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## Raymond James Financial Electronic EDGAR Proof

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### Documents

10-Q	q10063008.htm GATEWAY III 10Q JUNE 30, 2008
10-Q	submissionpdf.pdf PDF
EX-31.1	ex311.htm CERTIFICATION OF PRESIDENT
EX-31.2	ex312.htm CERTIFICATION OF VP AND CFO
EX-32	ex32.htm CERTIFICATION PURSUANT TO SARBANES-OXLEY

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### Module and Segment References

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## SEC EDGAR XFDL Submission Header

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2008

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  
(Address of principal executive offices)

St. Petersburg, Florida 33716  
(Zip Code)

Registrant's Telephone Number, Including Area Code:

(727) 567-1000

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 ☒

NO ☐

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.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller Reporting Company ☒

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

Yes ☐

No ☒

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PART I – Financial Information

Item 1. Financial Statements

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

BALANCE SHEETS  
(Unaudited)

	SERIES 7		SERIES 8		SERIES 9	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 330,240	\$ 162,586	\$ 264,550	\$ 252,598	\$ 141,591	\$ 64,247
Investments in Securities	-	202,647	-	75,993	45,160	145,770
Receivable - Other	-	696	-	-	-	-
Total Current Assets	330,240	365,929	264,550	328,591	186,751	210,017
Investments in Project Partnerships, net	278,668	284,147	295,996	296,532	278,087	292,761
Total Assets	<u>\$ 608,908</u>	<u>\$ 650,076</u>	<u>\$ 560,546</u>	<u>\$ 625,123</u>	<u>\$ 464,838</u>	<u>\$ 502,778</u>
<b>LIABILITIES AND PARTNERS' DEFICIT</b>						
Current Liabilities:						
Payable to General Partners	\$ 58,203	\$ 64,060	\$ 64,875	\$ 96,986	\$ 27,892	\$ 32,071
Distribution Payable	-	-	68,000	68,000	-	-
Total Current Liabilities	58,203	64,060	132,875	164,986	27,892	32,071
Long-Term Liabilities:						
Payable to General Partners	837,231	815,948	884,268	862,696	539,169	526,959
Partners' Deficit:						
Limited Partners - 10,395, 9,980, and 6,254 units for Series 7, 8, and 9, respectively, at June 30, 2008 and March 31, 2008	(192,383)	(136,355)	(432,407)	(378,909)	(46,365)	(854)
General Partners	(94,143)	(93,577)	(24,190)	(23,650)	(55,858)	(55,398)
Total Partners' Deficit	(286,526)	(229,932)	(456,597)	(402,559)	(102,223)	(56,252)
Total Liabilities and Partners' Deficit	<u>\$ 608,908</u>	<u>\$ 650,076</u>	<u>\$ 560,546</u>	<u>\$ 625,123</u>	<u>\$ 464,838</u>	<u>\$ 502,778</u>

See accompanying notes to financial statements.

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

BALANCE SHEETS  
(Unaudited)

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 116,111	\$ 79,049	\$ 195,565	\$ 81,179	\$ 1,048,057	\$ 639,659
Investments in Securities	34,888	84,937	40,129	166,036	120,177	675,383
Receivable - Other	-	-	-	-	-	696
Total Current Assets	150,999	163,986	235,694	247,215	1,168,234	1,315,738
Investments in Securities	36,101	35,462	38,960	38,230	75,061	73,692
Investments in Project Partnerships, net	679,928	672,563	925,550	935,152	2,458,229	2,481,155
Total Assets	<u>\$ 867,028</u>	<u>\$ 872,011</u>	<u>\$ 1,200,204</u>	<u>\$ 1,220,597</u>	<u>\$ 3,701,524</u>	<u>\$3,870,585</u>
<b>LIABILITIES AND PARTNERS' EQUITY</b>						
Current Liabilities:						
Payable to General Partners	\$ 30,463	\$ 33,120	\$ 12,300	\$ 13,389	\$ 193,733	\$ 239,626
Distribution Payable	-	-	-	-	68,000	68,000
Total Current Liabilities	30,463	33,120	12,300	13,389	261,733	307,626
Long-Term Liabilities:						
Payable to General Partners	120,699	112,303	55,776	48,688	2,437,143	2,366,594
Partners' Equity (Deficit):						
Limited Partners - 5,043 and 5,127 units for Series 10 and 11, respectively, at June 30, 2008 and March 31, 2008	752,886	763,501	1,166,797	1,192,925	1,248,528	1,440,308
General Partners	(37,020)	(36,913)	(34,669)	(34,405)	(245,880)	(243,943)
Total Partners' Equity	715,866	726,588	1,132,128	1,158,520	1,002,648	1,196,365
Total Liabilities and Partners' Equity	<u>\$ 867,028</u>	<u>\$ 872,011</u>	<u>\$ 1,200,204</u>	<u>\$ 1,220,597</u>	<u>\$ 3,701,524</u>	<u>\$3,870,585</u>

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	SERIES 7		SERIES 8		SERIES 9	
	2008	2007	2008	2007	2008	2007
Revenues:						
Distribution Income	\$ 876	\$ 15,500	\$ 7,765	\$ 8,305	\$ 2,821	\$ 4,003
Total Revenues	<u>876</u>	<u>15,500</u>	<u>7,765</u>	<u>8,305</u>	<u>2,821</u>	<u>4,003</u>
Expenses:						
Asset Management Fee - General Partner	21,283	21,399	21,572	22,255	12,210	12,267
General and Administrative:						
General Partner	33,691	28,957	36,283	31,927	20,733	17,820
Other	5,004	4,376	5,264	2,357	3,350	2,934
Amortization	<u>1,254</u>	<u>6,535</u>	<u>2,768</u>	<u>3,205</u>	<u>2,511</u>	<u>3,013</u>
Total Expenses	<u>61,232</u>	<u>61,267</u>	<u>65,887</u>	<u>59,744</u>	<u>38,804</u>	<u>36,034</u>
Loss Before Equity in Income (Loss) of						
Project Partnerships and Other Income	(60,356)	(45,767)	(58,122)	(51,439)	(35,983)	(32,031)
Equity in Income (Loss) of Project						
Partnerships	691	(437)	2,232	3,366	(12,161)	(17,502)
Interest Income	<u>3,071</u>	<u>6,122</u>	<u>1,852</u>	<u>4,512</u>	<u>2,173</u>	<u>3,745</u>
Net Loss	<u>\$ (56,594)</u>	<u>\$ (40,082)</u>	<u>\$ (54,038)</u>	<u>\$ (43,561)</u>	<u>\$ (45,971)</u>	<u>\$ (45,788)</u>
Allocation of Net Loss:						
Limited Partners	\$ (56,028)	\$ (39,681)	\$ (53,498)	\$ (43,125)	\$ (45,511)	\$ (45,330)
General Partners	<u>(566)</u>	<u>(401)</u>	<u>(540)</u>	<u>(436)</u>	<u>(460)</u>	<u>(458)</u>
	<u>\$ (56,594)</u>	<u>\$ (40,082)</u>	<u>\$ (54,038)</u>	<u>\$ (43,561)</u>	<u>\$ (45,971)</u>	<u>\$ (45,788)</u>
Net Loss Per Limited Partnership Unit	<u>\$ (5.39)</u>	<u>\$ (3.82)</u>	<u>\$ (5.36)</u>	<u>\$ (4.32)</u>	<u>\$ (7.28)</u>	<u>\$ (7.25)</u>
Number of Limited Partnership Units						
Outstanding	<u>10,395</u>	<u>10,395</u>	<u>9,980</u>	<u>9,980</u>	<u>6,254</u>	<u>6,254</u>

