UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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 [X] NO [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller Reporting Company [X]

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

Yes [ ] No [X]

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, 2009	March 31, 2009	June 30, 2009	March 31, 2009	June 30, 2009	March 31, 2009
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 264,056	$ 246,867	$ 194,867	$ 185,918	$ 103,059	$ 124,326
Total Current Assets	264,056	246,867	194,867	185,918	103,059	124,326
Investments in Project Partnerships, net	87,151	88,308	865	15,007	8,632	9,681
Total Assets	$ 351,207	$ 335,175	$ 195,732	$ 200,925	$ 111,691	$ 134,007
LIABILITIES AND PARTNERS' DEFICIT						
Current Liabilities:						
Payable to General Partners	$ 55,302	$ 61,563	$ 176,441	$ 171,880	$ 27,325	$ 31,416
Distribution Payable	46,598	78	385	385	-	-
Total Current Liabilities	101,900	61,641	176,826	172,265	27,325	31,416
Long-Term Liabilities:						
Payable to General Partners	914,593	895,972	970,429	948,984	587,946	575,799
Partners' Deficit:						
Limited Partners - 10,395, 9,980, and 6,254 units for Series 7, 8, and 9, respectively, at June 30, 2009 and March 31, 2009	(657,300)	(568,361)	(922,732)	(891,845)	(443,708)	(413,640)
General Partners	(7,986)	(54,077)	(28,791)	(28,479)	(59,872)	(59,568)
Total Partners' Deficit	(665,286)	(622,438)	(951,523)	(920,324)	(503,580)	(473,208)
Total Liabilities and Partners' Deficit	$ 351,207	$ 335,175	$ 195,732	$ 200,925	$ 111,691	$ 134,007

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, 2009	March 31, 2009	June 30, 2009	March 31, 2009	June 30, 2009	March 31, 2009
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 106,299	$ 121,062	$ 191,003	$ 204,816	$ 859,284	$ 882,989
Investments in Securities	38,791	38,104	42,020	41,233	80,811	79,337
Total Current Assets	145,090	159,166	233,023	246,049	940,095	962,326
Investments in Project Partnerships, net	134,145	136,408	507,160	536,485	737,953	785,889
Total Assets	$ 279,235	$ 295,574	$ 740,183	$ 782,534	$ 1,678,048	$ 1,748,215
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)						
Current Liabilities:						
Payable to General Partners	$ 29,638	$ 32,774	$ 11,847	$ 15,049	$ 300,553	$ 312,682
Distribution Payable	-	-	-	-	46,983	463
Total Current Liabilities	29,638	32,774	11,847	15,049	347,536	313,145
Long-Term Liabilities:						
Payable to General Partners	154,243	145,887	84,071	77,040	2,711,282	2,643,682
Partners' Equity (Deficit):						
Limited Partners - 5,043 and 5,127 units for Series 10 and 11, respectively, at June 30, 2009 and March 31, 2009	138,580	159,923	683,813	729,531	(1,201,347)	(984,392)
General Partners	(43,226)	(43,010)	(39,548)	(39,086)	(179,423)	(224,220)
Total Partners' Equity (Deficit)	95,354	116,913	644,265	690,445	(1,380,770)	(1,208,612)
Total Liabilities and Partners' Equity (Deficit)	$ 279,235	$ 295,574	$ 740,183	$ 782,534	$ 1,678,048	$ 1,748,215

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, 2009 AND 2008
(Unaudited)

