
Antlers 2	338,439	5.0-25.0
Holdenville	375,880	5.0-25.0
Wetumka	341,631	5.0-25.0
Mariners Cove	509,501	7.0-27.5
Mariners Cove Sr.	392,750	7.0-27.5
Antlers	552,688	10.0-25.0
Bentonville	344,160	5.0-25.0
Deerpoint	223,066	5.0-50.0
Aurora	396,383	7.0-27.5
Baxter	228,993	7.0-27.5
Arbor Gate	248,918	5.0-40.0
Timber Ridge	253,728	5.0-40.0
Concordia Sr.	322,232	5.0-25.0
Mountainburg	369,357	5.0-25.0
Lincoln	390,014	7.0-27.5
Fox Ridge	203,998	5.0-50.0
Meadow View	254,876	5.0-30.0
Sheridan	226,006	5.0-50.0
Morningside	384,630	5.0-33.0
Grand Isle	479,952	7.0-27.5
Meadowview	400,982	5.0-25.0
Taylor	296,046	5.0-50.0
Brookwood	671,302	5.0-50.0
Pleasant Valley	499,985	5.0-50.0
Reelfoot	292,511	7.0-27.5
River Rest	486,847	7.0-50.0
Kirskville	309,802	5.0-27.5
Cimmaron	427,380	7.0-27.5
Kenton	539,151	5.0-33.0
Lovingston	1,007,867	7.0-27.5
Pontotoc	306,589	5.0-40.0
So. Branchley	560,497	7.0-27.5
Hustonville	186,044	5.0-40.0
Northpoint	267,104	5.0-40.0
Brooks Field	380,018	5.0-40.0
Brooks Lane	436,918	5.0-40.0
Brooks Point	511,955	5.0-40.0
Brooks Run	302,333	5.0-40.0
Logan Heights	355,967	7.0-40.0
Lakeshore 2	323,902	5.0-40.0
Cottdondale	302,312	5.0-27.5
	-----	
	\$16,318,595	
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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, 2003

SERIES 9

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Jay	Jay, OK	24	646,204
Boxwood	Lexington, TX	24	613,141
Stilwell 3	Stilwell, OK	16	461,865
Arbor Trace	Lake Park, GA	24	735,107
Arbor Trace 2	Lake Park, GA	42	1,446,384
Omega	Omega, GA	36	1,124,765
Cornell 2	Watertown, SD	24	915,024
Elm Creek	Pierre, SD	24	946,637
Marionville	Marionville, MO	20	559,090
Lamar	Lamar, AR	24	720,953
Mt. Glen	Heppner, OR	24	819,002
Centreville	Centreville, AL	24	782,632
Skyview	Troy, AL	36	1,125,202
Sycamore	Coffeyville, KS	40	1,403,616
Bradford	Cumberland, KY	24	785,208
Cedar Lane	London, KY	24	727,570
Stanton	Stanton, KY	24	795,557
Abernathy	Abernathy, TX	24	617,812
Pembroke	Pembroke, KY	24	791,545
Meadowview	Greenville, AL	24	650,556
Town Branch	Mt. Vernon, KY	24	765,197
Fox Run	Ragland, AL	24	769,846
Maple Street	Emporium, PA	32	1,353,872
Manchester	Manchester, GA	18	586,008
			-----
			\$20,142,793
			=====

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, 2003

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	900,126
Marionville	24,900	409,497	280,395
Lamar	18,000	202,240	684,085
Mt. Glen	23,500	480,064	572,004
Centreville	36,000	220,952	723,071
Skyview	120,000	220,161	1,076,736
Sycamore	64,408	415,748	1,357,014
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 Street	85,000	1,178,856	448,225
Manchester	24,100	711,035	2,700
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	\$1,106,834	\$13,140,244	\$11,774,008
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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, 2003