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	2008	2007	2008	2007	2008	2007
Revenues:						
Distribution Income	\$ 3,243	\$ 1,380	\$ -	\$ 2,182	\$ 14,705	\$ 31,370
Total Revenues	<u>3,243</u>	<u>1,380</u>	<u>-</u>	<u>2,182</u>	<u>14,705</u>	<u>31,370</u>
Expenses:						
Asset Management Fee - General Partner	8,396	8,384	7,088	6,938	70,549	71,243
General and Administrative:						
General Partner	12,958	11,137	10,367	8,910	114,032	98,751
Other	2,897	1,705	2,665	1,958	19,180	13,330
Amortization	<u>5,229</u>	<u>6,026</u>	<u>7,245</u>	<u>8,374</u>	<u>19,007</u>	<u>27,153</u>
Total Expenses	<u>29,480</u>	<u>27,252</u>	<u>27,365</u>	<u>26,180</u>	<u>222,768</u>	<u>210,477</u>
Loss Before Equity in Income (Loss) of						
Project Partnerships and Other Income	(26,237)	(25,872)	(27,365)	(23,998)	(208,063)	(179,107)
Equity in Income (Loss) of Project						
Partnerships	13,343	(9,459)	(2,357)	(37,437)	1,748	(61,469)
Interest Income	<u>2,172</u>	<u>3,488</u>	<u>3,330</u>	<u>4,628</u>	<u>12,598</u>	<u>22,495</u>
Net Loss	<u>\$ (10,722)</u>	<u>\$ (31,843)</u>	<u>\$ (26,392)</u>	<u>\$ (56,807)</u>	<u>\$ (193,717)</u>	<u>\$ (218,081)</u>
Allocation of Net Loss:						
Limited Partners	\$ (10,615)	\$ (31,525)	\$ (26,128)	\$ (56,239)	\$ (191,780)	\$ (215,900)
General Partners	<u>(107)</u>	<u>(318)</u>	<u>(264)</u>	<u>(568)</u>	<u>(1,937)</u>	<u>(2,181)</u>
	<u>\$ (10,722)</u>	<u>\$ (31,843)</u>	<u>\$ (26,392)</u>	<u>\$ (56,807)</u>	<u>\$ (193,717)</u>	<u>\$ (218,081)</u>
Net Loss Per Limited Partnership Unit	<u>\$ (2.10)</u>	<u>\$ (6.25)</u>	<u>\$ (5.10)</u>	<u>\$ (10.97)</u>		
Number of Limited Partnership Units						
Outstanding	<u>5,043</u>	<u>5,043</u>	<u>5,127</u>	<u>5,127</u>		

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	SERIES 7			SERIES 8		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2007	\$ 205,836	\$ (90,121)	\$ 115,715	\$ 5,547	\$ (88,454)	\$ (82,907)
Net Loss	(39,681)	(401)	(40,082)	(43,125)	(436)	(43,561)
Balance at June 30, 2007	<u>\$ 166,155</u>	<u>\$ (90,522)</u>	<u>\$ 75,633</u>	<u>\$ (37,578)</u>	<u>\$ (88,890)</u>	<u>\$ (126,468)</u>
Balance at March 31, 2008	\$ (136,355)	\$ (93,577)	\$ (229,932)	\$ (378,909)	\$ (23,650)	\$ (402,559)
Net Loss	(56,028)	(566)	(56,594)	(53,498)	(540)	(54,038)
Balance at June 30, 2008	<u>\$ (192,383)</u>	<u>\$ (94,143)</u>	<u>\$ (286,526)</u>	<u>\$ (432,407)</u>	<u>\$ (24,190)</u>	<u>\$ (456,597)</u>

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	SERIES 9			SERIES 10		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2007	\$ 239,442	\$ (52,971)	\$ 186,471	\$ 1,319,459	\$ (31,297)	\$ 1,288,162
Net Loss	(45,330)	(458)	(45,788)	(31,525)	(318)	(31,843)
Balance at June 30, 2007	<u>\$ 194,112</u>	<u>\$ (53,429)</u>	<u>\$ 140,683</u>	<u>\$ 1,287,934</u>	<u>\$ (31,615)</u>	<u>\$ 1,256,319</u>
Balance at March 31, 2008	\$ (854)	\$ (55,398)	\$ (56,252)	\$ 763,501	\$ (36,913)	\$ 726,588
Net Loss	(45,511)	(460)	(45,971)	(10,615)	(107)	(10,722)
Balance at June 30, 2008	<u>\$ (46,365)</u>	<u>\$ (55,858)</u>	<u>\$ (102,223)</u>	<u>\$ 752,886</u>	<u>\$ (37,020)</u>	<u>\$ 715,866</u>

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	SERIES 11			TOTAL SERIES 7 - 11		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2007	\$ 1,815,414	\$ (28,117)	\$ 1,787,297	\$ 3,585,698	\$ (290,960)	\$ 3,294,738
Net Loss	(56,239)	(568)	(56,807)	(215,900)	(2,181)	(218,081)
Balance at June 30, 2007	<u>\$ 1,759,175</u>	<u>\$ (28,685)</u>	<u>\$ 1,730,490</u>	<u>\$ 3,369,798</u>	<u>\$ (293,141)</u>	<u>\$ 3,076,657</u>
Balance at March 31, 2008	\$ 1,192,925	\$ (34,405)	\$ 1,158,520	\$ 1,440,308	\$ (243,943)	\$ 1,196,365
Net Loss	(26,128)	(264)	(26,392)	(191,780)	(1,937)	(193,717)
Balance at June 30, 2008	<u>\$ 1,166,797</u>	<u>\$ (34,669)</u>	<u>\$ 1,132,128</u>	<u>\$ 1,248,528</u>	<u>\$ (245,880)</u>	<u>\$ 1,002,648</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	<u>SERIES 7</u>		<u>SERIES 8</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:				
Net Loss	\$ (56,594)	\$ (40,082)	\$ (54,038)	\$ (43,561)
Adjustments to Reconcile Net Loss to Net Cash				
Used in Operating Activities:				
Amortization	1,254	6,535	2,768	3,205
Accreted Interest Income on Investment in Securities	-	(1,516)	-	(1,369)
Premium (Discount) on Investment in Securities	70	(822)	27	(515)
Equity in (Income) Loss of Project Partnerships	(691)	437	(2,232)	(3,366)
Distribution Income	(876)	(15,500)	(7,765)	(8,305)
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in Interest Receivable	2,577	(1,834)	966	(1,148)
Decrease in Receivable - Other	696	-	-	-
Increase (Decrease) in Payable to General Partners	15,426	16,886	(10,539)	17,903
Net Cash Used In Operating Activities	<u>(38,138)</u>	<u>(35,896)</u>	<u>(70,813)</u>	<u>(37,156)</u>
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	5,792	15,500	7,765	8,305
Redemption of Investment Securities	200,000	-	75,000	-
Net Cash Provided by Investing Activities	<u>205,792</u>	<u>15,500</u>	<u>82,765</u>	<u>8,305</u>
Increase (Decrease) in Cash and Cash Equivalents	167,654	(20,396)	11,952	(28,851)
Cash and Cash Equivalents at Beginning of Year	162,586	179,018	252,598	135,130
Cash and Cash Equivalents at End of Period	<u>\$ 330,240</u>	<u>\$ 158,622</u>	<u>\$ 264,550</u>	<u>\$ 106,279</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	<u>SERIES 9</u>		<u>SERIES 10</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:				
Net Loss	\$ (45,971)	\$ (45,788)	\$ (10,722)	\$ (31,843)
Adjustments to Reconcile Net Loss to Net Cash				
Used in Operating Activities:				
Amortization	2,511	3,013	5,229	6,026
Accreted Interest Income on Investment in Securities	(712)	(1,344)	(1,253)	(1,741)
Premium (Discount) on Investment in Securities	36	(514)	18	(409)
Equity in Loss (Income) of Project Partnerships	12,161	17,502	(13,343)	9,459
Distribution Income	(2,821)	(4,003)	(3,243)	(1,380)
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in Interest Receivable	1,288	(1,148)	644	(913)
Increase in Payable to General Partners	8,031	9,071	5,739	5,893
Net Cash Used In Operating Activities	<u>(25,477)</u>	<u>(23,211)</u>	<u>(16,931)</u>	<u>(14,908)</u>
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	2,821	4,003	3,993	2,130
Redemption of Investment Securities	100,000	-	50,000	-
Net Cash Provided by Investing Activities	<u>102,821</u>	<u>4,003</u>	<u>53,993</u>	<u>2,130</u>
Increase (Decrease) in Cash and Cash Equivalents	77,344	(19,208)	37,062	(12,778)
Cash and Cash Equivalents at Beginning of Year	<u>64,247</u>	<u>70,044</u>	<u>79,049</u>	<u>40,351</u>
Cash and Cash Equivalents at End of Period	<u>\$ 141,591</u>	<u>\$ 50,836</u>	<u>\$ 116,111</u>	<u>\$ 27,573</u>

