

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

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

For The Quarterly Period Ended September 30, 2005

Commission 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 Number, Including Area Code: (727) 567-4830

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           

<u>Title of Each Class</u>	<u>Number of Units</u>
<u>Units of Limited Partnership</u>	<u>September 30, 2005</u>
Interest: \$1,000 per unit	33,799

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II, 2005 Form 10-K, filed with the  
Securities and Exchange Commission on July 13, 2005  
Parts III and IV - Form S-11 Registration Statement  
and all amendments and supplements thereto  
File No. 33-44238

PART I - Financial Information  
Item 1. Financial Statements

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

SERIES 7	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 351,126	\$ 383,342
Investments in Securities	75,127	72,445
	-----	-----
Total Current Assets	426,253	455,787
Investments in Securities	145,615	140,326
Investments in Project Partnerships, Net	917,254	965,655
	-----	-----
Total Assets	\$1,489,122	\$1,561,768
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 55,544	\$ 53,630
	-----	-----
Total Current Liabilities	55,544	53,630
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	601,203	557,979
	-----	-----
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 September 30, 2005 and March 31, 2005)	915,330	1,031,936
General Partners	(82,955)	(81,777)
	-----	-----
Total Partners' Equity	832,375	950,159
	-----	-----
Total Liabilities and Partners' Equity	\$1,489,122	\$1,561,768
	=====	=====

See accompanying notes to financial statements.

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

SERIES 8	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 281,823	\$ 325,662
Investments in Securities	70,287	67,927
Accounts Receivable	24,220	24,220
	-----	-----
Total Current Assets	376,330	417,809
Investments in Securities	139,543	134,748
Investments in Project Partnerships, Net	466,367	461,161
	-----	-----
Total Assets	\$ 982,240	\$1,013,718
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 46,530	\$ 45,110
	-----	-----
Total Current Liabilities	46,530	45,110
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	639,352	594,397
	-----	-----
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 September 30, 2005 and March 31, 2005)	381,020	458,094
General Partners	(84,662)	(83,883)
	-----	-----
Total Partners' Equity	296,358	374,211
	-----	-----
Total Liabilities and Partners' Equity	\$ 982,240	\$1,013,718
	=====	=====

See accompanying notes to financial statements.

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

SERIES 9	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 205,104	\$ 229,897
Investments in Securities	40,097	38,890
	-----	-----
Total Current Assets	245,201	268,787
Investments in Securities	116,172	112,579
Investments in Project Partnerships, Net	749,412	798,862
	-----	-----
Total Assets	\$1,110,785	\$1,180,228
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 26,539	\$ 25,407
	-----	-----
Total Current Liabilities	26,539	25,407
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	403,893	379,140
	-----	-----
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 September 30, 2005 and March 31, 2005)	728,385	822,760
General Partners	(48,032)	(47,079)
	-----	-----
Total Partners' Equity	680,353	775,681
	-----	-----
Total Liabilities and Partners' Equity	\$1,110,785	\$1,180,228
	=====	=====

See accompanying notes to financial statements.

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

SERIES 10	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 130,031	\$ 142,638
Investments in Securities	30,519	29,480
	-----	-----
Total Current Assets	160,550	172,118
Investments in Securities	116,795	112,721
Investments in Project Partnerships, Net	1,599,025	1,661,049
	-----	-----
Total Assets	\$1,876,370	\$1,945,888
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 29,268	\$ 28,777
	-----	-----
Total Current Liabilities	29,268	28,777
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	28,215	11,305
	-----	-----
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 September 30, 2005 and March 31, 2005)	1,844,877	1,930,927
General Partners	(25,990)	(25,121)
	-----	-----
Total Partners' Equity	1,818,887	1,905,806
	-----	-----
Total Liabilities and Partners' Equity	\$1,876,370	\$1,945,888
	=====	=====

See accompanying notes to financial statements.

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

SERIES 11	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 188,228	\$ 199,931
Investments in Securities	35,100	33,838
Receivable from General Partner	0	8,291
	-----	-----
Total Current Assets	223,328	242,060
Investments in Securities	132,197	127,336
Investments in Project Partnerships, Net	2,603,481	2,664,780
	-----	-----
Total Assets	\$2,959,006	\$3,034,176
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 5,900	\$ 0
	-----	-----
Total Current Liabilities	5,900	0
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	0	0
	-----	-----
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 September 30, 2005 and March 31, 2005)	2,969,566	3,049,825
General Partners	(16,460)	(15,649)
	-----	-----
Total Partners' Equity	2,953,106	3,034,176
	-----	-----
Total Liabilities and Partners' Equity	\$2,959,006	\$3,034,176
	=====	=====

See accompanying notes to financial statements.

