UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One)

FORM 10-K

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

For the fiscal year ended March 31, 2006

or

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

For the transition period from ____________ to ____________

Commission File Number 0-21762

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

Florida
(State or other jurisdiction of incorporation or organization)

59-3090386
(IRS Employer No.)

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
Title of Each Class: Beneficial Assignee Certificates

Title of Each Class	Number of Record Holders March 31, 2006
Limited Partnership Interest	2,518
General Partner Interest	2

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES_______ NO__X__

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES_______ NO__X__

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES__X__ NO_______

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

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

Large accelerated filer_____Accelerated filer_____Non-accelerated filer__X__

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) ________ Yes ___X___ No

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

There is no market for the Registrants Limited Partnership interests.

DOCUMENTS INCORPORATED BY REFERENCE

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

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, 2006, 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, 2006, Gateway had invested in 133 Project Partnerships in total. Project Partnership investments by Series are as follows: 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 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 of each Series;

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, 2006 each 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 1A. Risk Factors

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Gateway owns a majority interest in properties through its limited partnership investments in Project Partnerships. The largest single net investment as of March 31, 2006 in a Project Partnership in Series 7 is 1.3% of the Series' total balance sheet assets, Series 8 is 0.4%, Series 9 is 1.3%, Series 10 is 3.6% and Series 11 is 7.7%. The following table provides certain summary information regarding the Project Partnerships in which Gateway had an interest as of December 31, 2005:

Item 2 - Properties (continued):

SERIES 7

PARTNERSHIP	LOCATION OF.PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU-PANCY RATE
Nottingham	Pisgah, AL	18	6/92	724,630	100%
Cedar Hollow	Waterloo, NE	24	7/92	1,000,186	96%
Sunrise	Mission, SD	44	7/92	2,636,346	100%
Mountain City	Mountain City, TN	40	8/92	1,645,556	100%
Burbank	Falls City, NE	24	8/92	1,041,380	92%
Washington	Bloomfield, NE	24	9/92	988,252	67%
Brookstone	McCaysville, GA	40	9/92	1,461,449	100%
Tazewell	New Tazewell, TN	44	9/92	1,755,298	100%
N. Irvine	Irvine, KY	24	9/92	1,028,582	100%
Horton	Horton, KS	24	9/92	932,540	96%
Manchester	Manchester, GA	42	9/92	1,474,901	100%
Waynesboro	Waynesboro, GA	24	9/92	819,325	100%
Lakeland II	Lakeland, GA	30	9/92	1,009,647	93%
Mt. Vernon	Mt. Vernon, GA	24	9/92	900,526	100%
Meadow Run	Dawson, GA	48	9/92	1,744,840	98%
Spring Creek II	Quitman, GA	24	9/92	808,475	96%
Warm Springs	Warm Springs, GA	22	9/92	822,966	100%
Blue Ridge	Blue Ridge, GA	41	9/92	1,339,143	98%
Walnut	Elk Point, SD	24	9/92	1,052,945	92%
Pioneer	Mountain View, AR	48	9/92	1,474,198	100%
Dilley	Dilley, TX	28	9/92	890,402	96%
Elsa	Elsa, TX	40	9/92	1,342,015	98%
Clinch View	Gate City, VA	42	9/92	1,831,983	100%
Jamestown	Jamestown, TN	40	9/92	1,573,635	100%
Leander	Leander, TX	36	9/92	1,166,234	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	920,682	100%
Heritage Park	Paze, AZ	32	9/92	1,638,285	94%
BrooksHollow	Jasper, GA	40	9/92	1,437,907	100%
Cavalry Crossing	Ft. Scott, KS	40	9/92	1,832,532	80%
Carson City	Carson City, KS	24	11/92	965,445	92%
Matteson	Capa, KS	24	11/92	957,360	100%
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	96%
Coalgate	Coalgate, OK	24	1/93	828,505	100%
Hill Creek	West Blocton, AL	24	11/93	991,547	100%
Cardinal	Mountain Home, AR	32	11/93	785,240	94%
		1,195		46,291,477	

An average effective rental per unit is $4,119 per year ($343 per month).

Item 2 - Properties (continued):

SERIES 8

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU-PANCY RATE
Purdy	Purdy, MO	16	12/92	595,683	94%
Galena	Galena, KS	24	12/92	802,782	100%
Antlers 2	Antlers, OK	24	1/93	787,859	96%
Holdenville	Holdenville, OK	24	1/93	892,598	96%
Wetumka	Wetumka, OK	24	1/93	812,853	92%
Mariners Cove	Marine City, MI	32	1/93	1,316,568	100%
Mariners Cove Sr.	Marine City, MI	24	1/93	1,025,016	100%
Antlers	Antlers, OK	36	3/93	1,321,039	72%
Bentonville	Bentonville, AR	24	3/93	758,489	96%
Deerpoint	Elgin, AL	24	3/93	948,824	88%
Aurora	Aurora, MO	28	3/93	932,120	89%
Baxter	Baxter Springs, KS	16	4/93	569,153	100%
Arbor Gate	Bridgeport, AL	24	5/93	942,104	92%
Timber Ridge	Collinsville, AL	24	5/93	926,274	88%
Concordia Sr.	Concordia, KS	24	5/93	826,389	88%
Mountainburg	Mountainburg, AR	24	6/93	883,990	88%
Lincoln	Pierre, SD	25	5/93	1,133,150	100%
Fox Ridge	Russellville, AL	24	6/93	902,785	100%
Meadow View	Bridgeport, NE	16	6/93	729,735	100%
Sheridan	Auburn, NE	16	6/93	782,661	94%
Morningside	Kenton, OH	32	6/93	1,189,817	94%
Grand Isle	Grand Isle, ME	16	6/93	1,168,437	63%
Meadowview	Van Buren, AR	29	8/93	994,717	100%
Taylor	Taylor, TX	44	9/93	1,529,792	98%
Brookwood	Gainesboro, TN	44	9/93	1,817,253	80%
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	1,428,001	97%
Kirskville	Kirksville, MO	24	9/93	831,492	100%
Cimmaron	Arco, ID	24	9/93	1,140,474	100%
Kenton	Kenton, OH	46	9/93	1,781,759	91%
Lovingston	Lovingston, VA	64	9/93	2,748,046	100%
Pontotoc	Pontotoc, MS	36	10/93	1,340,968	100%
So. Brenchley	Rexburg, ID	30	10/93	1,577,073	93%
Hustonville	Hustonville, KY	16	10/93	697,695	94%
Northpoint	Jackson, KY	24	10/93	1,090,097	96%
Brooks Field	Louisville, GA	32	10/93	1,177,691	100%
Brooks Lane	Clayton, GA	36	10/93	1,355,684	100%
Brooks Point	Dahlonega, GA	41	10/93	1,659,514	98%
Brooks Run	Jasper, GA	24	10/93	924,701	100%
Logan Heights	Russellville, KY	24	11/93	951,730	96%
Lakeshore 2	Tuskegee, AL	36	12/93	1,429,748	97%
Cottondale	Cottondale, FL	25	1/94	948,319	96%
		1,207		47,861,028	

An average effective rental per unit is $3,984 per year ($332 per month).

Item 2 - Properties (continued):

SERIES 9

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU-PANCY RATE
Jay	Jay, OK	24	9/93	810,597	100%
Boxwood	Lexington, TX	24	9/93	770,939	100%
Stilwell 3	Stilwell, OK	16	9/93	587,132	94%
Arbor Trace	Lake Park, GA	24	11/93	918,358	100%
Arbor Trace 2	Lake Park, GA	42	11/93	1,806,434	98%
Omega	Omega, GA	36	11/93	1,407,304	100%
Cornell 2	Watertown, SD	24	11/93	1,196,796	100%
Elm Creek	Pierre, SD	24	11/93	1,236,794	88%
Marionville	Marionville, MO	20	11/93	743,296	100%
Lamar	Lamar, AR	24	12/93	904,325	96%
Mt. Glen	Heppner, OR	24	12/93	1,079,806	83%
Centreville	Centreville, AL	24	12/93	983,315	96%
Skyview	Troy, AL	36	12/93	1,419,713	92%
Sycamore	Coffeyville, KS	40	12/93	1,844,665	95%
Bradford	Cumberland, KY	24	12/93	1,055,632	100%
Cedar Lane	London, KY	24	12/93	1,008,022	100%
Stanton	Stanton, KY	24	12/93	1,001,158	100%
Abernathy	Abernathy, TX	24	1/94	781,898	100%
Pembroke	Pembroke, KY	24	1/94	1,006,295	92%
Meadowview	Greenville, AL	24	2/94	1,137,336	88%
Town Branch	Mt. Vernon, KY	24	12/93	984,410	100%
Fox Run	Ragland, AL	24	3/94	978,195	96%
Maple Street	Emporium, PA	32	3/94	1,712,081	100%
Manchester	Manchester, GA	18	5/94	735,614	100%
		624		26,110,115	

An average effective rental per unit is $3,962 per year ($330 per month).

Item 2 - Properties (continued):

SERIES 10

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCUPANCY RATE
Redstone	Challis, ID	24	11/93	1,159,227	88%
Albany	Albany, KY	24	1/94	1,042,529	100%
Oak Terrace	Bonifay, FL	18	1/94	664,480	100%
Wellshill	West Liberty, KY	32	1/94	1,350,944	100%
Applegate	Florence, AL	36	2/94	1,855,885	97%
Heatherwood	Alexander, AL	36	2/94	1,642,814	100%
Peachtree	Gaffney, SC	28	3/94	1,100,996	100%
Donna	Donna, TX	50	1/94	1,778,667	96%
Wellsville	Wellsville, NY	24	2/94	1,406,344	92%
Tecumseh	Tecumseh, NE	24	4/94	1,137,261	79%
Clay City	Clay City, KY	24	5/94	1,039,008	100%
Irvine West	Irvine, KY	24	5/94	1,097,187	100%
New Castle	New Castle, KY	24	5/94	1,023,606	96%
Stigler	Stigler, OK	20	7/94	754,056	100%
Courtyard	Huron, SD	21	8/94	779,684	100%
		409		17,832,688	

An average effective rental per unit is $4,005 per year ($334 per month).

Item 2 - Properties (continued):

SERIES 11

PARTNERSHIP	LOCATION OF PROPERTY	# OF UNIT	DATE ACQUIRED	PROPERTY COST	OCCU-PANCY RATE
Homestead	Pinetop, AZ	32	9/94	1,811,390	97%
Mountain Oak	Collinsville, AL	24	9/94	894,455	71%
Eloy	Eloy, AZ	24	11/94	1,005,245	88%
Gila Bend	Gila Bend, AZ	36	11/94	1,375,267	69%
Creekstone	Dallas, GA	40	12/94	2,008,604	93%
Tifton	Tifton, GA	36	12/94	1,706,886	97%
Cass Towne	Cartersville, GA	10	12/94	329,405	100%
Warsaw	Warsaw, VA	56	12/94	3,403,377	100%
Royston	Royston, GA	25	12/94	935,159	100%
Red Bud	Mokane, MO	8	12/94	301,564	88%
Cardinal	Mountain Home, AR	32	12/94	512,292	94%
Parsons	Parsons, KS	38	12/94	1,379,312	74%
		361		15,662,956	

An average effective rental per unit is $4,273 per year ($356 per month).

Item 2 - Properties (continued):

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

12/31/05

	SERIES 7	SERIES 8	SERIES 9
Land	$ 1,635,366	$ 1,978,809	$ 1,099,659
Land Improvements	391,926	424,067	207,602
Buildings	42,278,279	43,481,828	23,676,553
Furniture and Fixtures	1,985,906	1,976,324	1,126,301
Construction in Progress	0	0	0
Properties, at Cost	46,291,477	47,861,028	26,110,115
Less: Accum. Depreciation	19,022,427	19,218,334	9,640,414
Properties, Net	$27,269,050	$28,642,694	$16,469,701

	SERIES 10	SERIES 11	TOTAL
Land	$ 648,625	$ 599,197	$ 5,961,656
Land Improvements	94,649	22,242	1,140,486
Buildings	16,425,612	14,415,086	140,277,358
Furniture and Fixtures	663,802	626,431	6,378,764
Construction in Progress	0	0	0
Properties, at Cost	17,832,688	15,662,956	153,758,264
Less: Accum. Depreciation	5,569,061	5,314,654	58,764,890
Properties, Net	$12,263,627	$10,348,302	$ 94,993,374

12/31/04

	SERIES 7	SERIES 8	SERIES 9
Land	$ 1,632,366	$ 1,978,809	$ 1,099,659
Land Improvements	387,220	416,985	191,080
Buildings	42,243,157	43,408,843	23,642,433
Furniture and Fixtures	1,920,573	1,915,791	1,096,825
Construction in Progress	0	0	6,866
Properties, at Cost	46,183,316	47,720,428	26,036,863
Less: Accum. Depreciation	17,552,593	17,821,451	8,872,295
Properties, Net	$28,630,723	$29,898,977	$17,164,568

	SERIES 10	SERIES 11	TOTAL
Land	$ 648,625	$ 599,197	$ 5,958,656
Land Improvements	94,649	18,163	1,108,097
Buildings	16,376,552	14,401,963	140,072,948
Furniture and Fixtures	636,585	584,385	6,154,159
Construction in Progress	0	0	6,866
Properties, at Cost	17,756,411	15,603,708	153,300,726
Less: Accum. Depreciation	5,103,348	4,809,337	54,159,024
Properties, Net	$12,653,063	$10,794,371	$ 99,141,702

	12/31/03 SERIES 7	SERIES 8	SERIES 9
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
Properties, Net	$29,924,101	$31,332,924	$17,932,221

	SERIES 10	SERIES 11	TOTAL
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

Item 3. Legal Proceedings

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

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

As of March 31, 2006, no matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

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

(a) Gateway's Limited Partnership interests 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:

Title of Class	Number of Holders as of March 31, 2006
Limited Partner Interest	2,518
General Partner Interest	2

Item 6. Selected Financial Data

FOR THE YEARS ENDED MARCH 31,

SERIES 7	2006	2005	2004	2003	2002
Total Revenues	$ 21,470	$ 24,233	$ 14,725	$ 23,088	$ 24,734
Net Loss	(467,796)	(261,487)	(261,362)	(233,056)	(390,210)
Equity in Losses of Project Partnerships	(92,380)	(139,599)	(130,277)	(137,118)	(317,296)
Total Assets	1,186,879	1,561,768	1,737,330	1,979,828	2,171,233
Investments In Project Partnerships	641,745	965,655	1,127,941	1,278,834	1,436,847
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	8.05	21.36	92.87	163.08	163.08
Portfolio Income	6.16	4.56	5.38	6.94	11.28
Passive Loss	(100.77)	(109.79)	(121.02)	(113.17)	(129.83)
Net Loss	(44.55)	(24.90)	(24.89)	(22.20)	(37.16)