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED JUNE 30, 2008 AND 2007  
(Unaudited)

	<u>SERIES 11</u>		<u>TOTAL SERIES 7 - 11</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:				
Net Loss	\$ (26,392)	\$ (56,807)	\$ (193,717)	\$ (218,081)
Adjustments to Reconcile Net Loss to Net Cash				
Used in Operating Activities:				
Amortization	7,245	8,374	19,007	27,153
Accreted Interest Income on Investment in Securities	(1,477)	(2,079)	(3,442)	(8,049)
Premium (Discount) on Investment in Securities	44	(615)	195	(2,875)
Equity in Loss (Income) of Project Partnerships	2,357	37,437	(1,748)	61,469
Distribution Income	-	(2,182)	(14,705)	(31,370)
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in Interest Receivable	1,610	(1,374)	7,085	(6,417)
Decrease in Receivable - Other	-	-	696	-
Increase in Payable to General Partners	5,999	4,410	24,656	54,163
Net Cash Used In Operating Activities	<u>(10,614)</u>	<u>(12,836)</u>	<u>(161,973)</u>	<u>(124,007)</u>
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	-	2,982	20,371	32,920
Redemption of Investment Securities	125,000	-	550,000	-
Net Cash Provided by Investing Activities	<u>125,000</u>	<u>2,982</u>	<u>570,371</u>	<u>32,920</u>
Increase (Decrease) in Cash and Cash Equivalents	114,386	(9,854)	408,398	(91,087)
Cash and Cash Equivalents at Beginning of Year	<u>81,179</u>	<u>53,170</u>	<u>639,659</u>	<u>477,713</u>
Cash and Cash Equivalents at End of Period	<u>\$ 195,565</u>	<u>\$ 43,316</u>	<u>\$ 1,048,057</u>	<u>\$ 386,626</u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008  
(Unaudited)

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 ("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 (the "Agreement"). As of June 30, 2008, 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 is 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 are 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 properties by each Series are allocated as specified in the Agreement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

Gateway utilizes the 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 loss 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 loss of the Project Partnerships,
- 2) Decreased for cash distributions received from the Project Partnerships,
- 3) Decreased for the amortization of the acquisition fees and expenses, and
- 4) Increased for loans or advances made to the Project Partnerships by Gateway.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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. In accordance with Emerging Issues Task Force (EITF) 98-13, once the net investment in a Project Partnership is reduced to zero, receivables due from the Project Partnership are decreased by Gateway's share of Project Partnership losses. 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. No impairment loss has been recognized in the accompanying financial statements for each of the three-month periods ended June 30, 2008 and 2007. For the fiscal year ended March 31, 2008, impairment expense was recognized in the Statement of Operations in the following Series and in the following amounts: Series 7 - \$99,867, Series 8 - \$31,346, Series 10 - \$376,185, and Series 11 - \$454,605. The total impairment expense for all Series in Gateway for fiscal year 2008 was \$962,003. Refer to Note 5 – Investments in Project Partnerships for further details regarding the components of the Investments in Project Partnerships 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 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. However, Gateway does not guarantee any of the mortgages or other debt of the Project Partnerships. No such funding to Project Partnerships occurred during each of the three-month periods ended June 30, 2008 and 2007.

Cash and Cash Equivalents

Gateway's policy is 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 whose investment advisor is a wholly owned subsidiary of Raymond James Financial, Inc. and U.S. Treasury securities.

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, which are comprised of U.S. Government Security Strips and U.S. Treasury Notes (collectively the "Gateway Securities"), until maturity and to use these investments to fund Gateway's ongoing operations. Interest income is recognized ratably on the Gateway Securities using the effective yield to maturity. The Gateway Securities are carried at amortized cost, which approximates market value, and are adjusted for amortization of premiums and accretion of discounts to maturity. Such adjustments are included in interest income. As of June 30, 2008, Investments in Securities on the Balance Sheet consisted entirely of U.S. Government Security Strips.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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 127 VIEs, which consist of Project Partnerships, of which Gateway is not the primary beneficiary. Five of Gateway's Project Partnership investments have been 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 capital contributions to and receivables from those VIEs, which is \$26,019,151 at June 30, 2008. 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.

Recent Accounting Changes

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS No. 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. FAS No. 157 establishes a common definition of fair value and provides a framework for measuring fair value under U.S. generally accepted accounting principles and expands disclosure requirements about fair value measurements. FAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157", which delays the effective date of FAS No. 157 until November 15, 2008 for all nonfinancial assets and liabilities except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis. Gateway will adopt FAS No. 157 effective as of fiscal year end March 31, 2009. The adoption of this standard is not expected to have a material impact on Gateway's financial position, operations or cash flow.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS No. 159"), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. FAS No. 159 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Gateway will adopt FAS No. 159 in fiscal year 2009 but does not intend to remeasure its financial assets and financial liabilities as a result of this adoption. Accordingly, the adoption of this standard is not expected to have a material impact on Gateway's financial position, operations or cash flow.

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

**Basis of Preparation**

The unaudited financial statements presented herein have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included with Gateway's report on Form 10-K for the year ended March 31, 2008. In the opinion of management, these financial statements include adjustments, consisting only of normal recurring adjustments, necessary to fairly summarize Gateway's financial position and results of operations. The results of operations for the periods may not be indicative of the results to be expected for the year.