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

TOTAL SERIES 7 - 11	SEPTEMBER 30, 2005 ----- (Unaudited)	MARCH 31, 2005 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,156,312	\$ 1,281,470
Investments in Securities	251,130	242,580
Accounts Receivable	24,220	24,220
Receivable from General Partner	0	8,291
	-----	-----
Total Current Assets	1,431,662	1,556,561
Investments in Securities	650,322	627,710
Investments in Project Partnerships, Net	6,335,539	6,551,507
	-----	-----
Total Assets	\$ 8,417,523 =====	\$ 8,735,778 =====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 163,781	\$ 152,924
	-----	-----
Total Current Liabilities	163,781	152,924
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	1,672,663	1,542,821
	-----	-----
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 September 30, 2005 and March 31, 2005)	6,839,178	7,293,542
General Partners	(258,099)	(253,509)
	-----	-----
Total Partners' Equity	6,581,079	7,040,033
	-----	-----
Total Liabilities and Partners' Equity	\$ 8,417,523 =====	\$ 8,735,778 =====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 7	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 8,855	\$ 10,015
	-----	-----
Total Revenues	8,855	10,015
	-----	-----
Expenses:		
Asset Management Fee-General Partner	21,612	21,687
General and Administrative:		
General Partner	21,101	14,578
Other	10,135	10,012
Amortization	1,553	1,661
	-----	-----
Total Expenses	54,401	47,938
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(45,546)	(37,923)
Equity in Losses of Project Partnerships	(15,453)	(25,188)
Interest Income	6,695	5,553
	-----	-----
Net Loss	\$ (54,304)	\$ (57,558)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (53,761)	\$ (56,982)
General Partners	(543)	(576)
	-----	-----
	\$ (54,304)	\$ (57,558)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (5.17)	\$ (5.48)
	=====	=====
Number of Limited Partnership Units Outstanding	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 THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 8	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 0	\$ 2,318
	-----	-----
Total Revenues	0	2,318
	-----	-----
Expenses:		
Asset Management Fee-General Partner	22,477	22,578
General and Administrative:		
General Partner	23,266	16,073
Other	10,933	11,097
Amortization	567	768
	-----	-----
Total Expenses	57,243	50,516
	-----	-----
Loss Before Equity in Income (Losses) of Project Partnerships and Other Income	(57,243)	(48,198)
Equity in Income (Losses) of Project Partnerships	2,799	(8,976)
Interest Income	5,808	5,064
	-----	-----
Net Loss	\$ (48,636)	\$ (52,110)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (48,149)	\$ (51,589)
General Partners	(487)	(521)
	-----	-----
	\$ (48,636)	\$ (52,110)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (4.82)	\$ (5.17)
	=====	=====
Number of Limited Partnership Units Outstanding	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 THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 9	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 0	\$ 0
	-----	-----
Total Revenues	0	0
	-----	-----
Expenses:		
Asset Management Fee-General Partner	12,377	12,428
General and Administrative:		
General Partner	12,985	8,971
Other	5,309	6,216
Amortization	594	771
	-----	-----
Total Expenses	31,265	28,386
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(31,265)	(28,386)
Equity in Losses of Project Partnerships	(23,320)	(43,687)
Interest Income	3,981	3,252
	-----	-----
Net Loss	\$ (50,604)	\$ (68,821)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (50,098)	\$ (68,133)
General Partners	(506)	(688)
	-----	-----
	\$ (50,604)	\$ (68,821)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (8.01)	\$ (10.89)
	=====	=====
Number of Limited Partnership Units Outstanding	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 THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 10	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 0	\$ 700
	-----	-----
Total Revenues	0	700
	-----	-----
Expenses:		
Asset Management Fee-General Partner	8,455	8,472
General and Administrative:		
General Partner	8,115	5,607
Other	4,297	4,211
Amortization	1,192	1,145
	-----	-----
Total Expenses	22,059	19,435
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(22,059)	(18,735)
Equity in Losses of Project Partnerships	(34,370)	(34,849)
Interest Income	3,580	3,326
	-----	-----
Net Loss	\$ (52,849)	\$ (50,258)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (52,321)	\$ (49,756)
General Partners	(528)	(502)
	-----	-----
	\$ (52,849)	\$ (50,258)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (10.37)	\$ (9.87)
	=====	=====
Number of Limited Partnership Units Outstanding	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 THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 11	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 1,195	\$ 2,782
	-----	-----
Total Revenues	1,195	2,782
	-----	-----
Expenses:		
Asset Management Fee-General Partner	7,005	7,063
General and Administrative:		
General Partner	6,493	4,485
Other	4,369	3,562
Amortization	1,477	1,683
	-----	-----
Total Expenses	19,344	16,793
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(18,149)	(14,011)
Equity in Losses of Project Partnerships	(32,334)	(9,191)
Interest Income	4,503	3,887
	-----	-----
Net Loss	\$ (45,980)	\$ (19,315)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (45,520)	\$ (19,122)
General Partners	(460)	(193)
	-----	-----
	\$ (45,980)	\$ (19,315)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (8.88)	\$ (3.73)
	=====	=====
Number of Limited Partnership Units Outstanding	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 THREE MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