FOR THE YEARS ENDED MARCH 31,

SERIES 8	2006	2005	2004	2003	2002
Total Revenues	$ 16,963	$ 16,447	$ 20,098	$ 19,195	$ 10,297
Net Loss	(216,489)	(179,166)	(176,442)	(193,325)	(365,765)
Equity in Losses of Project Partnerships	(29,928)	(41,395)	(39,434)	(82,830)	(272,241)
Total Assets	893,391	1,013,718	1,163,295	1,305,623	1,442,531
Investments In Project Partnerships	415,344	461,161	512,795	560,231	654,569
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	16.92	56.12	140.61	162.03	162.38
Portfolio Income	7.30	5.23	5.04	7.29	11.09
Passive Loss	(110.88)	(121.46)	(127.45)	(125.60)	(142.75)
Net Loss	(21.48)	(17.77)	(17.50)	(19.18)	(36.28)

FOR THE YEARS ENDED MARCH 31,

SERIES 9	2006	2005	2004	2003	2002
Total Revenues	$ 4,437	$ 7,752	$ 4,246	$ 4,433	$ 4,800
Net Loss	(341,082)	(234,846)	(311,941)	(346,402)	(407,619)
Equity in Losses of Project Partnerships	(101,726)	(157,684)	(230,291)	(279,770)	(355,237)
Total Assets	893,314	1,180,228	1,395,878	1,676,155	1,982,691
Investments In Project Partnerships	550,442	798,862	967,040	1,211,933	1,506,444
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	6.34	102.00	153.39	154.93	154.93
Portfolio Income	5.41	3.98	4.44	6.10	9.42
Passive Loss	(90.51)	(105.86)	(112.92)	(127.50)	(136.20)
Net Loss	(53.99)	(37.18)	(49.38)	(54.84)	(64.53)

FOR THE YEARS ENDED MARCH 31,

SERIES 10	2006	2005	2004	2003	2002
Total Revenues	$ 2,561	$ 2,511	$ 1,932	$ 750	$ 0
Net Loss	(355,932)	(186,236)	(228,743)	(246,694)	(227,243)
Equity in Losses of Project Partnerships	(111,553)	(133,597)	(175,628)	(201,773)	(191,862)
Total Assets	1,626,672	1,945,888	2,223,393	2,442,508	2,674,512
Investments In Project Partnerships	1,360,959	1,661,049	1,815,475	2,014,742	2,232,728
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	9.58	106.09	151.14	151.14	151.14
Portfolio Income	7.55	6.36	6.94	8.34	10.98
Passive Loss	(90.73)	(111.19)	(89.01)	(93.89)	(96.98)
Net Loss	(69.87)	(36.58)	(44.91)	(48.43)	(44.61)

FOR THE YEARS ENDED MARCH 31,

SERIES 11	2006	2005	2004	2003	2002
Total Revenues	$ 3,382	$ 2,783	$ 2,182	$ 0	$ 0
Net Loss	(776,165)	(153,967)	(143,577)	(207,311)	(209,234)
Equity in Losses of Project Partnerships	(96,562)	(112,606)	(101,608)	(169,857)	(180,099)
Total Assets	2,271,082	3,034,176	3,228,629	3,377,050	3,590,467
Investments In Project Partnerships	1,926,349	2,664,780	2,799,412	2,914,130	3,111,560
Per Weighted Average Limited Partnership Unit: (A)					
Tax Credits	110.21	145.72	147.19	147.20	147.20
Portfolio Income	5.75	4.33	4.71	6.21	10.16
Passive Loss	(52.47)	(99.03)	(75.39)	(61.45)	(56.98)
Net Loss	(149.87)	(29.73)	(27.72)	(40.03)	(40.40)

(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

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

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

Results of Operations, Liquidity and Capital Resources

Operations commenced on 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, 2006, March 31, 2005 and March 31, 2004.

The capital resources of each Series are used to pay General and Administrative operating costs including personnel, supplies, data processing, travel and legal and accounting associated with the administration and monitoring of Gateway and the Project Partnerships. The capital resources are also used to pay the Asset Management Fee due 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, 2006, 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, 2005.

Equity in losses of Project Partnerships for the year ended March 31, 2006 of $92,380 were $47,219 less than the Equity in Losses of Project Partnerships for the year ended March 31, 2005 which amounted to $139,599. 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 $1,489,791, $1,494,903 and $1,472,897 for the periods ended December 31, 2004, 2005 and 2006, 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. Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. For the fiscal year ended March 31, 2006, impairment expense of $193,195 was recognized. There was no impairment expense in either fiscal year 2005 or fiscal year 2004. Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $394,030 of short-term investments (Cash and Cash Equivalents). It also had $151,104 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

$467,796 for the year ending March 31, 2006. However, after adjusting for Equity in Losses of Project Partnerships of $92,380 and the changes in operating assets and liabilities, net cash used in operating activities was $95,514. Cash provided by investing activities totaled $106,202 consisting of $29,202 in cash distributions from the Project Partnerships and $77,000 from matured Zero Coupon Treasuries.

Series 8 - Gateway closed this Series on June 28, 1993 after receiving $9,980,000 from 664 Limited Partner investors. As of March 31, 2006, 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 93% at December 31, 2005.

Equity in losses of Project Partnerships for the year ended March 31, 2006 of $29,928 were $11,467 less than the Equity in Losses of Project Partnerships for the year ended March 31, 2005 which amounted to $41,395. 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 $1,525,330, $1,512,305, and $1,485,669 for the periods ended December 31, 2003, 2004 and 2005, respectively.) Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $309,318 of short-term investments (Cash and Cash Equivalents). It also had $144,509 in Zero Coupon Treasuries with annual maturities providing $77,000 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 $216,489 for the year ending March 31, 2006. However, after adjusting for Equity in Losses of Project Partnerships of $29,928 and the changes in operating assets and liabilities, net cash used in operating activities was $108,372. Cash provided by investing activities totaled $92,028 consisting of $20,029 received in cash distributions from the Project Partnerships and $71,999 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.

Series 9 - Gateway closed this Series on September 30, 1993 after receiving $6,254,000 from 406 Limited Partner investors. As of March 31, 2006, the series had invested $4,914,116 in 24 Project Partnerships located in 11 states containing 624 apartment units. Average occupancy of the Project Partnerships was 96% at December 31, 2005.

The Equity in Losses of Project Partnerships decreased from $230,291 for the year ended March 31, 2004 to $157,684 for the year ended March 31, 2005 to $101,726 for the year ended March 31, 2006. 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 $792,503, $786,226 and $767,851 or the years ended December 31, 2003, 2004 and 2005, respectively.) Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. For the fiscal year ended March 31, 2006, impairment expense of $127,532 was recognized. There was no impairment expense in either fiscal year 2005 or fiscal year 2004. Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $222,993 of short-term investments (Cash and Cash Equivalents). It also had $119,879 in Zero Coupon Treasuries with annual maturities providing $43,000 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 $341,082 for the period ending March 31, 2006. After adjusting for Equity in Losses of Project Partnerships of $101,726 and the changes in operating assets and liabilities, net cash used in operating activities was $59,309. Cash provided by investing activities totaled $52,405 consisting of $11,405 received in cash distributions from the Project Partnerships and $41,000 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.

Series 10 - Gateway closed this Series on January 21, 1994 after receiving $5,043,000 from 325 Limited Partner investors. As of March 31, 2006, 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 96% at December 31, 2005.

The Equity in Losses of Project Partnerships decreased from $133,597 for the year ended March 31, 2005 to $111,553 for the year ended March 31, 2006 as a result of not including losses of $140,284, as these losses would reduce the investment in certain Project Partnerships below zero. Equity in Losses of Project Partnerships decreased from $175,628 for the year ended March 31, 2004 to $133,597 for the year ended March 31, 2005 primarily as a result of not including losses of $73,357, as these losses would reduce the investment in certain Project Partnerships below zero. (These Project Partnerships reported depreciation and amortization of $465,268, $469,719 and $466,542 for the years ended December 31, 2003, 2004, and 2005 respectively.) Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. For the fiscal year ended March 31, 2006, impairment expense of $156,694 was recognized. There was no impairment expense in either fiscal year 2005 or fiscal year 2004. Overall management believes the Project Partnerships are operating as expected and are generating tax credits, which meet projections.

At March 31, 2006, the Series had $144,697 of short-term investments (Cash and Cash Equivalents). It also had $121,016 in Zero Coupon Treasuries with annual maturities providing $32,000 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 net loss of $355,932 for the year ending March 31, 2006. After adjusting for Equity in Losses of Project Partnerships of $111,553 and the changes in operating assets and liabilities, net cash used in operating activities was $38,646. Cash provided by investing activities totaled $40,705 consisting of $9,703 received in cash distributions from the Project Partnerships and $31,002 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.

Series 11 - Gateway closed this Series on April 29, 1994 after receiving $5,127,000 from 330 Limited investors. As of March 31, 2006 the series had invested $4,128,042 in 12 Project Partnerships located in 7 states containing 361 apartment units. Average occupancy of the Project Partnerships was 89% at December 31, 2005.

Equity in losses of Project Partnerships were comparable for the years ended March 31, 2004, 2005 and 2006. (These Project Partnerships reported depreciation and amortization of $530,705, $511,998 and $506,550 for the periods ended December 31, 2003, 2004 and 2005.) Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. For the fiscal year ended March 31, 2006, impairment expense of $600,802 was recognized. There was no impairment expense in either fiscal year 2005 or fiscal year 2004. Overall management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At March 31, 2006, the Series had $207,490 of short-term investments (Cash and Cash Equivalents). It also had $137,243 in Zero Coupon Treasuries with annual maturities providing $38,000 in fiscal year 2006 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 $776,165 for the year ending March 31, 2006. After adjusting for Equity in Losses of Project Partnerships of $96,562 and the changes in operating assets and liabilities, net cash used in operating activities was $39,396. Cash provided by investing activities totaled $46,955 consisting of $36,001 from matured Zero Coupon Treasuries and $10,954 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.

Disclosure of Contractual Obligations

		Payment due by period			
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt Obligations					
Capital Lease Obligations					
Operating Lease Obligations					
Purchase Obligations					
Other Long-Term Liabilities Reflected on the Registrant's Balance Sheet under GAAP	1,988,769 (1)	186,265	79,439	56,577	1,666,488

(1) The Other Long-Term Liabilities represent the asset management fees owed to the General Partners as of March 31, 2006. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. As referred to in Note 4, the Managing General Partner does not intend to demand payment of the portion of this balance reflected as due in greater than one year within the next 12 months.

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

As a small business issuer, no information is required.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Gateway Tax Credit Fund III Ltd.

We have audited the accompanying balance sheet of Gateway Tax Credit Fund III Ltd. (a Florida Limited Partnership) as of March 31, 2006 and the related statements of operations, partners' equity (deficit), and cash flows for the year ended March 31, 2006. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain Project Partnerships for which $1,075,284 of net investment is included in these financial statements as of March 31, 2006 and for which net losses of $64,475 are included in these financial statements for the year ended March 31, 2006. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such underlying partnerships, is based solely on the reports of the other auditors. The financial statements of Gateway Tax Credit Fund III, Ltd. as of March 31, 2005 and for each of the two years in the period ended March 31, 2005, were audited by other auditors whose report dated September 8, 2005, expressed an unqualified opinion on those statements.

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

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed under Item 15(a)(2) in the index are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Reznick Group, P.C.
REZNICK GROUP, P.C.

Atlanta, Georgia
July 13, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Gateway Tax Credit Fund III Ltd.

We have audited the accompanying balance sheet 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, 2005 and the related statements of operations, partners' equity (deficit), and cash flows of each of the five Series for the years ended March 31, 2005 and March 31, 2004, respectively. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain Project Partnerships for which the net investments included on the balance sheet as of March 31, 2005 and net losses included on the statements of operations for the years ended March 31, 2005 and March 31, 2004 are:

	Net Investment March 31,	Partnership Loss Year Ended March 31,	
	2005	2005	2004
Series 7	$ 0	$ 0	$ 0
Series 8	48,806	19,399	14,306
Series 9	378,066	55,286	79,085
Series 10	1,021,150	42,327	54,001
Series 11	0	0	6,540

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

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of each of the five Series (Series 7 through 11) constituting Gateway Tax Credit Fund III Ltd. as of March 31, 2005 and the results of their operations and their cash flows for the years ended March 31, 2005 and March 31, 2004, respectively, in conformity with accounting principles generally accepted in the United States of America.

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

Clearwater, Florida
September 8, 2005

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

SERIES 7	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 394,030	$ 383,342
Investments in Securities	76,135	72,445
Total Current Assets	470,165	455,787
Investments in Securities	74,969	140,326
Investments in Project Partnerships, Net	641,745	965,655
Total Assets	$1,186,879	$1,561,768
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 60,090	$ 53,630
Total Current Liabilities	60,090	53,630
Long Term Liabilities:		
Payable to General Partners	644,426	557,979
Partners' Equity (deficit):		
Limited Partners (10,395 units for Series 7 at March 31, 2006 and 2005)	568,818	1,031,936
General Partners	(86,455)	(81,777)
Total Partners' Equity	482,363	950,159
Total Liabilities and Partners' Equity	$1,186,879	$1,561,768

See accompanying notes to financial statements.

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

SERIES 8	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 309,318	$ 325,662
Investments in Securities	72,553	67,927
Accounts Receivable	24,220	24,220
Total Current Assets	406,091	417,809
Investments in Securities	71,956	134,748
Investments in Project Partnerships, Net	415,344	461,161
Total Assets	$ 893,391	$1,013,718
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 51,363	$ 45,110
Total Current Liabilities	51,363	45,110
Long Term Liabilities:		
Payable to General Partners	684,306	594,397
Partners' Equity (deficit):		
Limited Partners (9,980 units for Series 8 at March 31, 2006 and 2005)	243,770	458,094
General Partners	(86,048)	(83,883)
Total Partners' Equity	157,722	374,211
Total Liabilities and Partners' Equity	$ 893,391	$1,013,718

See accompanying notes to financial statements.

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

SERIES 9	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 222,993	$ 229,897
Investments in Securities	40,745	38,890
Accounts Receivable	0	0
Total Current Assets	263,738	268,787
Investments in Securities	79,134	112,579
Investments in Project Partnerships, Net	550,442	798,862
Total Assets	$ 893,314	$1,180,228
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 30,066	$ 25,407
Total Current Liabilities	30,066	25,407
Long Term Liabilities:		
Payable to General Partners	428,649	379,140
Partners' Equity (deficit):		
Limited Partners (6,254 units for Series 9 at March 31, 2006 and 2005)	485,089	822,760
General Partners	(50,490)	(47,079)
Total Partners' Equity	434,599	775,681
Total Liabilities and Partners' Equity	$ 893,314	$1,180,228

See accompanying notes to financial statements.