**NOTE 3 - INVESTMENT IN SECURITIES:**

The June 30, 2008 Balance Sheet includes Gateway Securities, consisting of U.S. Government Security Strips, at cost, plus accreted interest income of \$27,370 for Series 9, \$45,493 for Series 10 and \$51,878 for Series 11. The March 31, 2008 Balance Sheet includes Gateway Securities at cost, plus accreted interest income or unamortized premiums in the case of U.S. Treasury Notes, as applicable, of \$2,577 for Series 7, \$966 for Series 8, \$27,975 for Series 9, \$44,885 for Series 10 and \$52,011 for Series 11. The Gateway Securities are commonly held in a brokerage account maintained at Raymond James and Associates, Inc., an affiliate of the General Partners. A separate accounting is maintained for each Series' share of the investments.

	Series 7		Series 8	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Amortized Cost	\$ -	\$ 202,647	\$ -	\$ 75,993
Gross Unrealized Loss	-	(803)	-	(301)
Fair Value	\$ -	\$ 201,844	\$ -	\$ 75,692
	Series 9		Series 10	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Amortized Cost	\$ 45,160	\$ 145,770	\$ 70,989	\$ 120,399
Gross Unrealized Gain	1,233	1,540	2,978	4,453
Fair Value	\$ 46,393	\$ 147,310	\$ 73,967	\$ 124,852
	Series 11		Total Series 7 - 11	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Amortized Cost	\$ 79,089	\$ 204,266	\$ 195,238	\$ 749,075
Gross Unrealized Gain	4,645	6,086	8,856	10,975
Fair Value	\$ 83,734	\$ 210,352	\$ 204,094	\$ 760,050

As of June 30, 2008, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 7	Series 8	Series 9
Due within 1 year	\$ -	\$ -	\$ 45,160
After 1 year through 5 years	-	-	-
Total Amount Carried on Balance Sheet	\$ -	\$ -	\$ 45,160
	Series 10	Series 11	Total
Due within 1 year	\$ 34,888	\$ 40,129	\$ 120,177
After 1 year through 5 years	36,101	38,960	75,061
Total Amount Carried on Balance Sheet	\$ 70,989	\$ 79,089	\$ 195,238

NOTE 4 - RELATED PARTY TRANSACTIONS:

The Payable to General Partners primarily represents the asset management fees and general and administrative expenses owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the 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 three months ended June 30, 2008 and 2007, the General Partners and affiliates are entitled to compensation and reimbursement for costs and expenses incurred by Gateway as follows:

Asset Management Fee - The Managing General Partner is entitled to receive an annual asset management fee equal to the greater of (i) \$2,000 for each limited partnership in which Gateway invests, or (ii) 0.275% of Gateway's gross proceeds from the sale of limited partnership interests. In either event (i) or (ii), the maximum amount may not exceed 0.2% of the aggregate cost (Gateway's capital contribution plus Gateway's share of the Properties' mortgage) of Gateway's interest in properties owned by the Project Partnerships. The asset management fee will be paid only after all other expenses of Gateway have been paid. These fees are included in the Statements of Operations.

	<u>2008</u>	<u>2007</u>
Series 7	\$ 21,283	\$ 21,399
Series 8	21,572	22,255
Series 9	12,210	12,267
Series 10	8,396	8,384
Series 11	7,088	6,938
Total	<u>\$ 70,549</u>	<u>\$ 71,243</u>

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

	<u>2008</u>	<u>2007</u>
Series 7	\$ 33,691	\$ 28,957
Series 8	36,283	31,927
Series 9	20,733	17,820
Series 10	12,958	11,137
Series 11	10,367	8,910
Total	<u>\$ 114,032</u>	<u>\$ 98,751</u>

**NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS:**

As of June 30, 2008, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 7 - 39, Series 8 - 42, and Series 9 - 24) which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Project Partnership agreement. Upon dissolution, proceeds will be distributed according to each Project Partnership agreement.

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

	SERIES 7		SERIES 8		SERIES 9	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 7,732,089	\$ 7,732,089	\$ 7,400,711	\$ 7,400,711	\$ 4,914,116	\$ 4,914,116
Loan receivable from Project Partnerships	-	-	24,220	24,220	-	-
Cumulative equity in losses of Project Partnerships (1) (2)	(7,331,116)	(7,331,807)	(7,293,369)	(7,295,601)	(4,490,557)	(4,478,396)
Cumulative distributions received from Project Partnerships	<u>(263,282)</u>	<u>(258,366)</u>	<u>(183,855)</u>	<u>(183,855)</u>	<u>(164,040)</u>	<u>(164,038)</u>
Investment in Project Partnerships before Adjustment	137,691	141,916	(52,293)	(54,525)	259,519	271,682
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	793,335	793,335	536,715	536,715	244,087	244,087
Accumulated amortization of acquisition fees and expenses	(283,100)	(281,846)	(157,080)	(154,312)	(97,987)	(95,476)
Reserve for Impairment of Investment in Project Partnerships	<u>(369,258)</u>	<u>(369,258)</u>	<u>(31,346)</u>	<u>(31,346)</u>	<u>(127,532)</u>	<u>(127,532)</u>
Investments in Project Partnerships	<u>\$ 278,668</u>	<u>\$ 284,147</u>	<u>\$ 295,996</u>	<u>\$ 296,532</u>	<u>\$ 278,087</u>	<u>\$ 292,761</u>

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$6,019,901 in Series 7, \$6,755,860 in Series 8, and \$2,427,820 in Series 9 for the period ended June 30, 2008; and cumulative suspended losses of \$5,952,195 in Series 7, \$6,687,886 in Series 8, and \$2,389,400 in Series 9 for the year ended March 31, 2008 are not included.

(2) In accordance with Gateway's accounting policy to apply equity in losses of Project Partnerships to receivables from Project Partnerships, \$24,220 in losses are included in Series 8 as of June 30, 2008 and March 31, 2008. (See discussion of EITF 98-13 in Note 2 - Significant Accounting Policies.)

**NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):**

As of June 30, 2008, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 10 - 15 and Series 11 - 12) which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Project Partnership agreement. Upon dissolution, proceeds will be distributed according to each Project Partnership agreement.

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

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	\$ 3,914,672	\$ 3,914,672	\$ 4,128,042	\$ 4,128,042	\$ 28,089,630	\$ 28,089,630
Loan receivable from Project Partnerships	-	-	-	-	24,220	24,220
Cumulative equity in losses of Project Partnerships (1)	(2,494,260)	(2,507,603)	(1,714,253)	(1,711,896)	(23,323,555)	(23,325,303)
Cumulative distributions received from Project Partnerships	(221,471)	(220,722)	(189,109)	(189,109)	(1,021,757)	(1,016,090)
Investment in Project Partnerships before Adjustment	1,198,941	1,186,347	2,224,680	2,227,037	3,768,538	3,772,457
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	196,738	196,738	290,335	290,335	2,061,210	2,061,210
Accumulated amortization of acquisition fees and expenses	(136,743)	(131,514)	(188,737)	(181,492)	(863,647)	(844,640)
Reserve for Impairment of Investment in Project Partnerships	(579,008)	(579,008)	(1,400,728)	(1,400,728)	(2,507,872)	(2,507,872)
Investments in Project Partnerships	<u>\$ 679,928</u>	<u>\$ 672,563</u>	<u>\$ 925,550</u>	<u>\$ 935,152</u>	<u>\$ 2,458,229</u>	<u>\$ 2,481,155</u>

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$501,460 in Series 10 and \$1,083,394 in Series 11 for the period ended June 30, 2008; and cumulative suspended losses of \$489,099 in Series 10 and \$1,051,744 in Series 11 for the year ended March 31, 2008 are not included.

**NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):**

In accordance with Gateway's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized balance sheets for the Project Partnerships of Series 7 and Series 8 as of March 31 and the respective summarized statements of operations for the three months ended March 31 of each year:

	SERIES 7		SERIES 8 (1)	
	2008	2007	2008	2007
<b>SUMMARIZED BALANCE SHEETS</b>				
Assets:				
Current assets	\$ 4,931,860	\$ 4,611,007	\$ 4,748,839	\$ 4,528,600
Investment properties, net	24,421,354	25,628,761	24,672,709	26,907,202
Other assets	51,722	27,854	290,475	54,160
Total assets	<u>\$ 29,404,936</u>	<u>\$ 30,267,622</u>	<u>\$ 29,712,023</u>	<u>\$ 31,489,962</u>
Liabilities and Partners' Deficit:				
Current liabilities	\$ 1,009,069	\$ 746,549	\$ 1,394,683	\$ 1,132,902
Long-term debt	34,955,515	35,419,494	35,854,400	37,297,268
Total liabilities	<u>35,964,584</u>	<u>36,166,043</u>	<u>37,249,083</u>	<u>38,430,170</u>
Partners' deficit				
Limited Partner	(6,126,904)	(5,488,527)	(6,847,279)	(6,191,107)
General Partners	(432,744)	(409,894)	(689,781)	(749,101)
Total partners' deficit	<u>(6,559,648)</u>	<u>(5,898,421)</u>	<u>(7,537,060)</u>	<u>(6,940,208)</u>
Total liabilities and partners' deficit	<u>\$ 29,404,936</u>	<u>\$ 30,267,622</u>	<u>\$ 29,712,023</u>	<u>\$ 31,489,962</u>
<b>SUMMARIZED STATEMENTS OF OPERATIONS</b>				
Rental and other income	\$ 1,364,062	\$ 1,356,343	\$ 1,350,329	\$ 1,348,808
Expenses:				
Operating expenses	871,871	869,287	852,924	856,150
Interest expense	185,984	189,228	191,930	203,648
Depreciation and amortization	373,899	368,806	372,361	378,946
Total expenses	<u>1,431,754</u>	<u>1,427,321</u>	<u>1,417,215</u>	<u>1,438,744</u>
Net loss	<u>\$ (67,692)</u>	<u>\$ (70,978)</u>	<u>\$ (66,886)</u>	<u>\$ (89,936)</u>
Other partners' share of net loss	<u>\$ (677)</u>	<u>\$ (710)</u>	<u>\$ (1,144)</u>	<u>\$ (1,568)</u>
Gateway's share of net loss	\$ (67,015)	\$ (70,268)	\$ (65,742)	\$ (88,368)
Suspended losses	<u>67,706</u>	<u>69,831</u>	<u>67,974</u>	<u>91,734</u>
Equity in Income (Loss) of Project Partnerships	<u>\$ 691</u>	<u>\$ (437)</u>	<u>\$ 2,232</u>	<u>\$ 3,366</u>

NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

(1) As discussed in Note 4, an affiliate of the General Partner (Value Partners, Inc.) is the operating general partner in one of the Project Partnerships included in Series 8 above (Logan Heights). The Logan Heights Project Partnership is not consolidated in Gateway's financial statements as Gateway's investment in Logan Heights is accounted for under the equity method. The information below is included for related party disclosure purposes. The Project Partnership's financial information for the periods ending March 2008 and March 2007 is as follows:

	March 2008	March 2007
Total Assets	\$ 502,270	\$ 525,316
Total Liabilities	809,281	811,929
Gateway Deficit	(275,292)	(169,918)
Other Partner's Deficit	(31,719)	(116,695)
Total Revenue	29,674	26,850
Net Loss	\$ (3,316)	\$ (1,369)

**NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):**

In accordance with Gateway's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized balance sheets for the Project Partnerships of Series 9 and Series 10 as of March 31 and the respective summarized statements of operations for the three months ended March 31 of each year:

	SERIES 9		SERIES 10	
	2008	2007	2008	2007
<b>SUMMARIZED BALANCE SHEETS</b>				
Assets:				
Current assets	\$ 2,378,145	\$ 2,304,701	\$ 2,092,838	\$ 1,925,016
Investment properties, net	14,946,390	15,606,717	11,473,205	11,774,878
Other assets	44,417	7,263	11,208	7,600
Total assets	<u>\$ 17,368,952</u>	<u>\$ 17,918,681</u>	<u>\$ 13,577,251</u>	<u>\$ 13,707,494</u>
Liabilities and Partners' Equity (Deficit):				
Current liabilities	\$ 412,149	\$ 254,953	\$ 412,799	\$ 321,519
Long-term debt	19,596,802	19,818,860	12,934,608	12,982,207
Total liabilities	<u>20,008,951</u>	<u>20,073,813</u>	<u>13,347,407</u>	<u>13,303,726</u>
Partners' equity (deficit)				
Limited Partner	(2,238,328)	(1,791,080)	685,816	830,704
General Partners	(401,671)	(364,052)	(455,972)	(426,936)
Total partners' equity (deficit)	<u>(2,639,999)</u>	<u>(2,155,132)</u>	<u>229,844</u>	<u>403,768</u>
Total liabilities and partners' equity (deficit)	<u>\$ 17,368,952</u>	<u>\$ 17,918,681</u>	<u>\$ 13,577,251</u>	<u>\$ 13,707,494</u>
<b>SUMMARIZED STATEMENTS OF OPERATIONS</b>				
Rental and other income	\$ 699,664	\$ 681,993	\$ 479,911	\$ 463,465
Expenses:				
Operating expenses	453,894	441,464	303,853	303,387
Interest expense	100,857	119,369	55,494	56,977
Depreciation and amortization	196,006	193,732	119,851	116,491
Total expenses	<u>750,757</u>	<u>754,565</u>	<u>479,198</u>	<u>476,855</u>
Net (loss) income	<u>\$ (51,093)</u>	<u>\$ (72,572)</u>	<u>\$ 713</u>	<u>\$ (13,390)</u>
Other partners' share of net loss	<u>\$ (512)</u>	<u>\$ (15,301)</u>	<u>\$ (269)</u>	<u>\$ (248)</u>
Gateway's share of net (loss) income	\$ (50,581)	\$ (57,271)	\$ 982	\$ (13,142)
Suspended losses	<u>38,420</u>	<u>39,769</u>	<u>12,361</u>	<u>3,683</u>
Equity in (Loss) Income of Project Partnerships	<u>\$ (12,161)</u>	<u>\$ (17,502)</u>	<u>\$ 13,343</u>	<u>\$ (9,459)</u>

**NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):**

In accordance with Gateway's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized balance sheets for the Project Partnerships of Series 11 and Total Series 7 - 11 as of March 31 and the respective summarized statements of operations for the three months ended March 31 of each year:

	SERIES 11		TOTAL SERIES 7 - 11	
	2008	2007	2008	2007
<b>SUMMARIZED BALANCE SHEETS</b>				
Assets:				
Current assets	\$ 1,202,056	\$ 1,141,608	\$ 15,353,738	\$ 14,510,932
Investment properties, net	9,768,145	10,184,191	85,281,803	90,101,749
Other assets	271,646	269,696	669,468	366,573
Total assets	<u>\$ 11,241,847</u>	<u>\$ 11,595,495</u>	<u>\$ 101,305,009</u>	<u>\$ 104,979,254</u>
Liabilities and Partners' Equity (Deficit):				
Current liabilities	\$ 417,158	\$ 290,098	\$ 3,645,858	\$ 2,746,021
Long-term debt	10,035,475	10,310,418	113,376,800	115,828,247
Total liabilities	<u>10,452,633</u>	<u>10,600,516</u>	<u>117,022,658</u>	<u>118,574,268</u>
Partners' equity (deficit)				
Limited Partner	1,141,893	1,300,507	(13,384,802)	(11,339,503)
General Partners	(352,679)	(305,528)	(2,332,847)	(2,255,511)
Total partners' equity (deficit)	<u>789,214</u>	<u>994,979</u>	<u>(15,717,649)</u>	<u>(13,595,014)</u>
Total liabilities and partners' equity (deficit)	<u>\$ 11,241,847</u>	<u>\$ 11,595,495</u>	<u>\$ 101,305,009</u>	<u>\$ 104,979,254</u>
<b>SUMMARIZED STATEMENTS OF OPERATIONS</b>				
Rental and other income	\$ 444,153	\$ 410,166	\$ 4,338,119	\$ 4,260,775
Expenses:				
Operating expenses	294,148	309,635	2,776,690	2,779,923
Interest expense	53,165	53,194	587,430	622,416
Depreciation and amortization	132,468	124,385	1,194,585	1,182,360
Total expenses	<u>479,781</u>	<u>487,214</u>	<u>4,558,705</u>	<u>4,584,699</u>
Net loss	<u>\$ (35,628)</u>	<u>\$ (77,048)</u>	<u>\$ (220,586)</u>	<u>\$ (323,924)</u>
Other partners' share of net loss	<u>\$ (1,621)</u>	<u>\$ (2,385)</u>	<u>\$ (4,223)</u>	<u>\$ (20,212)</u>
Gateway's share of net loss	\$ (34,007)	\$ (74,663)	\$ (216,363)	\$ (303,712)
Suspended losses	<u>31,650</u>	<u>37,226</u>	<u>218,111</u>	<u>242,243</u>
Equity in (Loss) Income of Project Partnerships	<u>\$ (2,357)</u>	<u>\$ (37,437)</u>	<u>\$ 1,748</u>	<u>\$ (61,469)</u>

NOTE 6 – SUMMARY OF DISPOSITION ACTIVITIES:

Gateway at one time held investments in 133 Project Partnerships (39 in Series 7, 43 in Series 8, 24 in Series 9, 15 in Series 10, and 12 in Series 11). As of June 30, 2008, Gateway has sold its interest in 1 Project Partnership (in Series 8). A summary of the sale transactions for the Project Partnerships sold during the current fiscal year-to-date and previous fiscal year are summarized below:

Fiscal Year 2009 Disposition Activity:

None.

Fiscal Year 2008 Disposition Activity:

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain (Loss) on Disposal
March 2008	Morningside Villa	\$ 68,000	\$ 6.81	<u>\$ 68,000</u>
				<u>\$ 68,000</u>

The net proceeds from the sale of Morningside Villa are a component of the Distribution Payable on the Balance Sheet as of March 31, 2008. These net proceeds will be distributed to the Series 8 Limited Partners during a subsequent quarter of fiscal year 2009.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations, Liquidity and Capital Resources

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

Gateway – All Series - The following discusses the overall results of operations, liquidity and capital resources for Gateway as a whole. A summary of the activity within each specific Series of Gateway then follows.

Distribution income arises from any cash distributions received from Project Partnerships which have a zero investment balance for financial reporting purposes. Distribution income decreased from \$31,370 for the three months ended June 30, 2007 to \$14,705 for the three months ended June 30, 2008 (a decrease of \$16,665, or 53%). Interest income decreased from \$22,495 for the three months ended June 30, 2007 to \$12,598 for the three months ended June 30, 2008 (a decrease of \$9,897, or 44%). Equity in Income (Loss) of Project Partnerships increased \$63,217 from a loss of \$61,469 for the three months ended June 30, 2007 to income of \$1,748 for the three months ended June 30, 2008. The decrease in distribution income for the three months ended June 30, 2008 is a result of differences in the timing of distribution payments by the Project Partnerships. The decrease in interest income for the three months ended June 30, 2008 is a result of a greater percentage of assets invested in lower yielding cash and cash equivalents. Equity in Income (Loss) of Project Partnerships increased for the three months ended June 30, 2008 as compared to the three months ended June 30, 2007 because certain Project Partnerships with investment balances which generated losses in the prior three-month period are now generating income in the current period. For the three months ended March 31, 2008 (Project Partnership financial information is on a three-month lag), Gateway's share of net loss is \$216,363, of which \$218,111 is suspended. For the three months ended March 31, 2007, Gateway's share of the net loss was \$303,712, of which \$242,243 was suspended.

The capital resources of each Series are used to pay General and Administrative operating costs including personnel, supplies, data processing, travel, legal, and accounting and audit fees 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.)

Total expenses of Gateway were \$222,768 for the three months ended June 30, 2008, an increase of \$12,291 as compared to the three months ended June 30, 2007 total expenses of \$210,477. The increase for the three months ended June 30, 2008 results from increases in the expense of the General Partner in administering the business of Gateway, which is offset by a decrease in amortization. Amortization decreased from the suspension of amortization due to Project Partnership investment balances reaching zero or the acquisition fees and expense being fully amortized.

The sources of funds to pay the expenses of Gateway are cash and cash equivalents and short-term investments which are comprised of U.S. Treasury Security Strips ("Zero Coupon Treasuries") and U.S Treasury Notes along with the interest earnings thereon, which were purchased with funds set aside for this purpose, and cash distributed to the Series from the operations of the Project Partnerships. Due to the rent limitations applicable to the Project Partnerships projects as a result of their qualifying for Low-Income Housing Tax Credits, Gateway does not expect there to be a significant increases in future rental income of the Project Partnerships. Therefore, cash distributions from the operations of the Project Partnerships are not expected to increase. Management believes these 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued):

The financial performance of each respective Series is summarized as follows:

Series 7 - Gateway closed this series on October 16, 1992 after receiving \$10,395,000 from 635 Limited Partner investors. Equity in Income (Loss) of Project Partnerships increased \$1,128 to income of \$691 for the three months ended June 30, 2008 as compared to a loss of \$437 for the three months ended June 30, 2007. For the three months ended March 31, 2008 and 2007, the Project Partnerships generated a loss of \$67,692 and \$70,978 on Rental and other income of \$1,364,062 and \$1,356,343, respectively. Gateway's share of the Project Partnerships' net loss was \$67,015 and \$70,268, of which \$67,706 and \$69,831 were suspended, respectively. 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 \$373,899 and \$368,806 for the three months ended March 31, 2008 and 2007, respectively.) As a result, management expects that this Series, as well as those described below, will report its equity in Project Partnerships as a loss for tax and financial reporting purposes until the year of disposition. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2008, the Series had \$330,240 of short-term investments (Cash and Cash Equivalents). 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 \$56,594 for the three months ended June 30, 2008. However, after considering the Equity in Income of Project Partnerships of \$691 and the changes in operating assets and liabilities, net cash used in operating activities was \$38,138. Cash provided by investing activities totaled \$205,792 consisting of \$5,792 in cash distributions from the Project Partnerships and \$200,000 from matured U.S. Treasury Notes.