TOTAL SERIES 7 - 11	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 10,050	\$ 15,815
	-----	-----
Total Revenues	10,050	15,815
	-----	-----
Expenses:		
Asset Management Fee-General Partner	71,926	72,228
General and Administrative:		
General Partner	71,960	49,714
Other	35,043	35,098
Amortization	5,383	6,028
	-----	-----
Total Expenses	184,312	163,068
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(174,262)	(147,253)
Equity in Losses of Project Partnerships	(102,678)	(121,891)
Interest Income	24,567	21,082
	-----	-----
Net Loss	\$ (252,373)	\$ (248,062)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (249,849)	\$ (245,582)
General Partners	(2,524)	(2,480)
	-----	-----
	\$ (252,373)	\$ (248,062)
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 7	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 13,218	\$ 13,428
	-----	-----
Total Revenues	13,218	13,428
	-----	-----
Expenses:		
Asset Management Fee-General Partner	43,224	43,374
General and Administrative:		
General Partner	39,003	27,116
Other	15,696	12,055
Amortization	3,106	3,322
	-----	-----
Total Expenses	101,029	85,867
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(87,811)	(72,439)
Equity in Losses of Project Partnerships	(42,739)	(66,585)
Interest Income	12,766	10,754
	-----	-----
Net Loss	\$ (117,784)	\$ (128,270)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (116,606)	\$ (126,987)
General Partners	(1,178)	(1,283)
	-----	-----
	\$ (117,784)	\$ (128,270)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (11.22)	\$ (12.22)
	=====	=====
Number of Limited Partnership Units Outstanding	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 SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 8	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 9,521	\$ 6,839
	-----	-----
Total Revenues	9,521	6,839
	-----	-----
Expenses:		
Asset Management Fee-General Partner	44,954	45,156
General and Administrative:		
General Partner	43,004	29,897
Other	16,931	12,753
Amortization	1,134	1,536
	-----	-----
Total Expenses	106,023	89,342
	-----	-----
Loss Before Equity in Income (Losses) of		
Project Partnerships and Other Income	(96,502)	(82,503)
Equity in Income (Losses) of Project		
Partnerships	7,482	(25,410)
Interest Income	11,167	9,782
	-----	-----
Net Loss	\$ (77,853)	\$ (98,131)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (77,074)	\$ (97,150)
General Partners	(779)	(981)
	-----	-----
	\$ (77,853)	\$ (98,131)
	=====	=====
Net Loss Per Number of Limited		
Partnership Units	\$ (7.72)	\$ (9.73)
	=====	=====
Number of Limited Partnership Units		
Outstanding	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 SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 9	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 3,042	\$ 2,438
	-----	-----
Total Revenues	3,042	2,438
	-----	-----
Expenses:		
Asset Management Fee-General Partner	24,754	24,856
General and Administrative:		
General Partner	24,002	16,687
Other	9,520	7,248
Amortization	1,188	1,542
	-----	-----
Total Expenses	59,464	50,333
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(56,422)	(47,895)
Equity in Losses of Project Partnerships	(46,538)	(94,498)
Interest Income	7,632	6,279
	-----	-----
Net Loss	\$ (95,328)	\$ (136,114)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (94,375)	\$ (134,753)
General Partners	(953)	(1,361)
	-----	-----
	\$ (95,328)	\$ (136,114)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (15.09)	\$ (21.55)
	=====	=====
Number of Limited Partnership Units Outstanding	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 SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 10	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 1,380	\$ 2,080
	-----	-----
Total Revenues	1,380	2,080
	-----	-----
Expenses:		
Asset Management Fee-General Partner	16,910	16,944
General and Administrative:		
General Partner	15,001	10,429
Other	6,476	5,091
Amortization	2,383	2,290
	-----	-----
Total Expenses	40,770	34,754
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(39,390)	(32,674)
Equity in Losses of Project Partnerships	(54,424)	(74,123)
Interest Income	6,895	6,374
	-----	-----
Net Loss	\$ (86,919)	\$ (100,423)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (86,050)	\$ (99,419)
General Partners	(869)	(1,004)
	-----	-----
	\$ (86,919)	\$ (100,423)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (17.06)	\$ (19.71)
	=====	=====
Number of Limited Partnership Units Outstanding	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 SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 11	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 2,182	\$ 2,782
	-----	-----
Total Revenues	2,182	2,782
	-----	-----
Expenses:		
Asset Management Fee-General Partner	14,010	14,126
General and Administrative:		
General Partner	12,001	8,343
Other	6,379	4,352
Amortization	2,954	3,366
	-----	-----
Total Expenses	35,344	30,187
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(33,162)	(27,405)
Equity in Losses of Project Partnerships	(56,558)	(48,114)
Interest Income	8,650	7,512
	-----	-----
Net Loss	\$ (81,070)	\$ (68,007)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (80,259)	\$ (67,327)
General Partners	(811)	(680)
	-----	-----
	\$ (81,070)	\$ (68,007)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (15.65)	\$ (13.13)
	=====	=====
Number of Limited Partnership Units Outstanding	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 SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

TOTAL SERIES 7 - 11	2005	2004
	----	----
Revenues:		
Distribution Income	\$ 29,343	\$ 27,567
	-----	-----
Total Revenues	29,343	27,567
	-----	-----
Expenses:		
Asset Management Fee-General Partner	143,852	144,456
General and Administrative:		
General Partner	133,011	92,472
Other	55,002	41,499
Amortization	10,765	12,056
	-----	-----
Total Expenses	342,630	290,483
	-----	-----
Loss Before Equity in Losses of Project Partnerships and Other Income	(313,287)	(262,916)
Equity in Losses of Project Partnerships	(192,777)	(308,730)
Interest Income	47,110	40,701
	-----	-----
Net Loss	\$ (458,954)	\$ (530,945)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (454,364)	\$ (525,636)
General Partners	(4,590)	(5,309)
	-----	-----
	\$ (458,954)	\$ (530,945)
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

SERIES 7	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 1,290,808	\$ (79,162)	\$ 1,211,646
Net Loss	(126,987) -----	(1,283) -----	(128,270) -----
Balance at September 30, 2004	\$ 1,163,821 =====	\$ (80,445) =====	\$ 1,083,376 =====
Balance at March 31, 2005	\$ 1,031,936	\$ (81,777)	\$ 950,159
Net Loss	(116,606) -----	(1,178) -----	(117,784) -----
Balance at September 30, 2005	\$ 915,330 =====	\$ (82,955) =====	\$ 832,375 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

SERIES 8	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 635,468	\$ (82,091)	\$ 553,377
Net Loss	(97,150) -----	(981) -----	(98,131) -----
Balance at September 30, 2004	\$ 538,318 =====	\$ (83,072) =====	\$ 455,246 =====
Balance at March 31, 2005	\$ 458,094	\$ (83,883)	\$ 374,211
Net Loss	(77,074) -----	(779) -----	(77,853) -----
Balance at September 30, 2005	\$ 381,020 =====	\$ (84,662) =====	\$ 296,358 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

SERIES 9	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 1,055,258	\$ (44,731)	\$1,010,527
Net Loss	(134,753) -----	(1,361) -----	(136,114) -----
Balance at September 30, 2004	\$ 920,505 =====	\$ (46,092) =====	\$ 874,413 =====
Balance at March 31, 2005	\$ 822,760	\$ (47,079)	\$ 775,681
Net Loss	(94,375) -----	(953) -----	(95,328) -----
Balance at September 30, 2005	\$ 728,385 =====	\$ (48,032) =====	\$ 680,353 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