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

SERIES 10	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 144,697	$ 142,638
Investments in Securities	30,440	29,480
Total Current Assets	175,137	172,118
Investments in Securities	90,576	112,721
Investments in Project Partnerships, Net	1,360,959	1,661,049
Total Assets	$1,626,672	$1,945,888
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 31,675	$ 28,777
Total Current Liabilities	31,675	28,777
Long Term Liabilities:		
Payable to General Partners	45,123	11,305
Partners' Equity (deficit):		
Limited Partners (5,043 units for Series 10 at March 31, 2006 and 2005)	1,578,554	1,930,927
General Partners	(28,680)	(25,121)
Total Partners' Equity	1,549,874	1,905,806
Total Liabilities and Partners' Equity	$1,626,672	$1,945,888

See accompanying notes to financial statements.

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

SERIES 11	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 207,490	$ 199,931
Investments in Securities	35,682	33,838
Receivable from General Partner	0	8,291
Total Current Assets	243,172	242,060
Investments in Securities	101,561	127,336
Investments in Project Partnerships, Net	1,926,349	2,664,780
Total Assets	$2,271,082	$3,034,176
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 13,071	$ 0
Total Current Liabilities	13,071	0
Partners' Equity (deficit):		
Limited Partners (5,127 units for Series 11 at March 31, 2006 and 2005)	2,281,421	3,049,825
General Partners	(23,410)	(15,649)
Total Partners' Equity	2,258,011	3,034,176
Total Liabilities and Partners' Equity	$2,271,082	$3,034,176

See accompanying notes to financial statements.

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

TOTAL SERIES 7 -11	2006	2005
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,278,528	$ 1,281,470
Investments in Securities	255,555	242,580
Accounts Receivable	24,220	24,220
Receivable from General Partner	0	8,291
Total Current Assets	1,558,303	1,556,561
Investments in Securities	418,196	627,710
Investments in Project Partnerships, Net	4,894,839	6,551,507
Total Assets	$ 6,871,338	$ 8,735,778
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	$ 186,265	$ 152,924
Total Current Liabilities	186,265	152,924
Long Term Liabilities:		
Payable to General Partners	1,802,504	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 March 31, 2006 and 2005)	5,157,652	7,293,542
General Partners	(275,083)	(253,509)
Total Partners' Equity	4,882,569	7,040,033
Total Liabilities and Partners' Equity	$ 6,871,338	$ 8,735,778

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	2006	2005	2004
Revenues:			
Distribution Income	$ 21,470	$ 24,233	$ 14,725
Total Revenues	21,470	24,233	14,725
Expenses:			
Asset Management Fee-General Partner	86,447	86,447	86,749
General and Administrative:			
General Partner	84,526	56,857	56,842
Other	28,296	18,197	19,538
Amortization	30,603	7,089	6,643
Impairment of Investment in Project Partnerships	193,195	0	0
Total Expenses	423,067	168,590	169,772
Loss Before Equity in Losses of Project Partnerships and Other Income	(401,597)	(144,357)	(155,047)
Equity in Losses of Project Partnerships	(92,380)	(139,599)	(130,277)
Interest Income	26,181	22,469	23,962
Net Loss	$ (467,796)	$ (261,487)	$(261,362)
Allocation of Net Loss:			
Assignees	$ (463,118)	$ (258,872)	$ (258,748)
General Partners	(4,678)	(2,615)	(2,614)
	$ (467,796)	$ (261,487)	$ (261,362)
Net Loss Per Beneficial Assignee Certificate	$ (44.55)	$ (24.90)	$ (24.89)
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	2006	2005	2004
Revenues:			
Distribution Income	$ 16,963	$ 16,447	$ 20,098
Total Revenues	16,963	16,447	20,098
Expenses:			
Asset Management Fee-General Partner	89,908	89,908	90,313
General and Administrative:			
General Partner	93,195	62,689	62,671
Other	30,409	19,352	22,850
Amortization	12,823	2,553	3,072
Impairment of Investment in Project Partnerships	0	0	0
Total Expenses	226,335	174,502	178,906
Loss Before Equity in Losses of Project Partnerships and Other Income	(209,372)	(158,055)	(158,808)
Equity in Losses of Project Partnerships	(29,928)	(41,395)	(39,434)
Interest Income	22,811	20,284	21,800
Net Loss	$(216,489)	$(179,166)	$(176,442)
Allocation of Net Loss:			
Assignees	$(214,324)	$(177,374)	$(174,678)
General Partners	(2,165)	(1,792)	(1,764)
	$(216,489)	$(179,166)	$(176,442)
Net Loss Per Beneficial Assignee Certificate	$ (21.48)	$ (17.77)	$ (17.50)
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	2006	2005	2004
Revenues:			
Distribution Income	$ 4,437	$ 7,752	$ 4,246
Total Revenues	4,437	7,752	4,246
Expenses:			
Asset Management Fee-General Partner	49,509	49,509	49,711
General and Administrative:			
General Partner	52,016	34,990	34,979
Other	18,273	11,260	11,731
Amortization	12,194	2,377	3,082
Impairment of Investment in Project Partnerships	127,532	0	0
Total Expenses	259,524	98,136	99,503
Loss Before Equity in Losses of Project Partnerships and Other Income	(255,087)	(90,384)	(95,257)
Equity in Losses of Project Partnerships	(101,726)	(157,684)	(230,291)
Interest Income	15,731	13,222	13,607
Net Loss	$(341,082)	$(234,846)	$(311,941)
Allocation of Net Loss:			
Assignees	$(337,671)	$(232,498)	$(308,822)
General Partners	(3,411)	(2,348)	(3,119)
	$(341,082)	$(234,846)	$(311,941)
Net Loss Per Beneficial Assignee Certificate	$ (53.99)	$ (37.18)	$ (49.38)
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	2006	2005	2004
Revenues:			
Distribution Income	$ 2,561	$ 2,511	$ 1,932
Total Revenues	2,561	2,511	1,932
Expenses:			
Asset Management Fee-General Partner	33,819	33,819	33,890
General and Administrative:			
General Partner	32,510	21,868	21,863
Other	13,039	8,149	7,968
Amortization	24,700	4,141	4,578
Impairment of Investment in Project Partnerships	156,694	0	0
Total Expenses	260,762	67,977	68,299
Loss Before Equity in Losses of Project Partnerships and Other Income	(258,201)	(65,466)	(66,367)
Equity in Losses of Project Partnerships	(111,553)	(133,597)	(175,628)
Interest Income	13,822	12,737	13,252
Net Loss	$(355,932)	$(186,326)	$(228,743)
Allocation of Net Loss:			
Assignees	$(352,373)	$(184,463)	$(226,456)
General Partners	(3,559)	(1,863)	(2,287)
	$(355,932)	$(186,326)	$(228,743)
Net Loss Per Beneficial Assignee Certificate	$ (69.87)	$ (36.58)	$ (44.91)
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	2006	2005	2004
Revenues:			
Distribution Income	$ 3,382	$ 2,783	$ 2,182
Total Revenues	3,382	2,783	2,182
Expenses:			
Asset Management Fee-General Partner	28,021	28,021	28,254
General and Administrative:			
General Partner	26,008	17,494	17,491
Other	12,519	7,404	7,549
Amortization	33,495	6,343	6,726
Impairment of Investment in Project Partnerships	600,802	0	0
Total Expenses	700,845	59,262	60,020
Loss Before Equity in Losses of Project Partnerships and Other Income	(697,463)	(56,479)	(57,838)
Equity in Losses of Project Partnerships	(96,562)	(112,606)	(101,608)
Interest Income	17,860	15,118	15,869
Net Loss	$(776,165)	$(153,967)	$(143,577)
Allocation of Net Loss:			
Assignees	$(768,404)	$(152,427)	$(142,141)
General Partners	(7,761)	(1,540)	(1,436)
	$(776,165)	$(153,967)	$(143,577)
Net Loss Per Beneficial Assignee Certificate	$ (149.87)	$ (29.73)	$ (27.72)
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	2006	2005	2004
Revenues:			
Distribution Income	$ 48,813	$ 53,726	$ 43,183
Total Revenues	48,813	53,726	43,183
Expenses:			
Asset Management Fee-General Partner	287,704	287,704	288,917
General and Administrative:			
General Partner	288,255	193,898	193,846
Other	102,536	64,362	69,636
Amortization	113,815	22,503	24,101
Impairment of Investment in Project Partnerships	1,078,223	0	0
Total Expenses	1,870,533	568,467	576,500
Loss Before Equity in Losses of Project Partnerships and Other Income	(1,821,720)	(514,741)	(533,317)
Equity in Losses of Project Partnerships	(432,149)	(584,881)	(677,238)
Interest Income	96,405	83,830	88,490
Net Loss	$(2,157,464)	$(1,015,792)	$(1,122,065)
Allocation of Net Loss:			
Assignees	$(2,135,890)	$(1,005,634)	$(1,110,845)
General Partners	(21,574)	(10,158)	(11,220)
	$(2,157,464)	$(1,015,792)	$(1,122,065)

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, 2006, 2005 AND 2004:

SERIES 7	Limited Partners	General Partners	Total
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
Net Loss	(258,872)	(2,615)	(261,487)
Balance at March 31, 2005	1,031,936	(81,777)	950,159
Net Loss	(463,118)	(4,678)	(467,796)
Balance at March 31, 2006	$ 568,818	$ (86,455)	$ 482,363

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, 2006, 2005 AND 2004:

SERIES 8	Limited Partners	General Partners	Total
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
Net Loss	(177,374)	(1,792)	(179,166)
Balance at March 31, 2005	458,094	(83,883)	374,211
Net Loss	(214,324)	(2,165)	(216,489)
Balance at March 31, 2006	$ 243,770	$ (86,048)	$ 157,722

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, 2006, 2005 AND 2004:

SERIES 9	Limited Partners	General Partners	Total
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
Net Loss	(232,498)	(2,348)	(234,846)
Balance at March 31, 2005	822,760	(47,079)	775,681
Net Loss	(337,671)	(3,411)	(341,082)
Balance at March 31, 2006	$ 485,089	$ (50,490)	$ 434,599

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, 2006, 2005 AND 2004:

SERIES 10	Limited Partners	General Partners	Total
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
Net Loss	(184,463)	(1,863)	(186,326)
Balance at March 31, 2005	1,930,927	(25,121)	1,905,806
Net Loss	(352,373)	(3,559)	(355,932)
Balance at March 31, 2006	$1,578,554	$ (28,680)	$1,549,874

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, 2006, 2005 AND 2004:

SERIES 11	Limited Partners	General Partners	Total
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
Net Loss	(152,427)	(1,540)	(153,967)
Balance at March 31, 2005	3,049,825	(15,649)	3,034,176
Net Loss	(768,404)	(7,761)	(776,165)
Balance at March 31, 2006	$2,281,421	$ (23,410)	$2,258,011

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, 2006, 2005 AND 2004:

TOTAL SERIES 7 - 11	Limited Partners	General Partners	Total
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
Net Loss	(1,005,634)	(10,158)	(1,015,792)
Balance at March 31, 2005	7,293,542	(253,509)	7,040,033
Net Loss	(2,135,890)	(21,574)	(2,157,464)
Balance at March 31, 2006	$ 5,157,652	$(275,083)	$4,882,569

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, 2006, 2005 AND 2004:

SERIES 7	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$(467,796)	$(261,487)	$(261,362)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	30,603	7,089	6,643
Impairment of Investment in Project Partnerships	193,195	0	0
Accreted Interest Income on Investments in Securities	(15,333)	(19,255)	(22,530)
Equity in Losses of Project Partnerships	92,380	139,599	130,277
Distributions Included in Other Income	(21,470)	(23,983)	(14,725)
Changes in Operating Assets and Liabilities:			
Increase in Payable to General Partners	92,907	85,925	18,864
Net Cash Used in Operating Activities	(95,514)	(72,112)	(142,833)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	29,202	39,581	28,698
Redemption of Investment in Securities	77,000	72,000	68,000
Net Cash Provided by Investing Activities	106,202	111,581	96,698
Increase (Decrease) in Cash and Cash Equivalents	10,688	39,469	(46,135)
Cash and Cash Equivalents at Beginning of Year	383,342	343,873	390,008
Cash and Cash Equivalents at End of Year	$ 394,030	$ 383,342	$ 343,873

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, 2006, 2005 AND 2004:

SERIES 8	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$(216,489)	$(179,166)	$(176,442)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	12,823	2,553	3,072
Impairment of Investment in Project Partnerships	0	0	0
Accreted Interest Income on Investments in Securities	(13,833)	(17,293)	(20,197)
Equity in Losses of Project Partnerships	29,928	41,395	39,434
Distributions Included in Other Income	(16,963)	(16,447)	(20,098)
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	0	0	(24,220)
Increase in Payable to General Partners	96,162	29,589	34,114
Net Cash Used in Operating Activities	(108,372)	(139,369)	(164,337)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	20,029	24,132	25,030
Redemption of Investment in Securities	71,999	67,000	63,000
Net Cash Provided by Investing Activities	92,028	91,132	88,030
Decrease in Cash and Cash Equivalents	(16,344)	(48,237)	(76,307)
Cash and Cash Equivalents at Beginning of Year	325,662	373,899	450,206
Cash and Cash Equivalents at End of Year	$ 309,318	$ 325,662	$ 373,899

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, 2006, 2005 AND 2004:

SERIES 9	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$(341,082)	$(234,846)	$(311,941)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	12,194	2,377	3,082
Impairment of Investment in Project Partnerships	127,532	0	0
Accreted Interest Income on Investments in Securities	(9,410)	(11,133)	(12,599)
Equity in Losses of Project Partnerships	101,726	157,684	230,291
Distributions Included in Other Income	(4,437)	(7,752)	(4,246)
Changes in Operating Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	0	600	(600)
Increase in Payable to General Partners	54,168	19,196	31,664
Net Cash Used in Operating Activities	(59,309)	(73,874)	(64,349)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	11,405	15,869	15,767
Redemption of Investment in Securities	41,000	39,000	36,999
Net Cash Provided by Investing Activities	52,405	54,869	52,766
Decrease in Cash and Cash Equivalents	(6,904)	(19,005)	(11,583)
Cash and Cash Equivalents at Beginning of Year	229,897	248,902	260,485
Cash and Cash Equivalents at End of Year	$ 222,993	$ 229,897	$ 248,902

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, 2006, 2005 AND 2004:

SERIES 10	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$(355,932)	$(186,326)	$(228,743)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	24,700	4,141	4,578
Impairment of Investment in Project Partnerships	156,694	0	0
Accreted Interest Income on Investments in Securities	(9,816)	(11,128)	(12,243)
Equity in Losses of Project Partnerships	111,553	133,597	175,628
Distributions Included in Other Income	(2,561)	(2,511)	(1,932)
Changes in Operating Assets and Liabilities:			
Increase (Decrease) in Payable to General Partners	36,716	(91,179)	9,628
Net Cash Used in Operating Activities	(38,646)	(153,406)	(53,084)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	9,703	19,197	20,992
Redemption of Investment in Securities	31,002	29,000	27,998
Net Cash Provided by Investing Activities	40,705	48,197	48,990
Increase (Decrease) in Cash and Cash Equivalents	2,059	(105,209)	(4,094)
Cash and Cash Equivalents at Beginning of Year	142,638	247,847	251,941
Cash and Cash Equivalents at End of Year	$ 144,697	$ 142,638	$ 247,847

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, 2006, 2005 AND 2004:

SERIES 11	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$(776,165)	$(153,967)	$(143,577)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	33,495	6,343	6,726
Impairment of Investment in Project Partnerships	600,802	0	0
Accreted Interest Income on Investments in Securities	(12,070)	(13,595)	(14,856)
Equity in Losses of Project Partnerships	96,562	112,606	101,608
Distributions Included in Other Income	(3,382)	(2,783)	(2,182)
Changes in Operating Assets and Liabilities:			
Increase in Accounts Receivable	8,291	(8,291)	0
Increase (Decrease) in Payable to General Partners	13,071	(40,486)	(4,844)
Net Cash Used in Operating Activities	(39,396)	(100,173)	(57,125)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	10,954	18,466	8,564
Redemption of Investment in Securities	36,001	34,000	32,001
Net Cash Provided by Investing Activities	46,955	52,466	40,565
Increase (Decrease) in Cash and Cash Equivalents	7,559	(47,707)	(16,560)
Cash and Cash Equivalents at Beginning of Year	199,931	247,638	264,198
Cash and Cash Equivalents at End of Year	$ 207,490	$ 199,931	$ 247,638

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, 2006, 2005 AND 2004:

TOTAL SERIES 7 - 11	2006	2005	2004
Cash Flows from Operating Activities:			
Net Loss	$ (2,157,464)	$(1,015,792)	$(1,122,065)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Amortization	113,815	22,503	24,101
Impairment of Investment in Project Partnerships	1,078,223	0	0
Accreted Interest Income on Investments in Securities	(60,462)	(72,404)	(82,425)
Equity in Losses of Project Partnerships	432,149	584,881	677,238
Distributions Included in Other Income	(48,813)	(53,476)	(43,183)
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Receivable From General Partners	8,291	(7,691)	(24,820)
Increase in Payable to General Partners	293,024	3,045	89,426
Net Cash Used in Operating Activities	(341,237)	(538,934)	(481,728)
Cash Flows from Investing Activities:			
Distributions Received from Project Partnerships	81,293	117,245	99,051
Redemption of Investment in Securities	257,002	241,000	227,998
Net Cash Provided by Investing Activities	338,295	358,245	327,049
Decrease in Cash and Cash Equivalents	(2,942)	(180,689)	(154,679)
Cash and Cash Equivalents at Beginning of Year	1,281,470	1,462,159	1,616,838
Cash and Cash Equivalents at End of Year	$1,278,528	$1,281,470	$1,462,159

See accompanying notes to financial statements.

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

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, 2006, 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 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.

For the fiscal year ended March 31, 2006, Gateway changed the period over which the intangible acquisition fees and expenses are amortized. In all prior years, the period in which such intangible assets had been amortized was 35 years. In the fiscal year ended March 31, 2006, this amortization period was changed to 15 years to better approximate the period over which the benefits of these investments are realized. As a result of this change in estimate, an additional amortization expense of $24,835 for Series 7, $10,553 for Series 8, $9,817 for Series 9, $19,964 for Series 10 and $27,587 for Series 11, or $92,756 for all Series of Gateway, was recognized during the year-ended March 31, 2006, as compared to the amortization expense amount which would have been realized had the estimated amortization period not changed during the year. The amortization expense is shown on the Statements of Operations.

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

Since Gateway invests as a limited partner, and therefore is not obligated to fund losses or make additional capital contributions, it does not recognize losses from individual Project Partnerships to the extent that these losses would reduce the investment in those Project Partnerships below zero. The suspended losses will be used to offset future income from the individual Project Partnerships. Any cash distributions received from Project Partnerships which have a zero investment balance are accounted for as distribution income in the period the cash distribution is received by Gateway.

Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the investment, Gateway recognizes an impairment loss. For the fiscal year ended March 31, 2006, impairment expense was recognized in the statement of operations in the following Series and in the following amounts: Series 7 - $193,195, Series 9 - $127,532, Series 10 - $156,694, Series 11 - $600,802. The total impairment expense for all Series in Gateway for fiscal year 2006 was $1,078,223. There was no impairment expense in fiscal years 2005 or 2004. Refer to Note 5 – Investment in Project Partnerships for further details regarding the components of the Investment in Project Partnership balance.

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

Variable Interest Entities

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" which was subsequently revised in December, 2003. Gateway has adopted FIN 46 and applied its requirements to all Project Partnerships in which Gateway holds 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.

Gateway holds variable interests in 128 VIEs, which consist of Project Partnerships, of which Gateway is not the primary beneficiary. Five of Gateways Project Partnership investments were determined not to be VIEs. Gateway's maximum exposure to loss as a result of its involvement with unconsolidated VIEs is limited to Gateway's recorded investments in and receivables from those VIEs, which is approximately $5,530,357 at March 31, 2006. Gateway may be subject to additional losses to the extent of any financial support that Gateway voluntarily provides to those Project Partnerships in the future.

Cash and Cash Equivalents

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

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

Gateway applies Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"). Under FAS 115, Gateway is required to categorize its debt securities as held-to-maturity, available-for-sale or trading securities, dependent upon Gateway's intent in holding the securities. Gateway's intent is to hold all of its debt securities (U. S. 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, certain 2004 and 2005 balances have been reclassified, where appropriate, to conform with the fiscal year 2006 financial statement presentation.

NOTE 3 - INVESTMENT IN SECURITIES:

The Investment in Securities as of March 31, 2006 consists of U.S. Treasury Security Strips presented at their cost, plus accreted interest income of $128,446 for Series 7, $115,115 for Series 8, $77,077 for Series 9, $77,070 for Series 10 and $89,646 for Series 11.

	Estimated Market Value	Cost Plus Accreted Interest	Gross Unrealized Gains and (Losses)
Series 7	$ 156,442	$ 151,104	$ 5,338
Series 8	148,942	144,509	4,433
Series 9	123,429	119,879	3,550
Series 10	126,499	121,016	5,483
Series 11	146,308	137,243	9,065

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

	Series 7	Series 8	Series 9
Due within 1 year	$ 76,135	$ 72,553	$ 40,745
After 1 year through 5 years	74,969	71,956	79,134
After 5 years through 10 years	0	0	0
Total amount recorded on Balance Sheet	$ 151,104	$ 144,509	$ 119,879

	Series 10	Series 11	Total
Due within 1 year	$ 30,440	$ 35,682	$ 255,555
After 1 year through 5 years	90,576	101,561	418,196
After 5 years through 10 years	0	0	0
Total amount recorded on Balance Sheet	$ 121,016	$ 137,243	$ 673,751

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

Asset Management Fee - The Managing General Partner is entitled to 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.

	2006	2005	2004
Series 7	$ 86,447	$ 86,447	$ 86,749
Series 8	89,908	89,908	90,313
Series 9	49,509	49,509	49,711
Series 10	33,819	33,819	33,890
Series 11	28,021	28,021	28,254
Total	$ 287,704	$ 287,704	$ 288,917

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.

	2006	2005	2004
Series 7	$ 84,526	$ 56,857	$ 56,842
Series 8	93,195	62,689	62,671
Series 9	52,016	34,990	34,979
Series 10	32,510	21,868	21,863
Series 11	26,008	17,494	17,491
Total	$288,255	$193,898	$193,846

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

	March 31, 2006	March 31, 2005
Series 7	$ 704,516	$ 611,609
Series 8	735,669	639,507
Series 9	458,715	404,547
Series 10	76,798	40,082
Series 11	13,071	0
Total	$1,988,769	$1,695,745

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

SERIES 7

As of March 31, 2006, 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, 2006	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)	(7,224,499)	(7,132,119)
Cumulative distributions received from Project Partnerships	(241,747)	(234,015)
Investment in Project Partnerships before Adjustment	265,843	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	(224,238)	(193,635)
Impairment of Investment in Project Partnerships	(193,195)	0
Investments in Project Partnerships	$ 641,745	$ 965,655

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $4,825,178 for the year ended March 31, 2006 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):

SERIES 8

As of March 31, 2006, 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, 2006	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)	(7,414,683)	(7,384,755)
Cumulative distributions received from Project Partnerships	(174,579)	(171,513)
Investment in Project Partnerships before Adjustment	(3,157)	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	(131,272)	(118,449)
Impairment of Investment in Project Partnerships	0	0
Investments in Project Partnerships	$ 415,344	$ 461,161

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $5,547,391 for the year ended March 31, 2006 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):

SERIES 9

As of March 31, 2006, 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, 2006	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)	(4,260,098)	(4,158,372)
Cumulative distributions received from Project Partnerships	(148,761)	(141,793)
Investment in Project Partnerships before Adjustment	505,257	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	(71,370)	(59,176)
Impairment of Investment in Project Partnerships	(127,532)	0
Investments in Project Partnerships	$ 550,442	$ 798,862

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $1,792,373 for the year ended March 31, 2006 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):

SERIES 10

As of March 31, 2006, 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, 2006	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)	(2,318,920)	(2,207,367)
Cumulative distributions received from Project Partnerships	(191,535)	(184,392)
Investment in Project Partnerships before Adjustment	1,404,217	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	(83,302)	(58,602)
Impairment of Investment in Project Partnerships	(156,694)	0
Investments in Project Partnerships	$ 1,360,959	$ 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 $346,072 for the year ended March 31, 2006 and cumulative suspended losses of $204,444 for the year ended March 31, 2005 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

SERIES 11

As of March 31, 2006, 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, 2006	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	(1,604,163)	(1,507,601)
Cumulative distributions received from Project Partnerships	(172,565)	(164,993)
Investment in Project Partnerships before Adjustment	2,351,314	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	(114,498)	(81,003)
Impairment of Investment in Project Partnerships	(600,802)	0
Investments in Project Partnerships	$ 1,926,349	$ 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 $546,725 for the year ended March 31, 2006 are not included 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:

TOTAL SERIES 7 - 11	MARCH 31, 2006	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	(22,822,363)	(22,390,214)
Cumulative distributions received from Project Partnerships	(929,187)	(896,706)
Investment in Project Partnerships before Adjustment	4,523,474	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	(624,680)	(510,865)
Impairment of Investment in Project Partnerships	(1,078,223)	0
Investments in Project Partnerships	$ 4,894,839	$ 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 December 31 of each year:

SERIES 7	DECEMBER 31, 2005	2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 4,085,716	$ 3,827,640	$ 3,594,482
Investment properties, net	27,269,050	28,630,723	29,924,101
Other assets	21,083	13,204	12,192
Total assets	$31,375,849	$32,471,567	$33,530,775
Liabilities and Partners' Equity:			
Current liabilities	$ 831,051	$ 856,813	$ 861,548
Long-term debt	35,642,424	35,849,766	36,002,235
Total liabilities	36,473,475	36,706,579	36,863,783
Partners' equity			
Gateway	(4,746,260)	(3,929,006)	(3,077,941)
General Partners	(351,366)	(306,006)	(255,067)
Total Partners' equity	(5,097,626)	(4,235,012)	(3,333,008)
Total liabilities and partners' equity	$31,375,849	$32,471,567	$33,530,775
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 6,906,393	$ 6,666,046	$ 6,333,913
Expenses:			
Operating expenses	3,610,427	3,435,485	3,366,664
Interest expense	2,611,771	2,558,539	2,427,949
Depreciation and amortization	1,472,897	1,494,903	1,489,791
Total expenses	7,695,095	7,488,927	7,284,404
Net loss	$ (788,702)	$ (822,881)	$ (950,491)
Other partners' share of net loss	$ (11,553)	$ (12,017)	$ (9,505)
Partnership’s share of net loss	$ (777,149)	$ (810,864)	$ (940,986)
Suspended losses	684,769	671,265	810,709
Equity in Losses of Project Partnerships	$ (92,380)	$ (139,599)	$ (130,277)

(1) As of December 31, 2005, the largest Project Partnership constituted 5.0% and 5.4%, and as of December 31, 2004 the largest Project Partnership constituted 5.1% and 5.7% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

	DECEMBER 31,		
SERIES 8	2005	2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 4,016,344	$ 3,739,242	$ 3,443,344
Investment properties, net	28,642,694	29,898,977	31,332,924
Other assets	15,794	43,322	46,863
Total assets	$32,674,832	$33,681,541	$34,823,131
Liabilities and Partners' Equity:			
Current liabilities	$ 1,270,463	$ 1,239,508	$ 1,283,369
Long-term debt	37,532,816	37,745,148	37,949,865
Total liabilities	38,803,279	38,984,656	39,233,234
Partners' equity			
Gateway	(5,424,268)	(4,664,925)	(3,762,267)
General Partners	(704,179)	(638,190)	(647,836)
Total Partners' equity	(6,128,447)	(5,303,115)	(4,410,103)
Total liabilities and partners' equity	$32,674,832	$33,681,541	$34,823,131
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 6,808,514	$ 6,504,960	$ 6,105,139
Expenses:			
Operating expenses	3,427,081	3,374,344	3,219,867
Interest expense	2,635,945	2,511,212	2,349,394
Depreciation and amortization	1,485,669	1,512,305	1,525,330
Total expenses	7,548,695	7,397,861	7,094,591
Net loss	$ (740,181)	$ (892,901)	$ (989,452)
Other partners' share of net loss	$ (9,286)	$ (7,845)	$ (12,667)
Partnership’s share of net loss	$ (730,895)	$ (885,056)	$ (976,785)
Suspended losses	700,967	843,661	937,351
Equity in Losses of Project Partnerships	$ (29,928)	$ (41,395)	$ (39,434)

(1) As of December 31, 2005, the largest Project Partnership constituted 5.1% and 5.5%, and as of December 31, 2004 the largest Project Partnership constituted 5.3% and 4.0% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