Series 8 - Gateway closed this Series on June 28, 1993 after receiving \$9,980,000 from 664 Limited Partner investors. Equity in Income of Project Partnerships decreased \$1,134 to \$2,232 for the three months ended June 30, 2008 as compared to \$3,366 for the three months ended June 30, 2007. For the three months ended March 31, 2008 and 2007, the Project Partnerships generated a loss of \$66,886 and \$89,936 on Rental and other income of \$1,350,329 and \$1,348,808, respectively. Gateway's share of the Project Partnerships' net loss was \$65,742 and \$88,368, of which \$67,974 and \$91,734 were suspended, respectively. 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 \$372,361 and \$378,946 for the three months ended March 31, 2008 and 2007, respectively). Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2008, the Series had \$264,550 of short-term investments (Cash and Cash Equivalents). 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 \$54,038 for the three months ended June 30, 2008. However, after considering the Equity in Income of Project Partnerships of \$2,232 and the changes in operating assets and liabilities, net cash used in operating activities was \$70,813. Cash provided by investing activities totaled \$82,765 consisting of \$7,765 in cash distributions from the Project Partnerships and \$75,000 from matured U.S. Treasury Notes.

Series 9 - Gateway closed this Series on September 30, 1993 after receiving \$6,254,000 from 406 Limited Partner investors. Equity in Loss of Project Partnerships decreased \$5,341 to \$12,161 for the three months ended June 30, 2008 as compared to \$17,502 for the three months ended June 30, 2007. For the three months ended March 31, 2008 and 2007, the Project Partnerships generated a loss of \$51,093 and \$72,572 on Rental and other income of \$699,664 and \$681,993, respectively. Gateway's share of the Project Partnerships' net loss was \$50,581 and \$57,271, of which \$38,420 and \$39,769 were suspended, respectively. 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 \$196,006 and \$193,732 for the three months ended March 31, 2008 and 2007, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued):

At June 30, 2008, the Series had \$141,591 of short-term investments (Cash and Cash Equivalents). Series 9 also had \$45,160 in Zero Coupon Treasuries with annual maturities providing \$47,000 in the current fiscal year. 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 \$45,971 for the three months ended June 30, 2008. However, after considering the Equity in Loss of Project Partnerships of \$12,161 and the changes in operating assets and liabilities, net cash used in operating activities was \$25,477. Cash provided by investing activities totaled \$102,821 consisting of \$2,821 in cash distributions from the Project Partnerships and \$100,000 from matured U.S. Treasury Notes.

Series 10 - Gateway closed this Series on January 21, 1994 after receiving \$5,043,000 from 325 Limited Partner investors. Equity in Income (Loss) of Project Partnerships increased \$22,802 to income of \$13,343 for the three months ended June 30, 2008 as compared to a loss of \$9,459 for the three months ended June 30, 2007. For the three months ended March 31, 2008, the Project Partnerships generated income of \$713 on Rental and other income of \$479,911. Gateway's share of the Project Partnerships' net income was \$982, of which \$12,361 in losses were suspended. For the three months ended March 31, 2007, the Project Partnerships generated a loss of \$13,390 on Rental and other income of \$463,465. Gateway's share of the Project Partnerships' net loss was \$13,142, of which \$3,683 was suspended. 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 \$119,851 and \$116,491 for the three months ended March 31, 2008 and 2007, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2008, the Series had \$116,111 of short-term investments (Cash and Cash Equivalents). Series 10 also had \$70,989 in Zero Coupon Treasuries with annual maturities providing \$36,000 in the current fiscal year and \$40,000 in fiscal year 2010. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$10,722 for the three months ended June 30, 2008. However, after considering the Equity in Income of Project Partnerships of \$13,343 and the changes in operating assets and liabilities, net cash used in operating activities was \$16,931. Cash provided by investing activities totaled \$53,993 consisting of \$3,993 in cash distributions from the Project Partnerships and \$50,000 from matured U.S. Treasury Notes.

Series 11 - Gateway closed this Series on April 29, 1994 after receiving \$5,127,000 from 330 Limited Partner investors. Equity in Loss of Project Partnerships decreased \$35,080 to \$2,357 for the three months ended June 30, 2008 as compared to \$37,437 for the three months ended June 30, 2007. For the three months ended March 31, 2008 and 2007, the Project Partnerships generated a loss of \$35,628 and \$77,048 on Rental and other income of \$444,153 and \$410,166, respectively. Gateway's share of the Project Partnerships' net loss was \$34,007 and \$74,663, of which \$31,650 and \$37,226 were suspended, respectively. 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 \$132,468 and \$124,385 for the three months ended March 31, 2008 and 2007, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2008, the Series had \$195,565 of short-term investments (Cash and Cash Equivalents). Series 11 also had \$79,089 in Zero Coupon Treasuries with annual maturities providing \$42,000 in the current fiscal year and \$44,000 in fiscal year 2010. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$26,392 for the three months ended June 30, 2008. However, after considering the Equity in Loss of Project Partnerships of \$2,357 and the changes in operating assets and liabilities, net cash used in operating activities was \$10,614. Cash provided by investing activities totaled \$125,000 resulting from maturation of U.S. Treasury Notes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued):

Critical Accounting Estimates

Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the investment, Gateway recognizes an impairment loss. No impairment loss has been recognized in the accompanying financial statements for each of the three-month periods ended June 30, 2008 and 2007. For the fiscal year ended March 31, 2008, impairment expense was recognized in the Statement of Operations in the following Series and in the following amounts: Series 7 - \$99,867, Series 8 - \$31,346, Series 10 - \$376,185, and Series 11 - \$454,605. The total impairment expense for all Series in Gateway for fiscal year 2008 was \$962,003. Impairment loss is an estimate based on management's knowledge and experience. Accordingly, actual results could differ from these estimates.

Recent Accounting Changes

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS No. 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. FAS No. 157 establishes a common definition of fair value and provides a framework for measuring fair value under U.S. generally accepted accounting principles and expands disclosure requirements about fair value measurements. FAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157", which delays the effective date of FAS No. 157 until November 15, 2008 for all nonfinancial assets and liabilities except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis. Gateway will adopt FAS No. 157 effective as of fiscal year end March 31, 2009. The adoption of this standard is not expected to have a material impact on Gateway's financial position, operations or cash flow.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS No. 159"), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. FAS No. 159 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Gateway will adopt FAS No. 159 in fiscal year 2009 but does not intend to remeasure its financial assets and financial liabilities as a result of this adoption. Accordingly, the adoption of this standard is not expected to have a material impact on Gateway's financial position, operations or cash flow.