SERIES 10	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 2,115,390	\$ (23,258)	\$ 2,092,132
Net Loss	(99,419) -----	(1,004) -----	(100,423) -----
Balance at September 30, 2004	\$ 2,015,971 =====	\$ (24,262) =====	\$ 1,991,709 =====
Balance at March 31, 2005	\$ 1,930,927	\$ (25,121)	\$ 1,905,806
Net Loss	(86,050) -----	(869) -----	(86,919) -----
Balance at September 30, 2005	\$ 1,844,877 =====	\$ (25,990) =====	\$ 1,818,887 =====

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

SERIES 11	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 3,202,252	\$ (14,109)	\$ 3,188,143
Net Loss	(67,327) -----	(680) -----	(68,007) -----
Balance at September 30, 2004	\$ 3,134,925 =====	\$ (14,789) =====	\$ 3,120,136 =====
Balance at March 31, 2005	\$ 3,049,825	\$ (15,649)	\$ 3,034,176
Net Loss	(80,259) -----	(811) -----	(81,070) -----
Balance at September 30, 2005	\$ 2,969,566 =====	\$ (16,460) =====	\$ 2,953,106 =====

See accompanying notes to financial statements.



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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005 AND 2004:

TOTAL SERIES 7 - 11	Limited Partners -----	General Partners -----	Total -----
Balance at March 31, 2004	\$ 8,299,176	\$ (243,351)	\$ 8,055,825
Net Loss	(525,636) -----	(5,309) -----	(530,945) -----
Balance at September 30, 2004	\$ 7,773,540 =====	\$ (248,660) =====	\$ 7,524,880 =====
Balance at March 31, 2005	\$ 7,293,542	\$ (253,509)	\$ 7,040,033
Net Loss	(454,364) -----	(4,590) -----	(458,954) -----
Balance at September 30, 2005	\$ 6,839,178 =====	\$ (258,099) =====	\$ 6,581,079 =====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 7 -----	2005 -----	2004 -----
Cash Flows from Operating Activities:		
Net Loss	\$ (117,784)	\$ (128,270)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	3,106	3,322
Accreted Interest Income on Investments in Securities	(7,971)	(9,867)
Equity in Losses of Project Partnerships	42,739	66,585
Distribution Income	(13,218)	(13,178)
Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	45,138	38,425
	-----	-----
Net Cash Used in Operating Activities	(47,990)	(42,983)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	15,774	17,600
	-----	-----
Net Cash Provided by Investing Activities	15,774	17,600
	-----	-----
Decrease in Cash and Cash Equivalents	(32,216)	(25,383)
Cash and Cash Equivalents at Beginning of Year	383,342	343,873
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 351,126 =====	\$ 318,490 =====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 8	2005	2004
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (77,853)	\$ (98,131)
Adjustments to Reconcile Net Loss to Net		
Cash Used In Operating Activities:		
Amortization	1,134	1,536
Accreted Interest Income on Investments		
in Securities	(7,155)	(8,833)
Equity in (Income) Losses of Project		
Partnerships	(7,482)	25,410
Distribution Income	(9,521)	(6,839)
Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	46,375	40,250
	-----	-----
Net Cash Used in Operating Activities	(54,502)	(46,607)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		
Partnerships	10,663	6,834
	-----	-----
Net Cash Provided by Investing		
Activities	10,663	6,834
	-----	-----
Decrease in Cash and Cash Equivalents	(43,839)	(39,773)
Cash and Cash Equivalents at Beginning of		
Year	325,662	373,899
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 281,823	\$ 334,126
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 9 -----	2005 ----	2004 ----
Cash Flows from Operating Activities:		
Net Loss	\$ (95,328)	\$ (136,114)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	1,188	1,542
Accreted Interest Income on Investments in Securities	(4,800)	(5,644)
Equity in Losses of Project Partnerships	46,538	94,498
Distribution Income	(3,042)	(2,438)
Changes in Operating Assets and Liabilities:		
Decrease in Accounts Receivable	0	600
Increase in Payable to General Partners	25,885	21,780
	-----	-----
Net Cash Used in Operating Activities	(29,559)	(25,776)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	4,766	4,162
	-----	-----
Net Cash Provided by Investing Activities	4,766	4,162
	-----	-----
Decrease in Cash and Cash Equivalents	(24,793)	(21,614)
	-----	-----
Cash and Cash Equivalents at Beginning of Year	229,897	248,902
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 205,104	\$ 227,288
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 10 -----	2005 -----	2004 -----
Cash Flows from Operating Activities:		
Net Loss	\$ (86,919)	\$ (100,423)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	2,383	2,290
Accreted Interest Income on Investments in Securities	(5,113)	(5,723)
Equity in Losses of Project Partnerships	54,424	74,123
Distribution Income	(1,380)	(2,080)
Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	17,401	15,916
	-----	-----
Net Cash Used in Operating Activities	(19,204)	(15,897)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	6,597	11,729
	-----	-----
Net Cash Provided by Investing Activities	6,597	11,729
	-----	-----
Decrease in Cash and Cash Equivalents	(12,607)	(4,168)
Cash and Cash Equivalents at Beginning of Year	142,638	247,847
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 130,031	\$ 243,679
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

SERIES 11	2005	2004
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (81,070)	\$ (68,007)
Adjustments to Reconcile Net Loss to Net		
Cash Used in Operating Activities:		
Amortization	2,954	3,366
Accreted Interest Income on Investments		
in Securities	(6,123)	(6,863)
Equity in Losses of Project Partnerships	56,558	48,114
Distribution Income	(2,182)	2,782
Changes in Operating Assets and Liabilities:		
Decrease in Accounts Receivable	8,291	0
Increase in Payable to General Partners	5,900	12,495
	-----	-----
Net Cash Used in Operating Activities	(15,672)	(8,113)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		
Partnerships	3,969	5,519
	-----	-----
Net Cash Provided by Investing		
Activities	3,969	5,519
	-----	-----
Decrease in Cash and Cash Equivalents	(11,703)	(2,594)
	-----	-----
Cash and Cash Equivalents at Beginning of		
Year	199,931	247,638
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 188,228	\$ 245,044
	=====	=====