	SERIES 7		SERIES 8		SERIES 9	
	2009	2008	2009	2008	2009	2008
Revenues:						
Distribution Income	$ 6,438	$ 876	$ 9,236	$ 7,765	$ 3,838	$ 2,821
Total Revenues	6,438	876	9,236	7,765	3,838	2,821
Expenses:						
Asset Management Fee - General Partner	18,621	21,283	21,445	21,572	12,147	12,210
General and Administrative:						
General Partner	25,633	33,691	-	36,283	17,925	20,733
Other	3,882	5,004	4,854	5,264	3,092	3,350
Amortization	73	1,254	289	2,768	748	2,511
Total Expenses	48,209	61,232	26,588	65,887	33,912	38,804
Loss Before Equity in (Loss) Income of Project Partnerships and Other Income	(41,771)	(60,356)	(17,352)	(58,122)	(30,074)	(35,983)
Equity in (Loss) Income of Project Partnerships	(1,084)	691	(13,853)	2,232	(301)	(12,161)
Gain on Sale of Project Partnerships	46,520	-	-	-	-	-
Interest Income	7	3,071	6	1,852	3	2,173
Net Income (Loss)	$ 3,672	$ (56,594)	$ (31,199)	$ (54,038)	$ (30,372)	$ (45,971)
Allocation of Net (Loss) Income:						
Limited Partners	$ (42,419)	$ (56,028)	$ (30,887)	$ (53,498)	$ (30,068)	$ (45,511)
General Partners	46,091	(566)	(312)	(540)	(304)	(460)
	$ 3,672	$ (56,594)	$ (31,199)	$ (54,038)	$ (30,372)	$ (45,971)
Net Loss Per Limited Partnership Unit	$ (4.08)	$ (5.39)	$ (3.09)	$ (5.36)	$ (4.81)	$ (7.28)
Number of Limited Partnership Units Outstanding	10,395	10,395	9,980	9,980	6,254	6,254

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2008
(Unaudited)

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	2009	2008	2009	2008	2009	2008
Revenues:						
Distribution Income	$ 1,812	$ 3,243	$ 600	$ -	$ 21,924	$ 14,705
Total Revenues	1,812	3,243	600	-	21,924	14,705
Expenses:						
Asset Management Fee - General Partner	8,356	8,396	7,031	7,088	67,600	70,549
General and Administrative:						
General Partner	11,203	12,958	8,963	10,367	63,724	114,032
Other	2,238	2,897	2,254	2,665	16,320	19,180
Amortization	167	5,229	3,130	7,245	4,407	19,007
Total Expenses	21,964	29,480	21,378	27,365	152,051	222,768
Loss Before Equity in (Loss) Income of Project Partnerships and Other Income	(20,152)	(26,237)	(20,778)	(27,365)	(130,127)	(208,063)
Equity in (Loss) Income of Project Partnerships	(2,097)	13,343	(26,195)	(2,357)	(43,530)	1,748
Gain on Sale of Project Partnerships	-	-	-	-	46,520	-
Interest Income	690	2,172	793	3,330	1,499	12,598
Net Loss	$ (21,559)	$ (10,722)	$ (46,180)	$ (26,392)	$ (125,638)	$ (193,717)
Allocation of Net (Loss) Income:						
Limited Partners	$ (21,343)	$ (10,615)	$ (45,718)	$ (26,128)	$ (170,435)	$ (191,780)
General Partners	(216)	(107)	(462)	(264)	44,797	(1,937)
	$ (21,559)	$ (10,722)	$ (46,180)	$ (26,392)	$ (125,638)	$ (193,717)
Net Loss Per Limited Partnership Unit	$ (4.23)	$ (2.10)	$ (8.92)	$ (5.10)		
Number of Limited Partnership Units Outstanding	5,043	5,043	5,127	5,127		

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, 2009 AND 2008
(Unaudited)

	SERIES 7			SERIES 8		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
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	$ (192,383)	$ (94,143)	$ (286,526)	$ (432,407)	$ (24,190)	$ (456,597)
Balance at March 31, 2009	$ (568,361)	$ (54,077)	$ (622,438)	$ (891,845)	$ (28,479)	$ (920,324)
Net (Loss) Income	(42,419)	46,091	3,672	(30,887)	(312)	(31,199)
Distributions	(46,520)	-	(46,520)	-	-	-
Balance at June 30, 2009	$ (657,300)	$ (7,986)	$ (665,286)	$ (922,732)	$ (28,791)	$ (951,523)

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, 2009 AND 2008
(Unaudited)