Exit Strategy upon Expiration of the Project Partnership Tax Credit Compliance Period

The IRS compliance period for low-income housing Tax Credit properties is generally fifteen years from occupancy following construction or rehabilitation completion. When Project Partnerships reach the end of their Tax Credit compliance period, Gateway will initiate the process of disposing of its investment in the Project Partnership; the objective of the process is to sell Gateway's interest in the properties for fair market value and ultimately, when Gateway's last Project Partnership investment is sold, liquidate Gateway. Generally, the market for Project Partnerships is limited. Some of the factors which negatively impact the marketability of these projects include (1) requirements by government agencies or the project's debt holder to continue to maintain the property in the low-income housing program, and (2) the mortgage balance of the property is very near the initial balance as a result of the heavily subsidized debt of the Project Partnerships and lengthy (usually 50 year) amortization periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued):

As of June 30, 2008, Gateway holds a limited partner interest in 132 Project Partnerships which own and operate government assisted multi-family housing complexes. Project investments by Series are as follows: 39 Project Partnerships for Series 7, 42 Project Partnerships for Series 8, 24 Project Partnerships for Series 9, 15 Project Partnerships for Series 10, and 12 Project Partnerships for Series 11. As of June 30, 2008, ninety-four of the Project Partnerships have not yet reached the end of their Tax Credit compliance period but will do so during one of the years ending December 31, 2008 through December 31, 2010. As of June 30, 2008, one of the Project Partnerships has been sold (in Series 8) and, in accordance with the Gateway partnership agreement, the entire net proceeds received from this sale will be distributed to the Limited Partners of that Series. Gateway at one time held investments in 133 Project Partnerships (39 in Series 7, 43 in Series 8, 24 in Series 9, 15 in Series 10, and 12 in Series 11). A summary of the sale transactions for the Project Partnerships sold during the current fiscal year-to-date and previous fiscal year are summarized below:

Fiscal Year 2009 Disposition Activity:

None.

Fiscal Year 2008 Disposition Activity:

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain (Loss) on Disposal
March 2008	Morningside Villa	\$ 68,000	\$ 6.81	\$ 68,000
				<u>\$ 68,000</u>

The net proceeds from the sale of Morningside Villa are a component of the Distribution Payable on the Balance Sheet as of March 31, 2008. These net proceeds will be distributed to the Series 8 Limited Partners during a subsequent quarter of fiscal year 2009.

Status Update on Unsold Project Partnerships:

The following summarizes the most recent status of the sale/disposal process for the remaining Project Partnership investments held as of June 30, 2008:

Gateway has approved the sale to the general partner of the Project Partnership or a third party:

Series 7

Horton Housing, L.P.	Atoka Properties
Coalgate Properties	

These approvals are subject to a number of contingencies, the outcome of which cannot be predicted with certainty. However, utilizing the sales amount as approved by Gateway, should all the transactions close without modification, the estimated net proceeds to Gateway from the sales of these Project Partnership are estimated to be \$199,000, or \$19.14 per limited partnership unit. Sales proceeds would be available for distribution to the Series 7 Limited Partners subsequent to the closing of these sales transactions which would most likely occur within the next 18-month period.

Series 8

Antlers Properties	Antlers Properties II
AAA Properties of Bentonville	Meadowview Properties Limited Partnership

These approvals are subject to a number of contingencies, the outcome of which cannot be predicted with certainty. However, utilizing the sales amount as approved by Gateway, should all the transactions close without modification, the estimated net proceeds to Gateway from the sales of these Project Partnership are estimated to be \$312,000, or \$31.26 per limited partnership unit. Sales proceeds would be available for distribution to the Series 8 Limited Partners subsequent to the closing of these sales transactions which would most likely occur within the next 18-month period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued):

Gateway has consented to the general partner granting an option for either the general partner or a third-party to purchase the Project Partnership interest:

Series 7

Pioneer Apartments

Spring Creek Apartments II, L.P.

Should both of these options be exercised, the estimated net sales proceeds to Gateway from the sales transactions are estimated to be \$201,000, or \$19.34 per limited partnership unit potentially available for distribution to the Series 7 Limited Partners over the next 18 months. These options to purchase could expire without being exercised which would result in no sales proceeds and remarketing of the Project Partnerships, the results of which are undeterminable.

Project Partnerships currently or previously listed for sale on a commercial real estate for sale website or listed for sale by the general partner of the Project Partnership:

Series 7

Cedar Hollow Apartments Limited Partnership  
Burbank Apartments Limited Partnership  
Walnut Apartments Limited Partnership

Sunrise I Apartments Limited Partnership  
Washington Apartments Limited Partnership

Item 3. Quantitative and Qualitative Disclosure About Market Risk:

As a smaller reporting company, no information is required.

Item 4. Controls and Procedures:

Not applicable to this report.

Item 4T. Controls and Procedures:

Disclosure controls are procedures designed to ensure that information required to be disclosed in Gateway's reports filed under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, as Gateway's are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the Managing General Partner's management, including the Chief Executive Officer and Chief Financial Officer, Gateway has evaluated the effectiveness of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in Gateway's internal control over financial reporting during the three months ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, Gateway's internal control over financial reporting.

PART II – Other Information

Item 1. Legal Proceedings.

Not applicable to this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable to this report.

Item 3. Defaults upon Senior Securities.

Not applicable to this report.

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

Not applicable to this report.

Item 5. Other Information.

Unresolved Staff Comments:

On January 29, 2008, Gateway received a letter (the “Letter”) from the staff of the Securities and Exchange Commission (the “Staff”) requesting responses from Gateway on a number of items arising from the Commission’s review of Gateway’s Form 10-K for the fiscal year ended March 31, 2007. Not all of the comments and questions raised by the Staff in the Letter and subsequent replies have been resolved. Specifically, there remains unresolved a question raised by the Staff regarding how Rule 4-08(g) of Regulation S-X should be applied to Gateway, either through its application at a registrant level (i.e., aggregating financial information in all Series in Gateway) or alternatively by application to each individual series within Gateway.

This Form 10-Q has been prepared by application of Rule 4-08(g) of Regulation S-X at the registrant level, which is consistent with the methodology of Gateway’s prior quarter Form 10-Q filings. Depending upon the outcome of this matter, the Staff may determine additional disclosures to be required either in an Amended Form 10-Q filing or in future Form 10-Q filings.

Item 6. Exhibits.

31.1 Principal Executive Officer Certification as required by Rule 13a-14(a)/15d-14(a), filed herewith.

31.2 Principal Financial Officer Certification as required by Rule 13a-14(a)/15d-14(a), filed herewith.

32. Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

Date: August 13, 2008

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

Date: August 13, 2008

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

Date: August 13, 2008

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

**EXHIBIT 31.1**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Ron Diner, certify that:

1. I have reviewed this Report on Form 10-Q of Gateway Tax Credit Fund III, Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2008

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

**EXHIBIT 31.2**

**Rule 13a-14(a)/15d-14(a) Certification**

I, Jonathan Oorlog, certify that:

1. I have reviewed this Report on Form 10-Q of Gateway Tax Credit Fund III, Ltd.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2008

By: /s/ 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 Quarterly Report of Form 10-Q of Gateway Tax Credit Fund III, Ltd. for the period ended June 30, 2008 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 Gateway.

/s/ Ronald M. Diner

Ronald M. Diner  
President  
Raymond James Tax Credit Funds, Inc.  
(Managing General Partner)  
August 13, 2008

/s/ Jonathan Oorlog

Jonathan Oorlog  
Vice President and Chief Financial Officer  
Raymond James Tax Credit Funds, Inc.  
(Managing General Partner)  
August 13, 2008

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