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED SEPTEMBER 30,  
(Unaudited)

TOTAL SERIES 7 - 11	2005	2004
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (458,954)	\$ (530,945)
Adjustments to Reconcile Net Loss to Net		
Cash Used in Operating Activities:		
Amortization	10,765	12,056
Accreted Interest Income on Investments		
in Securities	(31,162)	(36,930)
Equity in Losses of Project Partnerships	192,777	308,730
Distribution Income	(29,343)	(21,753)
Changes in Operating Assets and Liabilities:		
Decrease in Accounts Receivable	8,291	600
Increase in Payable to General Partners	140,699	128,866
	-----	-----
Net Cash Used in Operating Activities	(166,927)	(139,376)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		
Partnerships	41,769	45,844
	-----	-----
Net Cash Provided by Investing		
Activities	41,769	45,844
	-----	-----
Decrease in Cash and Cash Equivalents	(125,158)	(93,532)
	-----	-----
Cash and Cash Equivalents at Beginning of		
Year	1,281,470	1,462,159
	-----	-----
Cash and Cash Equivalents at End of Period	\$1,156,312	\$1,368,627
	=====	=====

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005

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 September 30, 2005, 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.

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 Statement 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 selecting properties for acquisition, and
- 3) Acquisition expenses including legal fees, travel and other miscellaneous costs relating to acquiring properties.



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

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 is shown as amortization expense on the Statements of Operations.

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

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

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

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

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

### 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.

### Income Taxes

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

### Reclassifications

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

### Recent Accounting Pronouncements

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

As of September 30, 2005, Gateway determined that it held variable interests in 128 VIE's, which consist of Project Partnerships, which Gateway is not the primary beneficiary. Gateway's maximum exposure to loss as a result of its involvement with unconsolidated VIE's is limited to Gateway's recorded investments in and receivables from those VIE's, which is approximately \$5,314,388 at September 30, 2005. Gateway may be subject to additional losses to the extent of any financial support that Gateway voluntarily provides to those Project Partnerships in the future.

### Basis of Preparation

The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included with the Partnership's Form 10-K for the year ended March 31, 2005. In the opinion of management these financial statements include adjustments, consisting only of normal recurring adjustments, necessary to fairly summarize the Partnership's financial position and results of operations. The results of operations for the periods may not be indicative of the results to be expected for the year.

### NOTE 3 - INVESTMENT IN SECURITIES:

The September 30, 2005 Balance Sheets include Investment in Securities consisting of U.S. Treasury Security Strips which represents their cost, plus accreted interest income of \$136,416 for Series 7, \$122,270 for Series 8, \$81,876 for Series 9, \$82,183 for Series 10 and \$95,768 for Series 11.

	Estimated Market Value	Cost Plus Accreted Interest	Gross Unrealized Gains and (Losses)
	-----	-----	-----
Series 7	\$ 230,671	\$ 220,742	\$ 9,929
Series 8	218,323	209,830	8,493
Series 9	162,859	156,269	6,590
Series 10	156,437	147,314	9,123
Series 11	181,052	167,297	13,755

As of September 30, 2005, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 7	Series 8	Series 9
	-----	-----	-----
Due within 1 year	\$ 75,127	\$ 70,287	\$ 40,097
After 1 year through 5 years	145,615	139,543	116,172
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 220,742	\$ 209,830	\$ 156,269
	=====	=====	=====
	Series 10	Series 11	Total
	-----	-----	-----
Due within 1 year	\$ 30,519	\$ 35,100	\$ 251,130
After 1 year through 5 years	116,795	132,197	650,322
	-----	-----	-----
Total Amount Carried on Balance Sheet	\$ 147,314	\$ 167,297	\$ 901,452
	=====	=====	=====

### 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.

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 six months ended September 30, 2005 and 2004, the General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses incurred by Gateway as follows:

Asset Management Fee - The Managing General Partner is entitled to receive an annual asset management fee equal to the greater of (i) \$2,000 for each limited partnership in which Gateway invests, 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.

	2005	2004
	-----	-----
Series 7	\$ 43,224	\$ 43,374
Series 8	44,954	45,156
Series 9	24,754	24,856
Series 10	16,910	16,944
Series 11	14,010	14,126
	-----	-----
Total	\$143,852	\$144,456

=====

=====

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued):

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.

Series 7	\$ 39,003	\$ 27,116
Series 8	43,004	29,897
Series 9	24,002	16,687
Series 10	15,001	10,429
Series 11	12,001	8,343
	-----	-----
Total	\$133,011	\$ 92,472
	=====	=====

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of September 30, 2005, 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:

SERIES 7	SEPTEMBER 30, 2005	MARCH 31, 2005
	-----	-----
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)	(7,174,858)	(7,132,119)
Cumulative distributions received from Project Partnerships	(236,571)	(234,015)
	-----	-----
Investment in Project Partnerships before adjustment	320,660	365,955
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	793,335	793,335
Accumulated amortization of acquisition fees and expenses	(196,741)	(193,635)
	-----	-----
Investments in Project Partnerships	\$ 917,254	\$ 965,655
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$4,440,461 for the period ended September 30, 2005 and cumulative suspended losses of \$4,140,409 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2005, 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:

SERIES 8	SEPTEMBER 30, 2005	MARCH 31, 2005
	-----	-----
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)	(7,377,273)	(7,384,755)
Cumulative distributions received from Project Partnerships	(172,655)	(171,513)
	-----	-----
Investment in Project Partnerships before adjustment	36,177	29,837
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	549,773	549,773
Accumulated amortization of acquisition fees and expenses	(119,583)	(118,449)
	-----	-----
Investments in Project Partnerships	\$ 466,367	\$ 461,161
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$5,156,701 for the period ended September 30, 2005 and cumulative suspended losses of \$4,846,424 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2005, 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:

SERIES 9	SEPTEMBER 30, 2005	MARCH 31, 2005
	-----	-----
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)	(4,204,910)	(4,158,372)
Cumulative distributions received from Project Partnerships	(143,517)	(141,793)
	-----	-----
Investment in Project Partnerships before adjustment	565,689	613,951
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	244,087	244,087
Accumulated amortization of acquisition fees and expenses	(60,364)	(59,176)
	-----	-----
Investments in Project Partnerships	\$ 749,412	\$ 798,862
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$1,651,117 for the period ended September 30, 2005 and cumulative suspended losses of \$1,528,748 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2005, 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:

SERIES 10	SEPTEMBER 30, 2005	MARCH 31, 2005
	-----	-----
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)	(2,261,791)	(2,207,367)
Cumulative distributions received from Project Partnerships	(189,609)	(184,392)
	-----	-----
Investment in Project Partnerships before adjustment	1,463,272	1,522,913
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	196,738	196,738
Accumulated amortization of acquisition fees and expenses	(60,985)	(58,602)
	-----	-----
Investments in Project Partnerships	\$ 1,599,025	\$ 1,661,049
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$228,304 for the period ended September 30, 2005 and cumulative suspended losses of \$205,788 for the year ended March 31, 2005 are not included.



NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2005, 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:

SERIES 11	SEPTEMBER 30, 2005	MARCH 31, 2005
	-----	-----
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)	(1,564,159)	(1,507,601)
Cumulative distributions received from Project Partnerships	(166,780)	(164,993)
	-----	-----
Investment in Project Partnerships before adjustment	2,397,103	2,455,448
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	290,335	290,335
Accumulated amortization of acquisition fees and expenses	(83,957)	(81,003)
	-----	-----
Investments in Project Partnerships	\$ 2,603,481	\$ 2,664,780
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$459,332 for the period September 30, 2005 and cumulative suspended losses of \$372,590 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

The following is a summary of Investments in Project Partnerships as of:

TOTAL SERIES 7 - 11	SEPTEMBER 30, 2005 -----	MARCH 31, 2005 -----
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 (1)	(22,582,991)	(22,390,214)
Cumulative distributions received from Project Partnerships	(909,132)	(896,706)
	-----	-----
Investment in Project Partnerships before adjustment	4,782,901	4,988,104
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	(521,630)	(510,865)
	-----	-----
Investments in Project Partnerships	\$ 6,335,539 =====	\$ 6,551,507 =====

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 June 30, of each year:

	2005	2004
	----	----
SERIES 7		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 4,081,191	\$ 3,880,430
Investment properties, net	27,882,864	29,195,293
Other assets	21,049	16,088
	-----	-----
Total assets	\$31,985,104	\$33,091,811
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 716,603	\$ 745,095
Long-term debt	35,849,766	36,002,235
	-----	-----
Total liabilities	36,566,369	36,747,330
	-----	-----
Partners' equity		
Limited Partner	(4,271,797)	(3,397,229)
General Partners	(309,468)	(258,290)
	-----	-----
Total Partners' equity	(4,581,265)	(3,655,519)
	-----	-----
Total liabilities and partners' equity	\$31,985,104	\$33,091,811
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 2,472,841	\$ 2,404,550
Expenses:		
Operating expenses	1,688,423	1,589,638
Interest expense	382,812	404,128
Depreciation and amortization	747,859	733,294
	-----	-----
Total expenses	2,819,094	2,727,060
	-----	-----
Net loss	\$ (346,253)	\$ (322,510)
	=====	=====
Other partners' share of net loss	\$ (3,462)	\$ (3,224)
	=====	=====
Partnerships' share of net loss	\$ (342,791)	\$ (319,286)
Suspended losses	300,052	252,701
	-----	-----
Equity in Losses of Project Partnerships	\$ (42,739)	\$ (66,585)
	=====	=====

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 June 30, of each year:

	2005	2004
	----	----
SERIES 8		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 3,937,978	\$ 3,577,759
Investment properties, net	29,143,062	30,543,911
Other assets	99,780	50,918
	-----	-----
Total assets	\$33,180,820	\$34,172,588
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 1,045,729	\$ 1,006,202
Long-term debt	37,745,148	37,949,865
	-----	-----
Total liabilities	38,790,877	38,956,067
	-----	-----
Partners' equity		
Limited Partner	(4,967,719)	(4,130,794)
General Partners	(642,338)	(652,685)
	-----	-----
Total Partners' equity	(5,610,057)	(4,783,479)
	-----	-----
Total liabilities and partners' equity	\$33,180,820	\$34,172,588
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 2,484,614	\$ 2,392,253
Expenses:		
Operating expenses	1,615,234	1,544,127
Interest expense	420,407	432,489
Depreciation and amortization	755,915	789,013
	-----	-----
Total expenses	2,791,556	2,765,629
	-----	-----
Net loss	\$ (306,942)	\$ (373,376)
	=====	=====
Other partners' share of net loss	\$ (4,147)	\$ (3,733)
	=====	=====
Partnerships' share of net loss	\$ (302,795)	\$ (368,527)
Suspended losses	310,277	343,117
	-----	-----
Equity in Income (Losses) of Project Partnerships	\$ 7,482	\$ (25,410)
	=====	=====

(1) An affiliate of the General Partner is the operating general partner in one of the Project Partnerships included above. The Project Partnership's financial information for the periods ending June 2005 and June 2004 is as follows:

	<u>June 2005</u>	<u>June 2004</u>
Total Assets	\$ 565,465	\$ 594,352
Total Liabilities	821,647	826,453
Gateway Equity	(139,791)	(115,951)
Other Partner's Equity	(116,391)	(116,150)
Total Revenue	47,805	42,106
Net Loss	\$ (11,264)	\$ (10,788)

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 June 30, of each year:

	2005	2004
	----	----
SERIES 9		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 2,047,879	\$ 1,935,761
Investment properties, net	16,771,553	17,516,051
Other assets	4,868	8,464
	-----	-----
Total assets	\$18,824,300	\$19,460,276
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 220,397	\$ 280,662
Long-term debt	20,040,773	20,142,793
	-----	-----
Total liabilities	20,261,170	20,423,455
	-----	-----
Partners' equity		
Limited Partner	(1,129,384)	(687,262)
General Partners	(307,486)	(275,917)
	-----	-----
Total Partners' equity	(1,436,870)	(963,179)
	-----	-----
Total liabilities and partners' equity	\$18,824,300	\$19,460,276
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 1,263,556	\$ 1,227,211
Expenses:	-----	-----
Operating expenses	825,196	786,241
Interest expense	215,958	228,778
Depreciation and amortization	393,015	416,266
	-----	-----
Total expenses	1,434,169	1,431,285
	-----	-----
Net loss	\$ (170,613)	\$ (204,074)
	=====	=====
Other partners' share of net loss	\$ (1,706)	\$ (2,042)
	=====	=====
Partnerships' share of net loss	\$ (168,907)	\$ (202,032)
Suspended losses	122,369	107,534
	-----	-----
Equity in Losses of Project Partnerships	\$ (46,538)	\$ (94,498)
	=====	=====

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 June 30, of each year:

	2005	2004
	----	----
SERIES 10		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 1,849,550	\$ 1,749,959
Investment properties, net	12,418,323	12,788,556
Other assets	3,124	7,703
	-----	-----
Total assets	\$14,270,997	\$14,546,218
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 289,768	\$ 273,142
Long-term debt	13,126,101	13,161,837
	-----	-----
Total liabilities	13,415,869	13,434,979
	-----	-----
Partners' equity		
Limited Partner	1,234,655	1,448,209
General Partners	(379,527)	(336,970)
	-----	-----
Total Partners' equity	855,128	1,111,239
	-----	-----
Total liabilities and partners' equity	\$14,270,997	\$14,546,218
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 843,396	\$ 826,044
Expenses:	-----	-----
Operating expenses	563,954	542,063
Interest expense	122,710	126,900
Depreciation and amortization	234,824	248,219
	-----	-----
Total expenses	921,488	917,182
	-----	-----
Net loss	\$ (78,092)	\$ (91,138)
	=====	=====
Other partners' share of net loss	\$ (1,152)	\$ (1,288)
	=====	=====
Partnerships' share of net loss	\$ (76,940)	\$ (89,850)
Suspended losses	22,516	15,727
	-----	-----
Equity in Losses of Project Partnerships	\$ (54,424)	\$ (74,123)
	=====	=====

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 June 30, of each year:

	2005	2004
	----	----
SERIES 11		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 963,056	\$ 1,281,519
Investment properties, net	10,539,081	11,011,838
Other assets	323,930	60,575
	-----	-----
Total assets	\$11,826,067	\$12,353,932
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 179,820	\$ 207,060
Long-term debt	9,982,493	10,099,725
	-----	-----
Total liabilities	10,162,313	10,306,785
	-----	-----
Partners' equity		
Limited Partner	1,947,356	2,280,923
General Partners	(283,602)	(233,776)
	-----	-----
Total Partners' equity	1,663,754	2,047,147
	-----	-----
Total liabilities and partners' equity	\$11,826,067	\$12,353,932
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 788,763	\$ 776,346
Expenses:		
Operating expenses	578,062	514,295
Interest expense	108,885	115,566
Depreciation and amortization	255,290	257,676
	-----	-----
Total expenses	942,237	887,537
	-----	-----
Net loss	\$ (153,474)	\$ (111,191)
	=====	=====
Other partners' share of net loss	\$ (10,174)	\$ (7,129)
	=====	=====
Partnerships' share of net loss	\$ (143,300)	\$ (104,062)
Suspended losses	86,742	55,948
	-----	-----
Equity in Losses of Project Partnerships	\$ (56,558)	\$ (48,114)
	=====	=====

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 June 30, of each year:

	2005	2004
	----	----
TOTAL SERIES 7 - 11		
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 12,879,654	\$ 12,425,428
Investment properties, net	96,754,883	101,055,649
Other assets	452,751	143,748
	-----	-----
Total assets	\$110,087,288	\$113,624,825
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 2,452,317	\$ 2,512,161
Long-term debt	116,744,281	117,356,455
	-----	-----
Total liabilities	119,196,598	119,868,616
	-----	-----
Partners' equity		
Limited Partner	(7,186,889)	(4,486,153)
General Partners	(1,922,421)	(1,757,638)
	-----	-----
Total Partners' equity	(9,109,310)	(6,243,791)
	-----	-----
Total liabilities and partners' equity	\$110,087,288	\$113,624,825
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 7,853,170	\$ 7,626,404
Expenses:		
Operating expenses	5,270,869	4,976,364
Interest expense	1,250,772	1,307,861
Depreciation and amortization	2,386,903	2,444,468
	-----	-----
Total expenses	8,908,544	8,728,693
	-----	-----
Net loss	\$ (1,055,374)	\$ (1,102,289)
	=====	=====
Other partners' share of net loss	\$ (20,641)	\$ (17,416)
	=====	=====
Partnerships' share of net loss	\$ (1,034,733)	\$ (1,083,757)
Suspended losses	841,956	775,027
	-----	-----
Equity in Losses of Project Partnerships	\$ (192,777)	\$ (308,730)
	=====	=====



Item 4. 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 Exchange Act of 1934) was performed. Based on this evaluation, such officers have concluded that the Partnership's disclosure controls and procedures were effective as of the date of that evaluation in alerting them in a timely manner to material information relating to the Partnership required to be included in this report and the Partnership's other reports that it files or submits under the Securities Exchange Act of 1934. There were no significant changes in the Partnership's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

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

Results of Operations, Liquidity and Capital Resources

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, interest income increased slightly from the six and three months ended September 30, 2004 to the six and three months ended September 30, 2005. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 decreased from \$308,730 for the six months ended September 30, 2004 to \$192,777 as a result of a greater increase in rental and other income when compared with the corresponding increase in total expenses, combined with an increase in suspended losses for the period. The General and Administrative Expenses - Other increased from \$41,499 for the six months ended September 30, 2004 to \$55,002 as a result of timing differences of recording various expenses. However, for the three months ended September 30, 2005 and 2004, these expenses were comparable. General and Administrative Expenses - General Partner was significantly higher due to increased administrative costs. Except as described above, there were no unusual variations in the operating results between these two periods.