SERIES 9		Gross Amount At Which Carried At December 31, 2003	
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	29,155	1,156,841	1,185,996
Elm Creek	71,360	1,133,516	1,204,876
Marionville	25,000	689,792	714,792
Lamar	18,000	886,325	904,325
Mt. Glen	23,500	1,052,068	1,075,568
Centreville	36,000	944,023	980,023
Skyview	120,000	1,296,897	1,416,897
Sycamore	64,600	1,772,570	1,837,170
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 Street	85,000	1,627,081	1,712,081
Manchester	27,200	710,635	737,835
	-----	-----	-----
	\$1,099,659	\$24,921,427	\$26,021,086
	=====	=====	=====

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, 2003

SERIES 9 Apartment Properties Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Jay	316,414	5.0-25.0
Boxwood	318,541	5.0-25.0
Stilwell 3	234,080	5.0-25.0
Arbor Trace	267,510	10.0-30.0
Arbor Trace 2	532,742	10.0-30.0
Omega	438,724	5.0-50.0
Cornell 2	461,722	5.0-30.0
Elm Creek	451,353	5.0-27.5
Marionville	298,290	7.0-27.5
Lamar	364,117	5.0-25.0
Mt. Glen	412,590	7.0-27.5
Centreville	371,503	5.0-40.0
Skyview	310,939	5.0-40.0
Sycamore	438,669	12.0-40.0
Bradford	271,459	5.0-40.0
Cedar Lane	280,294	5.0-40.0
Stanton	280,959	5.0-40.0
Abernathy	312,639	5.0-25.0
Pembroke	267,459	7.0-40.0
Meadowview	253,162	5.0-40.0
Town Branch	248,857	7.0-40.0
Fox Run	319,343	7.0-27.5
Maple Street	408,506	7.0-40.0
Manchester	228,993	5.0-27.5
	-----	
	\$ 8,088,865	
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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, 2003

SERIES 10

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Redstone	Challis, ID	24	836,894
Albany	Albany, KY	24	769,066
Oak Terrace	Bonifay, FL	18	537,867
Wellshill	West Liberty, KY	32	1,073,458
Applegate	Florence, AL	36	1,114,105
Heatherwood	Alexander City, AL	36	888,558
Peachtree	Gaffney, SC	28	994,239
Donna	Donna, TX	50	1,411,334
Wellsville	Wellsville, NY	24	1,043,091
Tecumseh	Tecumseh, NE	24	860,016
Clay City	Clay City, KY	24	805,372
Irvine West	Irvine, KY	24	802,914
New Castle	New Castle, KY	24	798,461
Stigler	Stigler, OK	20	588,202
Courtyard	Huron, SD	21	638,260

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\$13,161,837  
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Cost At Acquisition

Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
-----	-----	-----	-----
Redstone	24,000	747,591	373,560
Albany	39,500	990,162	12,867
Oak Terrace	27,200	633,284	4,024
Wellshill	75,000	1,270,844	5,100
Applegate	125,000	1,467,675	255,017
Heatherwood	55,000	1,551,679	12,196
Peachtree	25,000	1,021,466	46,330
Donna	112,000	1,661,889	4,778
Wellsville	38,000	1,286,389	32,253
Tecumseh	20,000	1,038,151	36,816
Clay City	22,750	998,334	15,984
Irvine West	25,000	1,060,585	5,256
New Castle	40,575	971,520	11,511
Stigler	24,000	730,056	0
Courtyard	12,000	465,936	297,201
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	\$665,025	\$15,895,561	\$ 1,112,893
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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, 2003

SERIES 10  
Apartment Properties

Gross Amount At Which Carried At December 31, 2003  
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Partnership -----	Land ----	Buildings, Improvements and Equipment -----	Total -----
Redstone	7,600	1,137,551	1,145,151
Albany	39,500	1,003,029	1,042,529
Oak Terrace	27,200	637,308	664,508
Wellshill	75,000	1,275,944	1,350,944
Applegate	125,000	1,722,692	1,847,692
Heatherwood	55,000	1,563,875	1,618,875
Peachtree	25,000	1,067,796	1,092,796
Donna	112,000	1,666,667	1,778,667
Wellsville	38,000	1,318,642	1,356,642
Tecumseh	20,000	1,074,967	1,094,967
Clay City	22,750	1,014,318	1,037,068
Irvine West	25,000	1,065,841	1,090,841
New Castle	40,575	983,031	1,023,606
Stigler	24,000	730,056	754,056
Courtyard	12,000	763,137	775,137
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	\$ 648,625	\$17,024,854	\$17,673,479
	=====	=====	=====