	SERIES 9			SERIES 10		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
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	$ (46,365)	$ (55,858)	$ (102,223)	$ 752,886	$ (37,020)	$ 715,866
Balance at March 31, 2009	$ (413,640)	$ (59,568)	$ (473,208)	$ 159,923	$ (43,010)	$ 116,913
Net Loss	(30,068)	(304)	(30,372)	(21,343)	(216)	(21,559)
Balance at June 30, 2009	$ (443,708)	$ (59,872)	$ (503,580)	$ 138,580	$ (43,226)	$ 95,354

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, 2009 AND 2008
(Unaudited)

	SERIES 11			TOTAL SERIES 7 - 11		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
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	$ 1,166,797	$ (34,669)	$ 1,132,128	$ 1,248,528	$ (245,880)	$ 1,002,648
Balance at March 31, 2009	$ 729,531	$ (39,086)	$ 690,445	$ (984,392)	$ (224,220)	$ (1,208,612)
Net (Loss) Income	(45,718)	(462)	(46,180)	(170,435)	44,797	(125,638)
Distributions	-	-	-	(46,520)	-	(46,520)
Balance at June 30, 2009	$ 683,813	$ (39,548)	$ 644,265	$ (1,201,347)	$ (179,423)	$ (1,380,770)

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, 2009 AND 2008
(Unaudited)

	SERIES 7		SERIES 8	
	2009	2008	2009	2008
Cash Flows from Operating Activities:				
Net Income (Loss)	$ 3,672	$ (56,594)	$ (31,199)	$ (54,038)
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:				
Amortization	73	1,254	289	2,768
Premium on Investment in Securities	-	70	-	27
Equity in Loss (Income) of Project Partnerships	1,084	(691)	13,853	(2,232)
Gain on Sale of Project Partnerships	(46,520)	-	-	-
Distribution Income	(6,438)	(876)	(9,236)	(7,765)
Changes in Operating Assets and Liabilities:				
Decrease in Interest Receivable	-	2,577	-	966
Decrease in Receivable - Other	-	696	-	-
Increase (Decrease) in Payable to General Partners	12,360	15,426	26,006	(10,539)
Net Cash Used in Operating Activities	(35,769)	(38,138)	(287)	(70,813)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	6,438	5,792	9,236	7,765
Net Proceeds from Sale of Project Partnerships	46,520	-	-	-
Redemption of Investment Securities	-	200,000	-	75,000
Net Cash Provided by Investing Activities	52,958	205,792	9,236	82,765
Increase in Cash and Cash Equivalents	17,189	167,654	8,949	11,952
Cash and Cash Equivalents at Beginning of Year	246,867	162,586	185,918	252,598
Cash and Cash Equivalents at End of Period	$ 264,056	$ 330,240	$ 194,867	$ 264,550
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ 46,520	$ -	$ -	$ -
Distribution to Limited Partners	(46,520)	-	-	-
	$ -	$ -	$ -	$ -

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, 2009 AND 2008
(Unaudited)

	SERIES 9		SERIES 10	
	2009	2008	2009	2008
Cash Flows from Operating Activities:				
Net Loss	$ (30,372)	$ (45,971)	$ (21,559)	$ (10,722)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:				
Amortization	748	2,511	167	5,229
Accreted Interest Income on Investment in Securities	-	(712)	(687)	(1,253)
Premium on Investment in Securities	-	36	-	18
Equity in Loss (Income) of Project Partnerships	301	12,161	2,097	(13,343)
Distribution Income	(3,838)	(2,821)	(1,812)	(3,243)
Changes in Operating Assets and Liabilities:				
Decrease in Interest Receivable	-	1,288	-	644
Increase in Payable to General Partners	8,056	8,031	5,220	5,739
Net Cash Used in Operating Activities	(25,105)	(25,477)	(16,574)	(16,931)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	3,838	2,821	1,811	3,993
Redemption of Investment Securities	-	100,000	-	50,000
Net Cash Provided by Investing Activities	3,838	102,821	1,811	53,993
(Decrease) Increase in Cash and Cash Equivalents	(21,267)	77,344	(14,763)	37,062
Cash and Cash Equivalents at Beginning of Year	124,326	64,247	121,062	79,049
Cash and Cash Equivalents at End of Period	$ 103,059	$ 141,591	$ 106,299	$ 116,111