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. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 decreased from \$66,585 for the six months ended September 30, 2004 to \$42,739 due to an increase in suspended losses. 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 \$733,294 and \$747,859 for the six months ended June 30, 2004 and 2005, respectively.) As a result, management expects that this Series, as well as those described below, will report its equity in Project Partnerships as a loss for tax and financial reporting purposes. Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At September 30, 2005, the Series had \$351,126 of short-term investments (Cash and Cash Equivalents). It also had \$220,742 in Zero Coupon Treasuries with annual maturities providing \$77,000 in fiscal year 2006 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 (\$117,784) for the six months ended September 30, 2005. However, after adjusting for Equity in Losses of Project Partnerships of \$42,739 and the changes in operating assets and liabilities, net cash used in operating activities was \$47,990. Cash provided by investing activities totaled \$15,774, consisting of cash distributions from the Project Partnerships.

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

Series 8 - Gateway closed this Series on September 28, 1993 after receiving \$9,980,000 from 664 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 decreased from \$25,410 for the six months ended September 30, 2004 to income of \$7,482 as a result of an increase in rental revenue. (These Project Partnerships reported depreciation and amortization of \$789,013 and \$755,915 for the six months ended June 30, 2004 and 2005, respectively.) Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At September 30, 2005, the Series had \$281,823 of short-term investments (Cash and Cash Equivalents). It also had \$209,830 in Zero Coupon Treasuries with annual maturities providing \$72,000 in fiscal year 2006 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 \$77,853 for the six months ended September 30, 2005. However, after adjusting for Equity in Income of Project Partnerships of \$7,482 and the changes in operating assets and liabilities, net cash used in operating activities was \$54,502. Cash provided by investing activities totaled \$10,663, consisting of cash distributions from the Project Partnerships. There were no unusual events or trends to describe.

Series 9 - Gateway closed this Series on December 31, 1993 after receiving \$6,254,000 from 406 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 decreased from \$94,498 for the six months ended September 30, 2004 to \$46,538 as a result of an increase in suspended losses. (These Project Partnerships reported depreciation and amortization of \$416,266 and \$393,015 for the six months ended June 30, 2004 and 2005, respectively.) Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At September 30, 2005, the Series had \$205,104 of short-term investments (Cash and Cash Equivalents). It also had \$156,269 in Zero Coupon Treasuries with annual maturities providing \$41,000 in fiscal year 2006 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 \$95,328 for the six months ended September 30, 2005. However, after adjusting for Equity in Losses of Project Partnerships of \$46,538 and the changes in operating assets and liabilities, net cash used in operating activities was \$29,559. Cash provided by investing activities totaled \$4,766, consisting of cash distributions from the Project Partnerships. 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. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 decreased from \$74,123 for the six months ended September 30, 2004 to \$54,424 as a result of an increase in suspended losses. (These Project Partnerships reported depreciation and amortization of \$248,219 and \$234,824 for the six months ended June 30, 2004 and 2005, respectively.) Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At September 30, 2005, the Series had \$130,031 of short-term investments (Cash and Cash Equivalents). It also had \$147,314 in Zero Coupon Treasuries with annual maturities providing \$31,000 in fiscal year 2006 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 a net loss of \$86,919 for the six months ended September 30, 2005. However, after adjusting for Equity in Losses of Project Partnerships of \$54,424 and the changes in operating assets and liabilities, net cash used in operating activities was \$19,204. Cash provided by investing activities totaled \$6,597, consisting of cash distributions from the Project Partnerships. 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. Equity in Losses of Project Partnerships for the six months ended September 30, 2005 increased from \$48,114 for the six months ended September 30, 2004 to \$56,558 primarily as a result of an increase in maintenance expense. (These Project Partnerships reported depreciation and amortization of \$257,676 and \$255,290 for the six months ended June 30, 2004 and 2005, respectively.) Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

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

At September 30, 2005, the Series had \$188,228 of short-term investments (Cash and Cash Equivalents). It also had \$167,297 in Zero Coupon Treasuries with annual maturities providing \$36,000 in fiscal year 2005 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 a net loss of \$81,070 for the six months ended September 30, 2005. However, after adjusting for Equity in Losses of Project Partnerships of \$56,558 and the changes in operating assets and liabilities, net cash used in operating activities was \$15,672. Cash provided by investing activities totaled \$3,969, consisting of cash distributions from Project Partnerships. There were no unusual events or trends to describe.

Exit Strategy

The IRS compliance period for low-income housing tax credit properties is generally 15 years from occupancy following construction or rehabilitation completion. With that in mind, the Partnership is continuing to review the Partnership's holdings, with special emphasis on the properties that are at or very near the satisfaction of the IRS compliance period requirements. The Partnership's review considers many factors including extended use low-income housing regulation requirements on the property (such as those due to mortgage restrictions or state compliance agreements), the condition of the property, and the tax consequences to the investors from the sale of the property.

Upon identifying those properties with the highest potential for a successful sale, refinancing or syndication, the Partnership expects to proceed with efforts to liquidate those properties. The Partnership's objective is to maximize the investors' return wherever possible and, ultimately, to wind down those funds that no longer provide tax benefits to investors.

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

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: November 14, 2005

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

Date: November 14, 2005

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

Date: November 14, 2005

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

**CERTIFICATIONS\***

I, Ron Diner, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2005

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

I, Jonathan Oorlog, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 14, 2005

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