Partnership -----	Accumulated Depreciation -----	Depreciable Life -----
Redstone	445,916	7.0-27.5
Albany	293,280	5.0-40.0
Oak Terrace	225,999	5.0-27.5
Wellshill	345,043	5.0-40.0
Applegate	398,310	5.0-40.0
Heatherwood	367,556	5.0-40.0
Peachtree	258,678	5.0-40.0
Donna	330,517	7.0-50.0
Wellsville	512,557	7.0-27.5
Tecumseh	264,530	5.0-50.0
Clay City	255,222	5.0-40.0
Irvine West	272,688	5.0-40.0
New Castle	247,903	5.0-40.0
Stigler	187,997	5.0-25.0
Courtyard	230,508	5.0-40.0
	-----	
	\$4,636,704	
	=====	

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, 2003

SERIES 11

Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
-----	-----	-----	-----
Homestead	Pinetop, AZ	32	1,301,143
Mountain Oak	Collinsville, AL	24	676,629
Eloy	Eloy, AZ	24	642,449
Gila Bend	Gila Bend, AZ	36	965,295
Creekstone	Dallas, GA	40	797,725
Tifton	Tifton, GA	36	854,623
Cass Towne	Cartersville, GA	10	76,417
Warsaw	Warsaw, VA	56	2,636,822
Royston	Royston, GA	25	737,673
Red Bud	Mokane, MO	8	237,050
Cardinal	Mountain Home, AR	32	89,336
Parsons	Parsons, KS	38	1,084,563
			-----
			\$10,099,725
			=====

Cost At Acquisition

Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
-----	-----	-----	-----
Homestead	126,000	1,628,502	55,630
Mountain Oak	30,000	473,033	385,760
Eloy	12,000	882,913	93,924
Gila Bend	18,000	945,233	396,017
Creekstone	130,625	170,655	1,707,324
Tifton	17,600	192,853	1,496,433
Cass Towne	22,690	301,458	4,520
Warsaw	146,800	3,200,738	13,088
Royston	36,000	785,602	114,923
Red Bud	5,500	295,617	447
Cardinal	15,793	424,616	69,758
Parsons	45,188	953,512	372,890
	-----	-----	-----
	\$606,196	\$10,254,732	\$4,710,714
	=====	=====	=====



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, 2003

SERIES 11		Gross Amount At Which Carried At December 31, 2003	
Apartment Properties		-----	
Partnership	Land	Buildings, Improvements and Equipment	Total
-----	----	-----	-----
Homestead	126,000	1,684,132	1,810,132
Mountain Oak	30,000	858,793	888,793
Eloy	12,000	976,837	988,837
Gila Bend	18,000	1,341,250	1,359,250
Creekstone	130,650	1,877,954	2,008,604
Tifton	17,327	1,689,559	1,706,886
Cass Towne	22,690	305,978	328,668
Warsaw	146,800	3,213,826	3,360,626
Royston	36,000	900,525	936,525
Red Bud	5,500	296,064	301,564
Cardinal	15,793	494,374	510,167
Parsons	38,437	1,333,153	1,371,590
	-----	-----	-----
	\$ 599,197	\$14,972,445	\$15,571,642
	=====	=====	=====

Partnership	Accumulated Depreciation	Depreciable Life
-----	-----	-----
Homestead	429,427	5.0-40.0
Mountain Oak	297,496	5.0-27.5
Eloy	354,660	5.0-27.5
Gila Bend	484,997	5.0-40.0
Creekstone	560,537	7.0-27.5
Tifton	344,948	5.0-25.0
Cass Towne	73,448	7.0-27.5
Warsaw	1,015,332	7.0-27.5
Royston	273,052	7.0-40.0
Red Bud	63,188	7.0-40.0
Cardinal	115,176	7.0-27.5
Parsons	289,866	12.0-40.0
	-----	
	\$ 4,302,127	
	=====	

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2003  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