SERIES 9	DECEMBER 31, 2005	2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 2,109,283	$ 1,930,617	$ 1,778,979
Investment properties, net	16,469,701	17,164,568	17,932,221
Other assets	4,788	4,302	5,319
Total assets	$18,583,772	$19,099,487	$19,716,519
Liabilities and Partners' Equity:			
Current liabilities	$ 321,281	$ 324,971	$ 332,832
Long-term debt	19,934,839	20,040,773	20,142,793
Total liabilities	20,256,120	20,365,744	20,475,625
Partners' equity			
Gateway	(1,339,512)	(960,476)	(485,230)
General Partners	(332,836)	(305,781)	(273,876)
Total Partners' equity	(1,672,348)	(1,266,257)	(759,106)
Total liabilities and partners' equity	$18,583,772	$19,099,487	$19,716,519
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 3,496,332	$ 3,352,708	$ 3,252,688
Expenses:			
Operating expenses	1,715,590	1,715,832	1,669,611
Interest expense	1,381,933	1,315,209	1,327,135
Depreciation and amortization	767,851	786,226	792,503
Total expenses	3,865,374	3,817,267	3,789,249
Net loss	$ (369,042)	$ (464,559)	$ (536,561)
Other partners' share of net loss	$ (3,691)	$ (4,646)	$ (5,365)
Partnership’s share of net loss	$ (365,351)	$ (459,913)	$ (531,196)
Suspended losses	263,625	302,229	300,905
Equity in Losses of Project Partnerships	$ (101,726)	$ (157,684)	$ (230,291)

(1) As of December 31, 2005, the largest Project Partnership constituted 7.9% and 8.3%, and as of December 31, 2004 the largest Project Partnership constituted 7.7% and 6.5% 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:

SERIES 10	DECEMBER 31, 2005	2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 1,772,233	$ 1,724,502	$ 1,652,231
Investment properties, net	12,263,627	12,653,063	13,036,775
Other assets	2,013	1,974	2,479
Total assets	$14,037,873	$14,379,539	$14,691,485
Liabilities and Partners' Equity:			
Current liabilities	$ 340,730	$ 320,218	$ 327,272
Long-term debt	13,054,976	13,126,101	13,161,837
Total liabilities	13,395,706	13,446,319	13,489,109
Partners' equity			
Gateway	1,046,051	1,311,594	1,538,058
General Partners	(403,884)	(378,374)	(335,682)
Total Partners' equity	642,167	933,220	1,202,376
Total liabilities and partners' equity	$14,037,873	$14,379,539	$14,691,485
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 2,149,462	$ 2,195,063	$ 1,995,639
Expenses:			
Operating expenses	1,240,546	1,153,775	1,089,746
Interest expense	697,764	781,972	657,632
Depreciation and amortization	466,542	469,719	465,268
Total expenses	2,404,852	2,405,466	2,212,646
Net loss	$ (255,390)	$ (210,403)	$ (217,007)
Other partners' share of net loss	$ (3,553)	$ (3,449)	$ (3,333)
Partnership’s share of net loss	$ (251,837)	$ (206,954)	$ (213,674)
Suspended losses	140,284	73,357	38,046
Equity in Losses of Project Partnerships	$ (111,553)	$ (133,597)	$ (175,628)

(1) As of December 31, 2005, the largest Project Partnership constituted 11.4% and 12.8%, and as of December 31, 2004 the largest Project Partnership constituted 10.6% and 12.0% of the combined total assets by series and combined total revenues by series, respectively.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

SERIES 11	2005	DECEMBER 31, 2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 1,029,906	$ 946,787	$ 1,193,232
Investment properties, net	10,348,302	10,794,371	11,269,515
Other assets	238,281	294,853	67,895
Total assets	$11,616,489	$12,036,011	$12,530,642
Liabilities and Partners' Equity:			
Current liabilities	$ 240,533	$ 236,291	$ 272,578
Long-term debt	9,847,071	9,982,493	10,099,725
Total liabilities	10,087,604	10,218,784	10,372,303
Partners' equity			
Limited Partner	1,809,656	2,090,652	2,384,986
General Partners	(280,771)	(273,425)	(226,647)
Total Partners' equity	1,528,885	1,817,227	2,158,339
Total liabilities and partners' equity	$11,616,489	$12,036,011	$12,530,642
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 1,945,641	$ 1,807,439	$ 1,732,562
Expenses:			
Operating expenses	1,150,195	1,113,123	1,041,768
Interest expense	576,977	478,503	443,999
Depreciation and amortization	506,550	511,998	530,705
Total expenses	2,233,722	2,103,624	2,016,472
Net loss	$ (288,081)	$ (296,185)	$ (283,910)
Other partners' share of net loss	$ (17,384)	$ (19,155)	$ (14,747)
Partnership’s share of net loss	$ (270,697)	$ (277,030)	$ (269,163)
Suspended losses	174,135	164,424	167,555
Equity in Losses of Project Partnerships	$ (96,562)	$ (112,606)	$ (101,608)

(1) As of December 31, 2005, the largest Project Partnership constituted 19.7% and 19.8%, and as of December 31, 2004 the largest Project Partnership constituted 19.9% and 20.2% 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:

TOTAL SERIES 7 - 11	DECEMBER 31, 2005	2004	2003
SUMMARIZED BALANCE SHEETS			
Assets:			
Current assets	$ 13,013,482	$ 12,168,788	$ 11,662,268
Investment properties, net	94,993,374	99,141,702	103,495,536
Other assets	281,959	357,655	134,748
Total assets	$108,288,815	$111,668,145	$115,292,552
Liabilities and Partners' Equity:			
Current liabilities	$ 3,004,058	$ 2,977,800	$ 3,077,599
Long-term debt	116,012,126	116,744,281	117,356,455
Total liabilities	119,016,184	119,722,081	120,434,054
Partners' equity			
Limited Partner	(8,654,333)	(6,152,160)	(3,402,394)
General Partners	(2,073,036)	(1,901,776)	(1,739,108)
Total Partners' equity	(10,727,369)	(8,053,936)	(5,141,502)
Total liabilities and partners' equity	$108,288,815	$111,668,145	$115,292,552
SUMMARIZED STATEMENTS OF OPERATIONS			
Rental and other income	$ 21,306,342	$ 20,526,216	$ 19,419,941
Expenses:			
Operating expenses	11,143,839	10,792,559	10,387,656
Interest expense	7,904,390	7,645,435	7,206,109
Depreciation and amortization	4,699,509	4,775,151	4,803,597
Total expenses	23,747,738	23,213,145	22,397,362
Net loss	$(2,441,396)	$(2,686,929)	$(2,977,421)
Other partners' share of net loss	$ (45,467)	$ (47,112)	$ (45,617)
Partnership’s share of net loss	$(2,395,929)	$(2,639,817)	$(2,931,804)
Suspended losses	1,963,780	2,054,936	2,254,566
Equity in Losses of Project Partnerships	$ (432,149)	$ (584,879)	$ (677,238)

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	$(4,746,260)	$ 265,843
Series 8	(5,424,268)	(3,157)
Series 9	(1,339,512)	505,257
Series 10	1,046,051	1,404,217
Series 11	1,809,656	2,351,314

NOTE 6 - TAXABLE INCOME (LOSS):

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

SERIES 7	2006	2005	2004
Net Loss per Financial Statements	$(467,796)	$(261,487)	$(261,362)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(851,825)	(923,850)	(1,006,515)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	232,618	(17,690)	22,774
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	86,222	91,474	24,255
Amortization Expense	6,431	6,643	6,655
Partnership loss for tax purposes as of December 31	$ (994,350)	$(1,104,910)	$(1,214,193)

	December 31, 2005	December 31, 2004	December 31, 2003
Federal Low Income Housing Tax Credits (Unaudited)	$ 84,568	$ 224,290	$ 975,096

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

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 641,745	$(6,129,479)	$ 6,771,224
Other Assets	$ 545,134	$ 1,758,373	$(1,213,239)
Liabilities	$ 704,516	$ (9,226)	$ 713,742

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

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

SERIES 8	2006	2005	2004
Net Loss per Financial Statements	$ (216,489)	$ (179,166)	$ (176,442)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(942,518)	(1,018,059)	(1,119,372)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	22,154	(8,575)	16,451
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	89,605	31,002	43,926
Amortization Expense	1,950	3,072	3,489
Partnership loss for tax purposes as of December 31	$(1,045,298)	$(1,171,726)	$(1,231,948)

	December 31, 2005	December 31, 2004	December 31, 2003
Federal Low Income Housing Tax Credits (Unaudited)	$ 170,591	$ 565,711	$ 1,417,434

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

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 415,344	$(6,618,582)	$ 7,033,926
Other Assets	$ 478,047	$ 1,688,984	$(1,210,937)
Liabilities	$ 735,669	$ (10,047)	$ 745,716

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

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

SERIES 9	2006	2005	2004
Net Loss per Financial Statements	$ (341,082)	$ (234,846)	$ (311,941)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(395,751)	(421,291)	(423,589)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	148,091	(7,265)	6,255
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	49,357	16,737	40,841
Amortization Expense	1,846	3,082	3,127
Partnership loss for tax purposes as of December 31	$ (537,539)	$ (643,583)	$ (685,307)

	December 31, 2005	December 31, 2004	December 31, 2003
Federal Low Income Housing Tax Credits (Unaudited)	$ 40,080	$ 644,340	$ 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, 2006 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 550,442	$(2,462,071)	$ 3,012,513
Other Assets	$ 342,872	$ 1,103,082	$ (760,210)
Liabilities	$ 458,715	$ 5,709	$ 453,006

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

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

SERIES 10	2006	2005	2004
Net Loss per Financial Statements	$ (355,932)	$ (186,326)	$ (228,743)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(286,871)	(260,311)	(208,567)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	181,059	(2,089)	1,856
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	33,768	(89,867)	12,745
Amortization Expense	4,281	4,578	4,639
Partnership loss for tax purposes as of December 31	$ (423,695)	$ (534,015)	$ (418,070)

	December 31, 2005	December 31, 2004	December 31, 2003
Federal Low Income Housing Tax Credits (Unaudited)	$ 48,806	$ 540,394	$ 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, 2006 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 1,360,959	$ (606,180)	$ 1,967,139
Other Assets	$ 265,713	$ 876,122	$ (610,409)
Liabilities	$ 76,798	$ 3,777	$ 73,021

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

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

SERIES 11	2006	2005	2004
Net Loss per Financial Statements	$ (776,165)	$ (153,967)	$ (143,577)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(218,806)	(207,948)	(225,717)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	632,332	(3,760)	1,662
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	114,970	(131,503)	(5,493)
Amortization Expense	5,725	6,726	7,123
Partnership loss for tax purposes as of December 31	$ (241,944)	$ (490,452)	$ (366,002)

	December 31, 2005	December 31, 2004	December 31, 2003
Federal Low Income Housing Tax Credits (Unaudited)	$ 570,762	$ 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, 2006 are as follows:

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 1,926,349	$ 1,499,099	$ 427,250
Other Assets	$ 344,733	$ 815,985	$ (471,252)
Liabilities	$ 13,071	$ 60,223	$ (47,152)

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

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

TOTAL SERIES 7 –11	2006	2005	2004
Net Loss per Financial Statements	$ (2,157,464)	$(1,015,792)	$(1,122,065)
Equity in Losses of Project Partnerships for tax purposes less than (in excess of) losses for financial statement purposes	(2,695,771)	(2,831,459)	(2,983,760)
Adjustments to convert March 31, fiscal year end to December 31, taxable year end	1,216,254	(39,379)	48,998
Items Expensed for Financial Statement purposes not expensed for Tax purposes:			
Asset Management Fee	373,921	(82,157)	116,274
Amortization Expense	20,233	24,101	25,032
Partnership loss for tax purposes as of December 31	$(3,242,827)	$(3,944,686)	$(3,915,521)

The difference in the total value of the Partnership's Investment in Project Partnerships is approximately $6,989,254 higher for Series 7, $7,444,479 higher for Series 8, $3,149,862 higher for Series 9, $2,143,797 higher for Series 10 and $1,055,639 higher for Series 11 for financial reporting purposes than for tax purposes because (i) there were depreciation differences between financial reporting purposes and tax return purposes and (ii) certain expenses are not deductible for tax return purposes.

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

	Financial Reporting Purposes	Tax Reporting Purposes	Differences
Investments in Local Limited Partnerships	$ 4,894,839	$(14,317,214)	$19,212,053
Other Assets	$ 1,976,499	$ 6,242,546	$(4,266,047)
Liabilities	$ 1,988,769	$ 50,436	$ 1,938,333

NOTE 7 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

Series 7

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 12/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 10,434	$ 15,550	$ 10,586	$ 11,081
Net Income (Loss)	$ (63,480)	$ (54,304)	$ (49,060)	$ (300,952)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (6.05)	$ (5.17)	$ (4.67)	$ (28.66)

Series 8

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 2/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 14,880	$ 5,808	$ 7,765	$ 11,321
Net Income (Loss)	$ (29,217)	$ (48,636)	$ (39,117)	$ (99,519)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (2.90)	$ (4.82)	$ (3.88)	$ (9.87)

Series 9

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 12/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 6,693	$ 3,981	$ 4,867	$ 4,627
Net Income (Loss)	$ (44,724)	$ (50,604)	$ (51,742)	$ (194,012)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (7.08)	$ (8.01)	$ (8.19)	$ (30.71)

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

Series 10

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 12/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 4,695	$ 3,580	$ 3,663	$ 4,445
Net Income (Loss)	$ (34,070)	$ (52,849)	$ (42,389)	$ (226,624)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (6.69)	$ (10.37)	$ (8.32)	$ (44.49)

Series 11

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 12/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 5,134	$ 5,698	$ 5,255	$ 5,155
Net Income (Loss)	$ (35,090)	$ (45,980)	$ (46,096)	$ 648,999)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (6.78)	$ (8.88)	$ (8.90)	$ (125.32)

Series 7 - 11

Year 2006	Quarter 1 6/30/2005	Quarter 2 9/30/2005	Quarter 3 12/31/2005	Quarter 4 3/31/2006
Total Revenues	$ 41,836	$ 34,617	$ 32,136	$ 36,629
Net Income (Loss)	$(206,581)	$(252,373)	$(228,404)	$(1,470,106)

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

Series 7

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 12/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 8,614	$ 15,568	$ 9,642	$ 12,878
Net Income (Loss)	$ (70,712)	$ (57,558)	$ (65,174)	$ (68,043)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (6.73)	$ (5.48)	$ (6.21)	$ (6.48)

Series 8

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 2/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 9,239	$ 7,382	$ 12,156	$ 7,954
Net Income (Loss)	$ (46,021)	$ (52,110)	$ (47,086)	$ (33,949)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (4.57)	$ (5.17)	$ (4.67)	$ (3.37)

Series 9

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 12/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 5,465	$ 3,252	$ 6,518	$ 5,739
Net Income (Loss)	$ (67,293)	$ (68,821)	$ (14,543)	$ (84,189)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (10.65)	$ (10.89)	$ (2.30)	$ (13.33)

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

Series 10

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 12/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 4,428	$ 4,026	$ 4,177	$ 2,617
Net Income (Loss)	$ (50,165)	$ (50,258)	$ (63,785)	$ (22,118)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (9.85)	$ (9.87)	$ (12.52)	$ (4.34)

Series 11

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 12/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 3,625	$ 6,669	$ 3,915	$ 3,692
Net Income (Loss)	$ (48,691)	$ (19,315)	$ (35,242)	$ (50,719)
Earnings (Loss) Per Weighted Average Beneficial Assignee Certificates Outstanding	$ (9.40)	$ (3.73)	$ (6.81)	$ (9.79)

Series 7 - 11

Year 2005	Quarter 1 6/30/2004	Quarter 2 9/30/2004	Quarter 3 12/31/2004	Quarter 4 3/31/2005
Total Revenues	$ 31,371	$ 36,897	$ 36,408	$ 32,880
Net Income (Loss)	$(282,882)	$(248,062)	$(225,830)	$(259,018)

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INDEPENDENT AUDITORS' REPORT

To the Partners
Lakeshore II, Ltd.
Tuskegee, Alabama

We have audited the accompanying balance sheets of Lakeshore II, Ltd., a limited partnership, RHS Project No: 01-044-631056927 as of December 31, 2005 and 2004, 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 standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the U.S. Department of Agriculture, Farmers Home Administration Audit Program, and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 11 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information presented in the Multiple Family Housing Borrower Balance Sheet (Form FmHA 1930-8) Parts I and II for the years ended December 31, 2005 and 2004, 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 21, 2006 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. However, the partnership has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included only the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control over financial reporting. Accordingly, we express no such opinion.