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, 2009 AND 2008
(Unaudited)

	SERIES 11		TOTAL SERIES 7 - 11	
	2009	2008	2009	2008
Cash Flows from Operating Activities:				
Net Loss	$ (46,180)	$ (26,392)	$ (125,638)	$ (193,717)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:				
Amortization	3,130	7,245	4,407	19,007
Accreted Interest Income on Investment in Securities	(787)	(1,477)	(1,474)	(3,442)
Premium on Investment in Securities	-	44	-	195
Equity in Loss (Income) of Project Partnerships	26,195	2,357	43,530	(1,748)
Gain on Sale of Project Partnerships	-	-	(46,520)	-
Distribution Income	(600)	-	(21,924)	(14,705)
Changes in Operating Assets and Liabilities:				
Decrease in Interest Receivable	-	1,610	-	7,085
Decrease in Receivable - Other	-	-	-	696
Increase in Payable to General Partners	3,829	5,999	55,471	24,656
Net Cash Used in Operating Activities	(14,413)	(10,614)	(92,148)	(161,973)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	600	-	21,923	20,371
Net Proceeds from Sale of Project Partnerships	-	-	46,520	-
Redemption of Investment Securities	-	125,000	-	550,000
Net Cash Provided by Investing Activities	600	125,000	68,443	570,371
(Decrease) Increase in Cash and Cash Equivalents	(13,813)	114,386	(23,705)	408,398
Cash and Cash Equivalents at Beginning of Year	204,816	81,179	882,989	639,659
Cash and Cash Equivalents at End of Period	$ 191,003	$ 195,565	$ 859,284	$ 1,048,057
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ -	$ -	$ 46,520	$ -
Distribution to Limited Partners	-	-	(46,520)	-
	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009
(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, 2009, 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 and collectively the General Partners.

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,
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,
4) Increased for loans or advances made to the Project Partnerships by Gateway,
5) Decreased, where appropriate, for impairment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 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. 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. As part of its analysis, Gateway has historically considered the residual value of the Project Partnerships as one key component of its estimate of future cash flows. During the quarter ended December 31, 2008, as a direct result of the deterioration that occurred within the United States financial markets and more specifically, its negative impact on the Tax Credit market, Gateway has concluded that any residual value of the Project Partnerships in the present Tax Credit market conditions cannot be practicably determined. As a result, Gateway has eliminated estimates of residual value of the Project Partnerships from the recoverability portion of its impairment analysis. Accordingly, in the quarter ended December 31, 2008, impairment expense of $1,146,287 was recognized in the Statement of Operations, comprised of $157,405 in Series 7, $221,243 in Series 8, $173,523 in Series 9, $403,450 in Series 10, and $190,666 in Series 11. Impairment expense for the year ended March 31, 2009 totaled $1,340,110, comprised of $183,299 in Series 7, $221,243 in Series 8, $180,400 in Series 9, $506,918 in Series 10, and $248,250 in Series 11. Refer to Note 5 – Investments in Project Partnerships for further details regarding the components of the Investments in Project Partnerships balance. Gateway is continuing to execute its process of disposition of its interest in Project Partnerships that have reached the end of their Tax Credit compliance period, refer to Note 6 – Summary of Disposition Activities for the most recent update of those on-going activities. No impairment expense was recognized during each of the three-month periods ended June 30, 2009 and 2008.

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, 2009 and 2008.

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.

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

Investment in Securities

Gateway applies Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (“FAS 115”) (refer to Note 3 herein). 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 investments to fund Gateway's ongoing operations. Interest income is recognized ratably on the U.S. Treasury Security Strips using the effective yield to maturity. The U.S. Treasury Security Strips 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.