SERIES 7

Balance at beginning of period - December 31, 2002		\$45,685,264
Additions during period:		
Acquisitions through foreclosure	\$ 0	
Other acquisitions	415,990	
Improvements, etc.	(115,716)	
Other	0	
	-----	
		300,274
Deductions during period:		
Cost of real estate sold	5,134	
	-----	
		5,134
		-----
Balance at end of period - December 31, 2003		\$45,990,672
		=====
Reconciliation of Accumulated Depreciation current year changes:		
Balance at beginning of period - December 31, 2002		\$14,581,914
Current year expense		1,489,791
Less Accumulated Depreciation of real estate sold		(5,134)
		-----
Balance at end of period - December 31, 2003		\$16,066,571
		=====

SCHEDULE III -REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2003  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 8

Balance at beginning of period -  
December 31, 2002 \$47,541,477

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	551,470
Improvements, etc.	(441,428)
Other	0
	-----

110,042

Deductions during period:

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

0

Balance at end of period -  
December 31, 2003

\$47,651,519  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2002

\$14,711,554

Current year expense	1,524,883
Less Accumulated Depreciation of real estate sold	0
Other	82,158
	-----

Balance at end of period -  
December 31, 2003

\$16,318,595  
=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2003  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 9

Balance at beginning of period -  
December 31, 2002 \$25,984,028

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	37,063
Improvements, etc.	0
Other	0
	-----

37,063

Deductions during period:

Cost of real estate sold	0
Other	(5)
	-----

(5)

Balance at end of period -  
December 31, 2003

\$26,021,086  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2002

7,296,694

Current year expense	792,176
Less Accumulated Depreciation of real estate sold	0
Other	(5)
	-----

Balance at end of period -  
December 31, 2003

\$ 8,088,865  
=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2003  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 10

Balance at beginning of period -  
December 31, 2002 \$17,637,063

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	96,786
Improvements, etc.	(62,866)
Other	0
	-----

33,920

Deductions during period:

Cost of real estate sold	2,496
Other	0
	-----

2,496

Balance at end of period -

December 31, 2003 \$17,673,479  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2002

\$ 4,174,124

Current year expense	465,076
Less Accumulated Depreciation of real estate sold	(2,496)
Other	0
	-----

Balance at end of period -

December 31, 2003 \$ 4,636,704  
=====

SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION  
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN  
AS OF DECEMBER 31, 2003  
GATEWAY TAX CREDIT FUND III LTD.  
NOTES TO SCHEDULE III

Series 11

Balance at beginning of period -  
December 31, 2002 \$15,476,743

Additions during period:

Acquisitions through foreclosure	\$ 0
Other acquisitions	88,254
Improvements, etc.	(4,695)
Other	0
	-----

83,559

Deductions during period:

Cost of real estate sold	11,340
Other	0
	-----

11,340

Balance at end of period -  
December 31, 2003

\$15,571,642  
=====

Reconciliation of Accumulated  
Depreciation current year changes:

Balance at beginning of period -  
December 31, 2002

\$ 3,784,175

Current year expense	529,292
Less Accumulated Depreciation of real estate sold	(11,340)
Other	0
	-----