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

Gadsden, Alabama
February 21, 2006

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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, as of December 31, 2005 and 2004, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The partnership has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skyview Apartments, Ltd., as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Gadsden, Alabama
February 6, 2006

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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, 2005 and 2004, 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 the auditing standards generally accepted in the United States of America and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The partnership has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadowview Apartments, Ltd., a limited partnership, as of December 31, 2005 and 2004, and the results of its operations, changes in partners capital and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

/s/ Donald W. Causey and Associates, P.C.
Certified Public Accountant

Gadsden, Alabama
February 23, 2006

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INDEPENDENT AUDITORS' REPORT

To the Partners
Applegate Apartments, Ltd.
Florence, Alabama

We have audited the accompanying balance sheets of Applegate Apartments, Ltd., a limited partnership, as of December 31, 2005 and 2004, 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 standards generally accepted in the United States of America and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The partnership has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Applegate Apartments, Ltd., as of December 31, 2005 and 2004, and the results of its operations, changes in partners’ capital and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Gadsden, Alabama
February 20, 2006

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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, 2005 and 2004, 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 standards generally accepted in the United States of America and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The partnership has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the partnership’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heatherwood Apartments, Ltd., as of December 31, 2005 and 2004, and the results of its operations, changes in partners’ capital and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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 9 and 10 is presented for the 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/ Donald W. Causey & Associates, P.C.
Certified Public Accountants

Gadsden, Alabama
February 28, 2006

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

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

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

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

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

Item 9a. Controls and Procedures

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

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of Gateway

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

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

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

Ronald M. Diner, age 62, is President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc., with whom he has been employed since June 1983. Mr. Diner received an MBA degree from Columbia University (1968) and a BS degree from Trinity College (1966). Prior to joining Raymond James & Associates, Inc., he managed the broker-dealer activities of Pittway Real Estate, Inc., a real estate development firm. He was previously a loan officer at Marine Midland Realty Credit Corp., and spent three years with Common, Dann & Co., a New York regional investment firm. He has served as a member of the Board of Directors of the Council for Rural Housing and Development, a national organization of developers, managers and syndicators of properties developed under the RECD Section 515 program, and is a member of the Board of Directors of the Florida Council for Rural Housing and Development. Mr. Diner has been a speaker and panel member at state and national seminars relating to the low-income housing credit.

J. Davenport Mosby, age 50, is a Vice President and a Director. He is a Senior Vice President of Raymond James & Associates, Inc. which he joined in 1982. Mr. Mosby received an MBA from the Harvard Business School (1982). He graduated magna cum laude with a BA from Vanderbilt University where he was elected to Phi Beta Kappa.

Raymond James Partners, Inc. -

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

Information regarding the officers and directors of Raymond James Partners, Inc. is included on 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, 2006. 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, 2006.

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

Item 13. Certain Relationships and Related Transactions

Gateway has no officers or directors. However, 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.

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

Asset Management Fee - The Managing General Partner is entitled to 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.

	2006	2005	2004
Series 7	$ 86,447	$ 86,447	$ 86,749
Series 8	89,908	89,908	90,313
Series 9	49,509	49,509	49,711
Series 10	33,819	33,819	33,890
Series 11	28,021	28,021	28,254
Total	$287,704	$287,704	$288,917

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.

	2006	2005	2004
Series 7	$ 84,526	$ 56,857	$ 56,842
Series 8	93,195	62,689	62,671
Series 9	52,016	34,990	34,979
Series 10	32,510	21,868	21,863
Series 11	26,008	17,494	17,491
Total	$288,255	$193,898	$193,846

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

	March 31, 2006	March 31, 2005
Series 7	$ 704,516	$ 611,609
Series 8	735,669	639,507
Series 9	458,715	404,547
Series 10	76,798	40,082
Series 11	13,071	0
Total	$1,988,769	$1,695,745

Item 14. Principal Accounting Fees & Services

The aggregate fees incurred by the Partnership’s principal accounting firm, Reznick Group, P.C., for professional services rendered for the audit of the annual financial statements and review of financial statements included in the Partnership’s quarterly report on Form 10-Q for the year ended March 31, 2006 was $70,000. The aggregate fees incurred by the Partnership’s former principal accounting firm, Spence, Marston, Bunch, Morris and Co., during fiscal year 2006 for review of certain quarterly reports on Form 10-Q were $1,575.

Tax – During fiscal 2006 and 2005, Spence, Marston, Bunch, Morris & Co. was engaged to prepare the Partnership’s federal tax return, for which they billed $7,000 and $5,500 for 2006 and 2005, respectively.

Other Fees – The Company’s Audit Committee Charter requires that the Committee approve the engagement of the principal auditing firm prior to the rendering of any audit or non-audit services. During fiscal 2006, 100% of the audit related and other services and 100% of the tax services were pre-approved by the Audit Committee.

PART IV

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

a.(1) Financial Statements - 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.

b. Exhibit Index -

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

Reports filed on Form 8-K

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

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

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

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

SERIES 7
Apartment Properties

Partnership	Location	# of Units	Mortgage Loan Balance
Nottingham	Pisgah, AL	18	$ 564,957
Cedar Hollow	Waterloo, NE	24	746,276
Sunrise	Mission, SD	44	1,983,610
Mountain City	Mountain City, TN	40	1,290,517
Burbank	Falls City, NE	24	790,654
Washington	Bloomfield, NE	24	784,755
BrookStone	McCaysville, GA	40	1,171,586
Tazewell	New Tazewell, TN	44	1,373,467
N. Irvine	Irvine, KY	24	776,407
Horton	Horton, KS	24	753,653
Manchester	Manchester, GA	42	1,178,901
Waynesboro	Waynesboro, GA	24	658,171
Lakeland II	Lakeland, GA	30	816,931
Mt. Vernon	Mt. Vernon, GA	24	724,716
Meadow Run	Dawson, GA	48	1,397,771
Spring Creek II	Quitman, GA	24	653,849
Warm Springs	Warm Springs, GA	22	662,206
Blue Ridge	Blue Ridge, GA	41	1,074,215
Walnut	Elk Point, SD	24	806,456
Pioneer	Mountain View, AR	48	1,187,668
Dilley	Dilley, TX	28	711,617
Elsa	Elsa, TX	40	1,016,908
Clinch View	Gate City, VA	42	1,428,515
Jamestown	Jamestown, TN	40	1,197,250
Leander	Leander, TX	36	898,322
Louisa Sr.	Louisa, KY	36	1,168,054
Orchard Commons	Crab Orchard, KY	12	331,244
Vardaman	Vardaman, MS	24	717,294
Heritage Park	Paze, AZ	32	1,220,572
BrooksHollow	Jasper, GA	40	1,156,286
Cavalry Crossing	Ft. Scott, KS	40	1,392,706
Carson City	Carson City, KS	24	773,741
Matteson	Capa, KS	24	748,304
Pembroke	Pembroke, KY	16	500,298
Robynwood	Cynthiana, KY	24	759,438
Atoka	Atoka, OK	24	661,755
Coalgate	Coalgate, OK	24	661,626
Hill Creek	West Blocton, AL	24	759,690
Cardinal	Mountain Home. AR	32	142,038
			$35,642,424

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, 2005

SERIES 7
Apartment Properties

Partnership	Cost At Acquisition: Land	Cost At Acquisition: Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
Nottingham	$ 21,070	$ 695,113	$ 8,447
Cedar Hollow	25,000	889,355	85,831
Sunrise	30,000	837,000	1,769,346
Mountain City	67,000	1,345,826	232,730
Burbank	25,000	595,780	420,600
Washington	30,000	401,435	556,817
BrookStone	45,000	176,183	1,240,266
Tazewell	75,000	834,811	845,487
N. Irvine	27,600	696,407	304,575
Horton	15,615	641,460	275,465
Manchester	40,000	243,179	1,191,722
Waynesboro	45,310	107,860	666,155
Lakeland II	30,000	149,453	830,194
Mt. Vernon	19,500	156,335	724,691
Meadow Run	20,000	241,802	1,483,038
Spring Creek II	40,000	117,323	651,152
Warm Springs	45,000	196,691	581,275
Blue Ridge	0	234,193	1,104,950
Walnut	20,000	112,079	920,866
Pioneer	30,000	1,092,918	351,280
Dilley	30,000	847,755	12,647
Elsa	40,000	1,286,910	15,105
Clinch View	99,000	409,447	1,323,536
Jamestown	53,800	436,875	1,082,960
Leander	46,000	1,063,200	57,034
Louisa Sr.	90,000	449,409	979,128
Orchard Commons	28,789	452,556	(1,684)
Vardaman	15,000	93,877	811,805
Heritage Park	199,000	1,243,700	195,585
BrooksHollow	67,155	183,029	1,187,723
Cavalry Crossing	82,300	894,246	855,986
Carson City	86,422	354,778	524,245
Matteson	28,438	556,314	372,608
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	339,919
Cardinal	24,207	650,852	110,181
	$ 1,666,043	$21,441,174	$23,184,260

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, 2005

SERIES 7
Apartment Properties

Partnership	Land	Buildings, Improvements and Equipment	Total
	Gross Amount At Which Carried At December 31, 2005		
Nottingham	$ 21,070	$ 703,560	$ 724,630
Cedar Hollow	25,000	975,186	1,000,186
Sunrise	30,000	2,606,346	2,636,346
Mountain City	67,000	1,578,556	1,645,556
Burbank	25,000	1,016,380	1,041,380
Washington	30,000	958,252	988,252
BrookStone	45,000	1,416,449	1,461,449
Tazewell	75,000	1,680,298	1,755,298
N. Irvine	27,600	1,000,982	1,028,582
Horton	15,615	916,925	932,540
Manchester	49,455	1,425,446	1,474,901
Waynesboro	37,500	781,825	819,325
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	802,966	822,966
Blue Ridge	0	1,339,143	1,339,143
Walnut	20,000	1,032,945	1,052,945
Pioneer	30,000	1,444,198	1,474,198
Dilley	30,000	860,402	890,402
Elsa	40,000	1,302,015	1,342,015
Clinch View	99,000	1,732,983	1,831,983
Jamestown	53,800	1,519,835	1,573,635
Leander	46,000	1,120,234	1,166,234
Louisa Sr.	90,000	1,428,537	1,518,537
Orchard Commons	28,789	450,872	479,661
Vardaman	15,000	905,682	920,682
Heritage Park	199,000	1,439,285	1,638,285
BrooksHollow	67,000	1,370,907	1,437,907
Cavalry Crossing	101,365	1,731,167	1,832,532
Carson City	40,028	925,417	965,445
Matteson	39,000	918,360	957,360
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	962,210	991,547
Cardinal	24,207	761,033	785,240
	$ 1,635,366	$44,656,111	$46,291,477

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

SERIES 7

Apartment Properties Partnership	Accumulated Depreciation	Depreciable Life
Nottingham	$ 252,642	5.0-40.0
Cedar Hollow	363,693	7.0-40.0
Sunrise	1,210,552	5.0-27.5
Mountain City	800,913	7.0-27.5
Burbank	410,035	5.0-30.0
Washington	456,323	5.0-30.0
BrookStone	625,206	5.0-27.5
Tazewell	830,480	7.0-27.5
N. Irvine	339,920	5.0-40.0
Horton	485,370	5.0-25.0
Manchester	593,933	5.0-25.0
Waynesboro	336,383	10.0-30.0
Lakeland II	429,550	10.0-30.0
Mt. Vernon	368,022	5.0-30.0
Meadow Run	743,930	7.0-27.5
Spring Creek II	334,114	10.0-30.0
Warm Springs	353,772	5.0-40.0
Blue Ridge	610,282	5.0-25.0
Walnut	385,479	5.0-40.0
Pioneer	502,195	12.0-40.0
Dilley	233,520	5.0-50.0
Elsa	409,590	7.0-50.0
Clinch View	846,974	7.0-27.5
Jamestown	730,475	7.0-27.5
Leander	543,633	7.0-30.0
Louisa Sr.	502,393	5.0-40.0
Orchard Commons	165,078	5.0-40.0
Vardaman	303,664	5.0-40.0
Heritage Park	721,686	7.0-27.5
BrooksHollow	591,998	5.0-27.5
Cavalry Crossing	604,564	12.0-40.0
Carson City	448,076	7.0-27.5
Matteson	458,587	7.0-27.5
Pembroke	211,862	5.0-40.0
Robynwood	336,973	5.0-40.0
Atoka	426,063	5.0-25.0
Coalgate	425,159	5.0-25.0
Hill Creek	408,348	7.0-27.5
Cardinal	220,990	7.0-27.5
	$19,022,427	