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 (“FIN 46”), “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. Gateway’s determination of the primary beneficiary of each VIE requires judgment and is based on an analysis of all relevant facts and circumstances including: (1) the existence of a principal-agency relationship between the limited partner and the general partner, (2) the relationship and significance of the activities of the VIE to each partner, (3) each partner’s exposure to the expected losses of the VIE, and (4) the design of the VIE. In the design of Project Partnership VIEs, the overriding concept centers around the premise that the limited partner invests solely for tax attributes associated with the property held by the VIE, while the general partner of the project partnership is responsible for overseeing its operations. Based upon its analysis of all the relevant facts and considerations, Gateway has concluded that in those instances where the Project Partnership interests are determined to be VIEs, the general partner of the Project Partnership is more closely associated with the Project Partnership than the limited partner (Gateway) and therefore, Gateway is not the primary beneficiary.

Gateway holds variable interests in 122 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 $25,025,758 at June 30, 2009. 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 Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“FAS 157”), which provides enhanced guidance for using fair value to measure assets and liabilities. FAS 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 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

In February 2008, the FASB issued FASB Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157", which delayed the effective date of FAS 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 has adopted FAS 157 effective as of fiscal year end March 31, 2009. The adoption of this standard did not 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 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 159 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Gateway has adopted FAS 159 in fiscal year 2009 but did not remeasure its financial assets and financial liabilities as a result of its adoption. Accordingly, the adoption of this standard did not have a material impact on Gateway's financial position, operations or cash flow.

FASB Interpretation No. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, was issued in July 2006 and interprets SFAS No. 109, Accounting for Income Taxes ("FAS 109"). FIN 48 requires all taxpayers to analyze all material positions they have taken or plan to take in all tax returns that have been filed or should have been filed with all taxing authorities for all years still subject to challenge by those taxing authorities. If the position taken is "more-likely-than-not" to be sustained by the taxing authority on its technical merits and if there is more than a 50% likelihood that the position would be sustained if challenged and considered by the highest court in the relevant jurisdiction, the tax consequences of that position should be reflected in the taxpayer's GAAP financial statements. Earlier proposed interpretations of FAS 109 had recommended a "probable" standard for recognition of tax consequences rather than the "more-likely-than-not" standard finally adopted.

Because Gateway is a pass-through entity and is not required to pay income taxes, FIN 48 does not currently have any impact on its financial statements. On December 30, 2008, the FASB issued FSP No. FIN 48-3: Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises, which deferred the effective date of FIN 48 for nonpublic enterprises included within the scope of FSP No. FIN 48-3 to the annual financial statements for fiscal years beginning after December 15, 2008. The deferred effective date was intended to give the Board additional time to develop guidance on the application of FIN 48 by pass-through entities and not-for-profit organizations. Gateway may modify its disclosures if the FASB's guidance regarding application of FIN 48 to pass-through entities changes.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. The FSP, which is effective for interim and annual reporting periods ending after June 15, 2009, provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, Fair Value Measurements, when the volume and level of activity for the asset or liability have significantly decreased. The adoption of this standard did not have a material impact on Gateway's financial position, operations or cash flow.

In November 2008, the FASB ratified EITF No. 08-6, "Equity Method Investment Accounting Considerations," which clarifies the accounting for how to account for certain transactions and impairment considerations involving equity method investments. This standard shall be effective in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The adoption of this standard did not have a material impact on Gateway's financial position, operations or cash flow.

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8—Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities. The FSP amends Statement 140 to require public entities to provide additional disclosures about transferors' continuing involvements with transferred financial assets. The adoption of this standard did not have a material impact on the Gateway's financial statements.

In June 2009, the FASB issued FAS 167, "Amendments to FASB Interpretation No. 46(R)", which amends the consolidation guidance applicable to variable interest entities. Upon adoption of FAS 167, Gateway will have reconsidered its previous FIN46(R) conclusions regarding its investments in Project Partnerships. FAS 167 is not effective for Gateway until its fiscal year ended March 31, 2011 and early adoption is prohibited. Gateway has not yet determined the impact, if any, FAS 167 will have on its financial statements for the year-ended March 31, 2011.

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, 2009 and any amendments thereto. 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, 2009 Balance Sheet includes U.S. Treasury Security Strips at cost, plus accreted interest income of $25,870 for Series 10 and $28,651 for Series 11. The March 31, 2009 Balance Sheet includes U.S. Treasury Security Strips at cost, plus accreted interest income of $25,183 for Series 10 and $27,864 for Series 11. The U.S. Treasury Security Strips 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 any investments.