Balance at end of period -  
December 31, 2003

\$ 4,302,127  
=====

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2003

SERIES 7					
PARTNERSHIP	# OF	BALANCE	INTEREST	MONTHLY	TERM
-----	UNITS	-----	RATE	DEBT	( YEARS )
			-----	SERVICE	-----
Nottingham	18	573,658	7.75%	4,041	50
Cedar Hollow	24	753,074	7.75%	5,115	50
Sunrise	44	2,002,753	7.25%	12,842	50
Mountain City	40	1,301,749	7.75%	8,853	50
Burbank	24	797,279	8.25%	5,725	50
Washington	24	791,129	8.25%	5,674	50
BrookStone	40	1,185,003	6.50%	6,970	50
Tazewell	44	1,386,877	7.25%	8,916	50
N. Irvine	24	782,989	7.75%	5,311	50
Horton	24	760,130	7.75%	5,160	50
Manchester	42	1,192,166	6.50%	6,991	50
Waynesboro	24	665,636	6.50%	3,899	50
Lakeland II	30	824,815	7.25%	5,290	50
Mt. Vernon	24	732,774	6.50%	4,294	50
Meadow Run	48	1,413,405	6.50%	8,284	50
Spring Creek II	24	661,336	6.50%	3,835	50
Warm Springs	22	668,046	7.25%	4,276	50
Blue Ridge	41	1,084,318	7.25%	2,372	50
Walnut	24	813,531	7.75%	5,528	50
Pioneer	48	1,197,100	8.25%	8,516	50
Dilley	28	717,145	8.25%	5,143	50
Elsa	40	1,025,951	7.75%	6,976	50
Clinch View	42	1,444,096	8.75%	11,046	50
Jamestown	40	1,208,798	7.25%	7,770	50
Leander	36	906,202	7.75%	6,755	50
Louisa Sr.	36	1,180,703	7.25%	7,622	50
Orchard Commons	12	343,002	7.75%	2,676	50
Vardaman	24	724,300	7.25%	4,634	50
Heritage Park	32	1,231,133	7.75%	8,360	50
BrooksHollow	40	1,169,296	6.50%	6,854	50
Cavalry Crossing	40	1,404,513	7.75%	9,545	50
Carson City	24	781,160	7.25%	5,005	50
Matteson	24	755,526	7.25%	4,845	50
Pembroke	16	506,202	7.25%	3,296	50
Robynwood	24	770,483	7.25%	5,078	50
Atoka	24	670,649	7.25%	4,392	50
Coalgate	24	670,238	7.25%	4,384	50
Hill Creek	24	768,137	6.50%	4,491	50
Cardinal	32	136,933	6.50%	948	50
		\$36,002,235			
		=====			

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2003

SERIES 8					
PARTNERSHIP	# OF	BALANCE	INTEREST	MONTHLY	TERM
-----	UNITS	-----	RATE	DEBT	( YEARS )
			-----	SERVICE	-----
Purdy	16	454,912	7.75%	5,242	50
Galena	24	602,502	7.25%	6,410	50
Antlers 2	24	631,310	7.25%	4,174	50
Holdenville	24	716,983	6.50%	4,267	50
Wetumka	24	651,480	6.50%	3,911	50
Mariners Cove	32	1,026,605	7.25%	6,572	50
Mariners Cove Sr.	24	795,101	7.25%	5,105	50
Antlers	36	1,081,003	7.25%	6,938	50
Bentonville	24	545,480	7.75%	4,835	45
Deerpoint	24	740,445	7.75%	5,250	50
Aurora	28	720,321	7.25%	7,652	50
Baxter	16	423,719	6.50%	4,086	50
Arbor Gate	24	747,432	6.50%	4,380	50
Timber Ridge	24	728,431	7.25%	4,679	50
Concordia Sr.	24	676,920	6.50%	3,963	50
Mountainburg	24	705,852	6.50%	4,162	50
Lincoln	25	881,295	8.25%	6,330	50
Fox Ridge	24	736,355	7.25%	4,732	50
Meadow View	16	586,044	7.25%	3,757	50
Sheridan	16	603,201	8.25%	3,527	50
Morningside	32	964,621	7.25%	6,177	50
Grand Isle	16	932,986	8.25%	6,703	50
Meadowview	29	757,091	7.25%	5,243	39
Taylor	44	1,234,317	7.50%	7,223	50
Brookwood	44	1,451,662	6.50%	8,499	50
Pleasant Valley	33	1,089,761	7.25%	6,978	50
Reelfoot	20	648,810	7.25%	4,234	50
River Rest	34	1,137,096	7.25%	7,256	50
Kirskville	24	677,215	7.25%	4,320	50
Cimmaron	24	822,536	10.75%	4,905	50
Kenton	46	1,416,413	7.25%	9,045	50
Lovingston	64	2,207,271	7.00%	12,917	50
Pontotoc	36	1,093,145	7.25%	6,927	50
So. Brenchley	30	1,226,536	7.25%	7,728	50
Hustonville	16	517,849	6.50%	3,062	50
Northpoint	24	888,564	7.25%	5,700	50
Brooks Field	32	947,227	7.25%	6,046	50
Brooks Lane	36	1,093,632	7.25%	6,954	50
Brooks Point	41	1,356,313	7.25%	8,613	50
Brooks Run	24	752,496	7.25%	4,786	50
Logan Heights	24	778,384	7.25%	4,960	50
Lakeshore 2	36	1,143,148	7.75%	7,716	50
Cottondale	25	757,401	7.75%	5,115	50
		\$37,949,865			
		=====			



GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2003

SERIES 9

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM ( YEARS )
-----	-----	-----	-----	-----	-----
Jay	24	646,204	7.25%	4,167	50
Boxwood	24	613,141	6.50%	3,666	50
Stilwell 3	16	461,865	7.25%	3,038	50
Arbor Trace	24	735,107	7.25%	4,700	50
Arbor Trace 2	42	1,446,384	7.25%	9,235	50
Omega	36	1,124,765	7.25%	7,193	50
Cornell 2	24	915,024	7.25%	5,862	50
Elm Creek	24	946,637	7.25%	6,060	50
Marionville	20	559,090	6.50%	5,308	50
Lamar	24	720,593	7.25%	4,593	50
Mt. Glen	24	819,002	6.50%	4,797	50
Centreville	24	782,632	7.25%	4,998	50
Skyview	36	1,125,202	7.25%	7,199	50
Sycamore	40	1,403,616	7.25%	8,979	50
Bradford	24	785,208	7.03%	5,008	50
Cedar Lane	24	727,570	6.50%	4,383	50
Stanton	24	795,557	7.25%	5,120	50
Abernathy	24	617,812	6.50%	3,673	50
Pembroke	24	791,545	7.25%	5,070	50
Meadowview	24	650,556	0.50%	3,006	20
Town Branch	24	765,197	7.25%	4,973	50
Fox Run	24	769,846	6.50%	4,510	50
Maple Street	32	1,353,872	7.25%	8,632	50
Manchester	18	586,008	7.25%	3,740	50
		\$20,142,793			
		=====			

GATEWAY TAX CREDIT FUND III LTD.  
SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE  
AS OF DECEMBER 31, 2003

SERIES 10

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Redstone	24	836,894	6.50%	4,905	50
Albany	24	769,066	6.50%	4,570	50
Oak Terrace	18	537,867	6.50%	3,150	50
Wellshill	32	1,073,458	7.25%	6,843	50
Applegate	36	1,114,105	0.50%	4,937	20
Heatherwood	36	888,558	0.50%	4,301	20
Peachtree	28	994,239	7.25%	6,379	50
Donna	50	1,411,334	6.50%	8,252	50
Wellsville	24	1,043,091	6.50%	6,316	50
Tecumseh	24	860,016	7.25%	5,481	50
Clay City	24	805,372	7.25%	5,158	50
Irvine West	24	802,914	7.25%	5,137	50
New Castle	24	798,461	7.25%	5,131	50
Stigler	20	588,202	7.25%	3,764	50
Courtyard	21	638,260	6.50%	3,729	50

\$13,161,837

=====

SERIES 11

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Homestead	32	1,301,143	6.50%	7,411	50
Mountain Oak	24	676,629	8.00%	2,745	50
Eloy	24	642,449	6.00%	3,460	50
Gila Bend	36	965,295	8.00%	6,428	50
Creekstone	40	797,725	11.00%	5,235	30
Tifton	36	854,623	0.00%	2,077	42
Cass Towne	10	76,417	3.00%	1,417	10
Warsaw	56	2,636,822	6.50%	15,387	50
Royston	25	737,673	6.75%	4,414	50
Red Bud	8	237,050	7.25%	1,458	50
Cardinal	32	89,336	6.50%	1,348	50
Parsons	38	1,084,563	8.00%	6,243	50

\$10,099,725

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SIGNATURES

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

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

Date: July 13, 2004

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

Date: July 13, 2004

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

Date: July 13, 2004

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

**CERTIFICATIONS\***

I, Ron Diner, certify that:

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

Date: July 13, 2004

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

I, Carol Georges, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 13, 2004

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