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, 2005

SERIES 8

Apartment Properties Partnership	Location	# of Units	Mortgage Loan Balance
Purdy	Purdy, MO	16	$ 450,343
Galena	Galena, KS	24	596,965
Antlers 2	Antlers, OK	24	622,036
Holdenville	Holdenville, OK	24	707,192
Wetumka	Wetumka, OK	24	641,726
Mariners Cove	Marine City, MI	32	1,017,101
Mariners Cove Sr.	Marine City, MI	24	787,740
Antlers	Antlers, OK	36	1,070,515
Bentonville	Bentonville, AR	24	512,586
Deerpoint	Elgin, AL	24	727,468
Aurora	Aurora, MO	28	713,544
Baxter	Baxter Springs, KS	16	418,318
Arbor Gate	Bridgeport, AL	24	738,959
Timber Ridge	Collinsville, AL	24	721,281
Concordia Sr.	Concordia, KS	24	669,345
Mountainburg	Mountainburg, AR	24	697,206
Lincoln	Pierre, SD	25	874,306
Fox Ridge	Russellville, AL	24	729,316
Meadow View	Bridgeiport, NE	16	580,228
Sheridan	Auburn, NE	16	596,273
Morningside	Kenton, OH	32	955,634
Grand Isle	Grand Isle, ME	16	925,480
Meadowview	Van Buren, AR	29	739,890
Taylor	Taylor, TX	44	1,220,584
Brookwood	Gainesboro, TN	44	1,434,693
Pleasant Valley	Lynchburg, TN	33	1,079,152
Reelfoot	Ridgely, TN	20	640,371
River Rest	Newport, TN	34	1,126,709
Kirskville	Kirksville, MO	24	671,595
Cimmaron	Arco, ID	24	813,385
Kenton	Kenton, OH	46	1,403,872
Lovingston	Lovingston, VA	64	2,182,713
Pontotoc	Pontotoc, MS	36	1,083,829
So. Brenchley	Rexburg, ID	30	1,215,746
Hustonville	Hustonville, KY	16	511,261
Northpoint	Jackson, KY	24	880,033
Brooks Field	Louisville, GA	32	938,919
Brooks Lane	Clayton, GA	36	1,084,729
Brooks Point	Dahlonega, GA	41	1,345,533
Brooks Run	Jasper, GA	24	746,323
Logan Heights	Russellville, KY	24	773,634
Lakeshore 2	Tuskegee, AL	36	1,134,521
Cottondale	Cottondale, FL	25	751,762
			$37,532,816

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, 2005

SERIES 8

Partnership	Cost At Acquisition: Land	Cost At Acquisition: Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
Purdy	$ 64,823	$ 493,596	$ 37,264
Galena	19,200	362,505	421,077
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	64,402
Mariners Cove Sr.	72,252	901,745	51,019
Antlers	50,529	1,270,510	0
Bentonville	15,220	743,269	0
Deerpoint	33,250	912,974	2,600
Aurora	164,350	716,471	51,299
Baxter	13,800	418,296	137,057
Arbor Gate	43,218	873,748	25,138
Timber Ridge	15,145	879,334	31,795
Concordia Sr.	65,000	776,131	(14,742)
Mountainburg	20,000	863,990	0
Lincoln	121,000	933,872	78,278
Fox Ridge	35,000	867,785	0
Meadow View	29,000	686,959	13,776
Sheridan	20,100	373,018	389,543
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	9,015
Pleasant Valley	56,269	1,288,452	13,379
Reelfoot	13,000	118,127	698,721
River Rest	50,750	431,259	945,992
Kirskville	50,000	188,140	593,352
Cimmaron	18,000	611,963	510,511
Kenton	61,699	785,703	934,357
Lovingston	178,985	2,215,782	353,279
Pontotoc	40,500	312,296	988,172
So. Brenchley	99,658	492,781	984,634
Hustonville	20,000	672,270	5,425
Northpoint	140,000	942,599	7,498
Brooks Field	45,762	113,295	1,018,634
Brooks Lane	57,500	123,401	1,174,783
Brooks Point	108,000	135,053	1,416,461
Brooks Run	50,000	158,025	716,676
Logan Heights	24,600	422,778	504,352
Lakeshore 2	45,000	273,501	1,111,247
Cottondale	36,000	911,975	344
	$ 2,280,425	$32,092,541	$13,488,062

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, 2005

SERIES 8

	Gross Amount At Which Carried At December 31, 2005		
Partnership	Land	Buildings, Improvements and Equipment	Total
Purdy	$ 12,200	$ 583,483	$ 595,683
Galena	19,200	783,582	802,782
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	1,252,568	1,316,568
Mariners Cove Sr.	46,216	978,800	1,025,016
Antlers	50,529	1,270,510	1,321,039
Bentonville	15,220	743,269	758,489
Deerpoint	19,500	929,324	948,824
Aurora	35,000	897,120	932,120
Baxter	14,845	554,308	569,153
Arbor Gate	43,218	898,886	942,104
Timber Ridge	15,145	911,129	926,274
Concordia Sr.	65,000	761,389	826,389
Mountainburg	20,000	863,990	883,990
Lincoln	121,000	1,012,150	1,133,150
Fox Ridge	35,000	867,785	902,785
Meadow View	18,000	711,735	729,735
Sheridan	20,100	762,561	782,661
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	1,789,105	1,817,253
Pleasant Valley	56,269	1,301,831	1,358,100
Reelfoot	13,827	816,021	829,848
River Rest	52,062	1,375,939	1,428,001
Kirskville	50,000	781,492	831,492
Cimmaron	6,000	1,134,474	1,140,474
Kenton	61,699	1,720,060	1,781,759
Lovingston	171,772	2,576,274	2,748,046
Pontotoc	40,500	1,300,468	1,340,968
So. Brenchley	99,658	1,477,415	1,577,073
Hustonville	20,000	677,695	697,695
Northpoint	140,000	950,097	1,090,097
Brooks Field	45,761	1,131,930	1,177,691
Brooks Lane	57,500	1,298,184	1,355,684
Brooks Point	108,000	1,551,514	1,659,514
Brooks Run	50,366	874,335	924,701
Logan Heights	24,600	927,130	951,730
Lakeshore 2	45,000	1,384,748	1,429,748
Cottondale	36,000	912,319	948,319
	$ 1,978,809	$45,882,219	$47,861,028

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, 2005

SERIES 8
Apartment Properties

Partnership	Accumulated Depreciation	Depreciable Life
Purdy	$ 323,916	7.0-27.5
Galena	397,956	7.0-27.5
Antlers 2	396,510	5.0-25.0
Holdenville	442,775	5.0-25.0
Wetumka	402,133	5.0-25.0
Mariners Cove	605,004	7.0-27.5
Mariners Cove Sr.	466,507	7.0-27.5
Antlers	649,474	10.0-25.0
Bentonville	400,341	5.0-25.0
Deerpoint	259,183	5.0-50.0
Aurora	465,327	7.0-27.5
Baxter	273,642	7.0-27.5
Arbor Gate	294,413	5.0-40.0
Timber Ridge	300,584	5.0-40.0
Concordia Sr.	380,460	5.0-25.0
Mountainburg	435,307	5.0-25.0
Lincoln	467,742	7.0-27.5
Fox Ridge	237,750	5.0-50.0
Meadow View	292,530	5.0-30.0
Sheridan	271,134	5.0-50.0
Morningside	454,496	5.0-33.0
Grand Isle	525,405	7.0-27.5
Meadowview	477,359	5.0-25.0
Taylor	354,338	5.0-50.0
Brookwood	770,298	5.0-50.0
Pleasant Valley	573,714	5.0-50.0
Reelfoot	341,318	7.0-27.5
River Rest	564,774	7.0-50.0
Kirskville	369,698	5.0-27.5
Cimmaron	517,656	7.0-27.5
Kenton	645,487	5.0-33.0
Lovingston	1,166,573	7.0-27.5
Pontotoc	371,008	5.0-40.0
So. Brenchley	670,638	7.0-27.5
Hustonville	219,366	5.0-40.0
Northpoint	313,658	5.0-40.0
Brooks Field	460,303	5.0-40.0
Brooks Lane	527,319	5.0-40.0
Brooks Point	619,368	5.0-40.0
Brooks Run	361,283	5.0-40.0
Logan Heights	387,770	7.0-40.0
Lakeshore 2	395,175	5.0-40.0
Cottondale	368,642	5.0-27.5
	$19,218,334	

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, 2005

SERIES 9

Apartment Properties Partnership	Location	# of Units	Mortgage Loan Balance
Jay	Jay, OK	24	$ 639,730
Boxwood	Lexington, TX	24	604,336
Stilwell 3	Stilwell, OK	16	455,670
Arbor Trace	Lake Park, GA	24	728,242
Arbor Trace 2	Lake Park, GA	42	1,433,610
Omega	Omega, GA	36	1,115,056
Cornell 2	Watertown, SD	24	906,444
Elm Creek	Pierre, SD	24	937,874
Marionville	Marionville, MO	20	552,942
Lamar	Lamar, AR	24	700,370
Mt. Glen	Heppner, OR	24	810,023
Centreville	Centreville, AL	24	775,703
Skyview	Troy, AL	36	1,115,303
Sycamore	Coffeyville, KS	40	1,391,346
Bradford	Cumberland, KY	24	778,444
Cedar Lane	London, KY	24	716,274
Stanton	Stanton, KY	24	787,480
Abernathy	Abernathy, TX	24	609,362
Pembroke	Pembroke, KY	24	784,605
Meadowview	Greenville, AL	24	650,556
Town Branch	Mt. Vernon, KY	24	756,178
Fox Run	Ragland, AL	24	761,718
Maple Street	Emporium, PA	32	1,342,623
Manchester	Manchester, GA	18	580,950
			$19,934,839

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, 2005

SERIES 9
Apartment Properties

Partnership	Cost At Acquisition: Land	Cost At Acquisition: 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	591,345
Elm Creek	71,360	233,390	932,044
Marionville	24,900	409,497	308,899
Lamar	18,000	202,240	684,085
Mt. Glen	23,500	480,064	576,242
Centreville	36,000	220,952	726,363
Skyview	120,000	220,161	1,079,552
Sycamore	64,408	415,748	1,364,509
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	4,715
Town Branch	21,000	942,114	21,296
Fox Run	47,467	919,296	11,432
Maple Street	85,000	1,178,856	448,225
Manchester	24,100	711,035	479
	$1,106,834	$13,140,244	$11,863,037

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, 2005

SERIES 9
Apartment Properties

Partnership	Land	Buildings, Improvements and Equipment	Total
	Gross Amount At Which Carried At December 31, 2005		
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	1,167,641	1,196,796
Elm Creek	71,360	1,165,434	1,236,794
Marionville	25,000	718,296	743,296
Lamar	18,000	886,325	904,325
Mt. Glen	23,500	1,056,306	1,079,806
Centreville	36,000	947,315	983,315
Skyview	120,000	1,299,713	1,419,713
Sycamore	64,600	1,780,065	1,844,665
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	1,091,066	1,137,336
Town Branch	21,000	963,410	984,410
Fox Run	47,467	930,728	978,195
Maple Street	85,000	1,627,081	1,712,081
Manchester	27,200	708,414	735,614
	$1,099,659	$25,010,456	$26,110,115

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, 2005

SERIES 9

Apartment Properties Partnership	Accumulated Depreciation	Depreciable Life
Jay	$ 376,309	5.0-25.0
Boxwood	375,573	5.0-25.0
Stilwell 3	278,346	5.0-25.0
Arbor Trace	327,100	10.0-30.0
Arbor Trace 2	651,273	10.0-30.0
Omega	530,210	5.0-50.0
Cornell 2	541,944	5.0-30.0
Elm Creek	516,788	5.0-27.5
Marionville	352,292	7.0-27.5
Lamar	431,862	5.0-25.0
Mt. Glen	490,522	7.0-27.5
Centreville	447,226	5.0-40.0
Skyview	378,440	5.0-40.0
Sycamore	528,857	12.0-40.0
Bradford	318,169	5.0-40.0
Cedar Lane	328,991	5.0-40.0
Stanton	326,837	5.0-40.0
Abernathy	370,246	5.0-25.0
Pembroke	315,893	7.0-40.0
Meadowview	308,102	5.0-40.0
Town Branch	294,675	7.0-40.0
Fox Run	388,190	7.0-27.5
Maple Street	488,949	7.0-40.0
Manchester	273,620	5.0-27.5
	$ 9,640,414	

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, 2005

SERIES 10

Apartment Properties Partnership	Location	# of Units	Mortgage Loan Balance
Redstone	Challis, ID	24	$ 827,582
Albany	Albany, KY	24	759,138
Oak Terrace	Bonifay, FL	18	531,942
Wellshill	West Liberty, KY	32	1,064,647
Applegate	Florence, AL	36	1,114,105
Heatherwood	Alexander City, AL	36	874,264
Peachtree	Gaffney, SC	28	984,690
Donna	Donna, TX	50	1,395,814
Wellsville	Wellsville, NY	24	1,026,078
Tecumseh	Tecumseh, NE	24	878,260
Clay City	Clay City, KY	24	797,861
Irvine West	Irvine, KY	24	795,940
New Castle	New Castle, KY	24	790,549
Stigler	Stigler, OK	20	582,784
Courtyard	Huron, SD	21	631,322
			$13,054,976

	Cost At Acquisition		
Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
Redstone	$ 24,000	$ 747,591	$ 387,636
Albany	39,500	990,162	12,867
Oak Terrace	27,200	633,284	3,996
Wellshill	75,000	1,270,844	5,100
Applegate	125,000	1,467,675	263,210
Heatherwood	55,000	1,551,679	36,135
Peachtree	25,000	1,021,466	54,530
Donna	112,000	1,661,889	4,778
Wellsville	38,000	1,286,389	81,955
Tecumseh	20,000	1,038,151	79,110
Clay City	22,750	998,334	17,924
Irvine West	25,000	1,060,585	11,602
New Castle	40,575	971,520	11,511
Stigler	24,000	730,056	0
Courtyard	12,000	465,936	301,748
	$665,025	$15,895,561	$ 1,272,102

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, 2005

SERIES 10
Apartment Properties

Gross Amount At Which Carried At December 31, 2005

Partnership	Land	Buildings, Improvements and Equipment	Total
Redstone	$ 7,600	$ 1,151,627	$ 1,159,227
Albany	39,500	1,003,029	1,042,529
Oak Terrace	27,200	637,280	664,480
Wellshill	75,000	1,275,944	1,350,944
Applegate	125,000	1,730,885	1,855,885
Heatherwood	55,000	1,587,814	1,642,814
Peachtree	25,000	1,075,996	1,100,996
Donna	112,000	1,666,667	1,778,667
Wellsville	38,000	1,368,344	1,406,344
Tecumseh	20,000	1,117,261	1,137,261
Clay City	22,750	1,016,258	1,039,008
Irvine West	25,000	1,072,187	1,097,187
New Castle	40,575	983,031	1,023,606
Stigler	24,000	730,056	754,056
Courtyard	12,000	767,684	779,684
	$ 648,625	$17,184,063	$17,832,688

Partnership	Accumulated Depreciation	Depreciable Life
Redstone	$ 536,653	7.0-27.5
Albany	344,592	5.0-40.0
Oak Terrace	271,947	5.0-27.5
Wellshill	405,828	5.0-40.0
Applegate	489,002	5.0-40.0
Heatherwood	447,637	5.0-40.0
Peachtree	314,967	5.0-40.0
Donna	397,295	7.0-50.0
Wellsville	616,881	7.0-27.5
Tecumseh	317,304	5.0-50.0
Clay City	308,582	5.0-40.0
Irvine West	325,887	5.0-40.0
New Castle	296,156	5.0-40.0
Stigler	222,875	5.0-25.0
Courtyard	273,455	5.0-40.0
	$5,569,061	

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, 2005

SERIES 11

Apartment Properties Partnership	Location	# of Units	Mortgage Loan Balance
Homestead	Pinetop, AZ	32	$ 1,287,898
Mountain Oak	Collinsville, AL	24	666,909
Eloy	Eloy, AZ	24	638,056
Gila Bend	Gila Bend, AZ	36	960,401
Creekstone	Dallas, GA	40	685,442
Tifton	Tifton, GA	36	804,766
Cass Towne	Cartersville, GA	10	58,000
Warsaw	Warsaw, VA	56	2,609,985
Royston	Royston, GA	25	731,449
Red Bud	Mokane, MO	8	235,124
Cardinal	Mountain Home, AR	32	92,665
Parsons	Parsons, KS	38	1,076,376
			$ 9,847,071

	Cost At Acquisition		
Partnership	Land	Buildings, Improvements and Equipment	Net Improvements Capitalized Subsequent to Acquisition
Homestead	$ 126,000	$ 1,628,502	$ 56,888
Mountain Oak	30,000	473,033	391,422
Eloy	12,000	882,913	110,332
Gila Bend	18,000	945,233	412,034
Creekstone	130,625	170,655	1,707,324
Tifton	17,600	192,853	1,496,433
Cass Towne	22,690	301,458	5,257
Warsaw	146,800	3,200,738	55,839
Royston	36,000	785,602	113,557
Red Bud	5,500	295,617	447
Cardinal	15,793	424,616	71,883
Parsons	45,188	953,512	380,612
	$606,196	$10,254,732	$4,802,028

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, 2005

SERIES 11
Apartment Properties

Partnership	Land	Buildings, Improvements and Equipment	Total
	Gross Amount At Which Carried At December 31, 2005		
Homestead	$ 126,000	$ 1,685,390	$ 1,811,390
Mountain Oak	30,000	864,455	894,455
Eloy	12,000	993,245	1,005,245
Gila Bend	18,000	1,357,267	1,375,267
Creekstone	130,650	1,877,954	2,008,604
Tifton	17,327	1,689,559	1,706,886
Cass Towne	22,690	306,715	329,405
Warsaw	146,800	3,256,577	3,403,377
Royston	36,000	899,159	935,159
Red Bud	5,500	296,064	301,564
Cardinal	15,793	496,499	512,292
Parsons	38,437	1,340,875	1,379,312
	$ 599,197	$15,063,759	$15,662,956

Partnership	Accumulated Depreciation	Depreciable Life
Homestead	$ 523,969	5.0-40.0
Mountain Oak	362,601	5.0-27.5
Eloy	442,254	5.0-27.5
Gila Bend	592,370	5.0-40.0
Creekstone	697,115	7.0-27.5
Tifton	429,379	5.0-25.0
Cass Towne	89,825	7.0-27.5
Warsaw	1,263,727	7.0-27.5
Royston	325,335	7.0-40.0
Red Bud	78,156	7.0-40.0
Cardinal	144,174	7.0-27.5
Parsons	365,749	12.0-40.0
	$ 5,314,654	

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

SERIES 7

Balance at beginning of period - December 31, 2004		$46,183,316
Additions during period:		
Acquisitions through foreclosure	$ 108,161	
Other acquisitions	0	
Improvements, etc.	0	
Other	0	
		108,161
Deductions during period:		
Cost of real estate sold	0	
		0
Balance at end of period - December 31, 2005		$46,291,477

Reconciliation of Accumulated Depreciation current year changes:

Balance at beginning of period - December 31, 2004	$17,552,593
Current year expense	1,472,897
Less Accumulated Depreciation of real estate sold	(3,063)
Balance at end of period - December 31, 2005	$19,022,427

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

Series 8

Balance at beginning of period - December 31, 2004		$47,720,428
Additions during period:		
Acquisitions through foreclosure	$ 140,600	
Other acquisitions	0	
Improvements, etc.	0	
Other	0	
		140,600
Deductions during period:		
Cost of real estate sold	0	
Other	0	
		0
Balance at end of period - December 31, 2005		$47,861,028

Reconciliation of Accumulated
Depreciation current year changes:

Balance at beginning of period - December 31, 2004	$17,821,451
Current year expense	1,485,222
Less Accumulated Depreciation of real estate sold	(88,339)
Other	0
Balance at end of period - December 31, 2005	$19,218,334

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

Series 9

Balance at beginning of period - December 31, 2004		$26,036,863
Additions during period:		
Acquisitions through foreclosure	$ 73,252	
Other acquisitions	0	
Improvements, etc.	0	
Other	0	
		73,252
Deductions during period:		
Cost of real estate sold	0	
Other	0	0
Balance at end of period - December 31, 2005		$26,110,115

Reconciliation of Accumulated Depreciation current year changes:

Balance at beginning of period - December 31, 2004	8,872,295
Current year expense	767,851
Less Accumulated Depreciation of real estate sold	268
Other	0
Balance at end of period - December 31, 2005	$ 9,640,414

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

Series 10

Balance at beginning of period - December 31, 2004		$17,756,411
Additions during period:		
Acquisitions through foreclosure	$ 76,277	
Other acquisitions	0	
Improvements, etc.	0	
Other	0	

		76,277
Deductions during period:		
Cost of real estate sold	0	
Other	0	

		0

Balance at end of period - December 31, 2005		$17,832,688
		============

Reconciliation of Accumulated
Depreciation current year changes:

Balance at beginning of period - December 31, 2004	$ 5,103,348
Current year expense	465,714
Less Accumulated Depreciation of real estate sold	(1)
Other	0

Balance at end of period - December 31, 2005	$ 5,569,061
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SCHEDULE III - REAL ESTATE AND ACCUMULATED DEPRECIATION
OF PROPERTY OWNED BY PROJECT PARTNERSHIPS INVESTED IN
AS OF DECEMBER 31, 2005
GATEWAY TAX CREDIT FUND III LTD.
NOTES TO SCHEDULE III

Series 11

Balance at beginning of period - December 31, 2004		$15,603,708
Additions during period:		
Acquisitions through foreclosure	$ 59,248	
Other acquisitions	0	
Improvements, etc.	0	
Other	0	

		59,248
Deductions during period:		
Cost of real estate sold	0	
Other	0	
	--------	0

Balance at end of period - December 31, 2005		$15,662,956
		===========
Reconciliation of Accumulated Depreciation current year changes:		
Balance at beginning of period - December 31, 2004		$ 4,809,337
Current year expense		505,318
Less Accumulated Depreciation of real estate sold		(1)
Other		0

Balance at end of period - December 31, 2005		$ 5,314,654
		===========

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

SERIES 7

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Nottingham	18	$ 564,957	7.75%	4,182	50
Cedar Hollow	24	746,276	7.75%	3,128	50
Sunrise	44	1,983,610	7.25%	9,226	50
Mountain City	40	1,290,517	7.75%	5,399	50
Burbank	24	790,654	8.25%	2,990	50
Washington	24	784,755	8.25%	2,923	50
BrookStone	40	1,171,586	6.50%	6,491	50
Tazewell	44	1,373,467	7.25%	6,463	50
N. Irvine	24	776,407	7.75%	3,164	50
Horton	24	753,653	7.75%	2,845	50
Manchester	42	1,178,901	6.50%	6,417	50
Waynesboro	24	658,171	6.50%	3,398	50
Lakeland II	30	816,931	7.25%	3,800	50
Mt. Vernon	24	724,716	6.50%	3,899	50
Meadow Run	48	1,397,771	6.50%	7,564	50
Spring Creek II	24	653,849	6.50%	3,623	50
Warm Springs	22	662,206	7.25%	2,775	50
Blue Ridge	41	1,074,215	7.25%	4,869	50
Walnut	24	806,456	7.75%	3,401	50
Pioneer	48	1,187,668	8.25%	4,524	50
Dilley	28	711,617	8.25%	2,650	50
Elsa	40	1,016,908	7.75%	4,347	50
Clinch View	42	1,428,515	8.75%	7,509	50
Jamestown	40	1,197,250	7.25%	5,565	50
Leander	36	898,322	7.75%	3,506	50
Louisa Sr.	36	1,168,054	7.25%	6,061	50
Orchard Commons	12	331,244	7.75%	5,732	50
Vardaman	24	717,294	7.25%	3,006	50
Heritage Park	32	1,220,572	7.75%	5,077	50
BrooksHollow	40	1,156,286	6.50%	6,294	50
Cavalry Crossing	40	1,392,706	7.75%	5,676	50
Carson City	24	773,741	7.25%	3,500	50
Matteson	24	748,304	7.25%	3,500	50
Pembroke	16	500,298	7.25%	2,951	50
Robynwood	24	759,438	7.25%	5,251	50
Atoka	24	661,755	7.25%	3,917	50
Coalgate	24	661,626	7.25%	3,793	50
Hill Creek	24	759,690	6.50%	3,830	50
Cardinal	32	142,038	6.50%	5,200	50
		$35,642,424			

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

SERIES 8

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Purdy	16	$ 450,343	7.75%	2,285	50
Galena	24	596,965	7.25%	2,776	50
Antlers 2	24	622,036	7.25%	4,085	50
Holdenville	24	707,192	6.50%	4,330	50
Wetumka	24	641,726	6.50%	4,314	50
Mariners Cove	32	1,017,101	7.25%	4,600	50
Mariners Cove Sr.	24	787,740	7.25%	3,500	50
Antlers	36	1,070,515	7.25%	4,619	50
Bentonville	24	512,586	7.75%	14,430	45
Deerpoint	24	727,468	7.75%	6,238	50
Aurora	28	713,544	7.25%	3,236	50
Baxter	16	418,318	6.50%	2,720	50
Arbor Gate	24	738,959	6.50%	4,099	50
Timber Ridge	24	721,281	7.25%	3,446	50
Concordia Sr.	24	669,345	6.50%	3,350	50
Mountainburg	24	697,206	6.50%	3,824	50
Lincoln	25	874,306	8.25%	3,351	50
Fox Ridge	24	729,316	7.25%	3,398	50
Meadow View	16	580,228	7.25%	2,683	50
Sheridan	16	596,273	8.25%	3,211	50
Morningside	32	955,634	7.25%	4,331	50
Grand Isle	16	925,480	8.25%	8,875	50
Meadowview	29	739,890	7.25%	7,575	39
Taylor	44	1,220,584	7.50%	6,644	50
Brookwood	44	1,434,693	6.50%	7,860	50
Pleasant Valley	33	1,079,152	7.25%	4,893	50
Reelfoot	20	640,371	7.25%	3,892	50
River Rest	34	1,126,709	7.25%	4,791	50
Kirskville	24	671,595	7.25%	2,591	50
Cimmaron	24	813,385	10.75%	4,428	50
Kenton	46	1,403,872	7.25%	6,044	50
Lovingston	64	2,182,713	7.00%	10,920	50
Pontotoc	36	1,083,829	7.25%	4,490	50
So. Brenchley	30	1,215,746	7.25%	5,200	50
Hustonville	16	511,261	6.50%	3,187	50
Northpoint	24	880,033	7.25%	4,112	50
Brooks Field	32	938,919	7.25%	4,004	50
Brooks Lane	36	1,084,729	7.25%	4,297	50
Brooks Point	41	1,345,533	7.25%	4,833	50
Brooks Run	24	746,323	7.25%	2,975	50
Logan Heights	24	773,634	7.25%	3,072	50
Lakeshore 2	36	1,134,521	7.75%	4,147	50
Cottondale	25	751,762	7.75%	2,711	50
		$37,532,816			

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

SERIES 9

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Jay	24	$ 639,730	7.25%	2,851	50
Boxwood	24	604,336	6.50%	3,894	50
Stilwell 3	16	455,670	7.25%	2,728	50
Arbor Trace	24	728,242	7.25%	3,309	50
Arbor Trace 2	42	1,433,610	7.25%	6,157	50
Omega	36	1,115,056	7.25%	4,679	50
Cornell 2	24	906,444	7.25%	4,135	50
Elm Creek	24	937,874	7.25%	4,223	50
Marionville	20	552,942	6.50%	2,974	50
Lamar	24	700,370	7.25%	11,480	50
Mt. Glen	24	810,023	6.50%	4,344	50
Centreville	24	775,703	7.25%	3,340	50
Skyview	36	1,115,303	7.25%	4,771	50
Sycamore	40	1,391,346	7.25%	5,914	50
Bradford	24	778,444	7.03%	3,205	50
Cedar Lane	24	716,274	6.50%	5,465	50
Stanton	24	787,480	7.25%	3,892	50
Abernathy	24	609,362	6.50%	3,737	50
Pembroke	24	784,605	7.25%	3,495	50
Meadowview	24	650,556	0.50%	2,162	20
Town Branch	24	756,178	7.25%	4,347	50
Fox Run	24	761,718	6.50%	3,685	50
Maple Street	32	1,342,623	7.25%	5,421	50
Manchester	18	580,950	7.25%	2,438	50
		$19,934,839			

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

SERIES 10

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Redstone	24	$ 827,582	6.50%	4,505	50
Albany	24	759,138	6.50%	4,992	50
Oak Terrace	18	531,942	6.50%	2,861	50
Wellshill	32	1,064,647	7.25%	4,437	50
Applegate	36	1,114,105	0.50%	-	20
Heatherwood	36	874,264	0.50%	-	20
Peachtree	28	984,690	7.25%	4,608	50
Donna	50	1,395,814	6.50%	7,509	50
Wellsville	24	1,026,078	6.50%	8,231	50
Tecumseh	24	878,260	7.25%	3,531	50
Clay City	24	797,861	7.25%	3,619	50
Irvine West	24	795,940	7.25%	3,361	50
New Castle	24	790,549	7.25%	5,131	50
Stigler	20	582,784	7.25%	3,813	50
Courtyard	21	631,322	6.50%	2,386	50
		$13,054,976			

SERIES 11

PARTNERSHIP	# OF UNITS	BALANCE	INTEREST RATE	MONTHLY DEBT SERVICE	TERM (YEARS)
Homestead	32	$ 1,287,898	6.50%	6,408	50
Mountain Oak	24	666,909	8.00%	4,666	50
Eloy	24	638,056	6.00%	2,109	50
Gila Bend	36	960,401	8.00%	3,070	50
Creekstone	40	685,442	11.00%	56,427	30
Tifton	36	804,766	0.00%	24,929	42
Cass Towne	10	58,000	3.00%	17,000	10
Warsaw	56	2,609,985	6.50%	12,984	50
Royston	25	731,449	6.75%	3,009	50
Red Bud	8	235,124	7.25%	863	50
Cardinal	32	92,665	6.50%	3,392	50
Parsons	38	1,076,376	8.00%	3,943	50
		$ 9,847,071			

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 14, 2006

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

Date: July 14, 2006

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

Date: July 14, 2006

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

EXHIBIT 31.1

CERTIFICATIONS*

I, Ron Diner, certify that:

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

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

EXHIBIT 31.2

CERTIFICATIONS*

I, Jonathan Oorlog, certify that:

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

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

EXHIBIT 32

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

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

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

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