	Series 10		Series 11	
	June 30, 2009	March 31, 2009	June 30, 2009	March 31, 2009
Amortized Cost	$ 38,791	$ 38,104	$ 42,020	$ 41,233
Gross Unrealized Gain	1,142	1,730	1,907	2,584
Fair Value	$ 39,933	$ 39,834	$ 43,927	$ 43,817

	Total Series 10 - 11	
	June 30, 2009	March 31, 2009
Amortized Cost	$ 80,811	$ 79,337
Gross Unrealized Gain	3,049	4,314
Fair Value	$ 83,860	$ 83,651

As of June 30, 2009, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 10	Series 11	Total
Due within 1 year	$ 38,791	$ 42,020	$ 80,811
After 1 year through 5 years	-	-	-
Total Amount Carried on Balance Sheet	$ 38,791	$ 42,020	$ 80,811

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 (see further discussion in Note 5).

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued):

For the three months ended June 30, 2009 and 2008, 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.

	2009	2008
Series 7	$ 18,621	$ 21,283
Series 8	21,445	21,572
Series 9	12,147	12,210
Series 10	8,356	8,396
Series 11	7,031	7,088
Total	$ 67,600	$ 70,549

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.

	2009	2008
Series 7	$ 25,633	$ 33,691
Series 8	-	36,283
Series 9	17,925	20,733
Series 10	11,203	12,958
Series 11	8,963	10,367
Total	$ 63,724	$ 114,032

NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS:

As of June 30, 2009, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 7 - 34, 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, 2009	March 31, 2009	June 30, 2009	March 31, 2009	June 30, 2009	March 31, 2009
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	$ 6,738,696	$ 6,861,114	$ 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)	(6,274,358)	(6,402,875)	(7,354,692)	(7,340,840)	(4,566,385)	(4,566,084)
Cumulative distributions received from Project Partnerships	(248,558)	(252,589)	(187,826)	(187,825)	(168,985)	(168,985)
Investment in Project Partnerships before Adjustment	215,780	205,650	(117,587)	(103,734)	178,746	179,047
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	688,872	703,733	536,715	536,715	244,087	244,087
Accumulated amortization of acquisition fees and expenses	(264,944)	(268,518)	(165,674)	(165,385)	(106,269)	(105,521)
Reserve for Impairment of Investment in Project Partnerships	(552,557)	(552,557)	(252,589)	(252,589)	(307,932)	(307,932)
Investments in Project Partnerships	$ 87,151	$ 88,308	$ 865	$ 15,007	$ 8,632	$ 9,681

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $5,735,254 in Series 7, $7,778,871 in Series 8, and $2,941,678 in Series 9 for the period ended June 30, 2009; and cumulative suspended losses of $5,704,356 in Series 7, $7,564,293 in Series 8, and $2,844,368 in Series 9 for the year ended March 31, 2009 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, 2009 and March 31, 2009. (See discussion of EITF 98-13 in Note 2 - Significant Accounting Policies.)

NOTE 5 – INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

As of June 30, 2009, 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, 2009	March 31, 2009	June 30, 2009	March 31, 2009	June 30, 2009	March 31, 2009
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	$ 27,096,237	$ 27,218,655
Loan receivable from Project Partnerships	-	-	-	-	24,220	24,220
Cumulative equity in losses of Project Partnerships (1)	(2,508,904)	(2,506,807)	(1,853,742)	(1,827,547)	(22,558,081)	(22,644,153)
Cumulative distributions received from Project Partnerships	(229,840)	(229,841)	(194,894)	(194,894)	(1,030,103)	(1,034,134)
Investment in Project Partnerships before Adjustment	1,175,928	1,178,024	2,079,406	2,105,601	3,532,273	3,564,588
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	196,738	196,738	290,335	290,335	1,956,747	1,971,608
Accumulated amortization of acquisition fees and expenses	(152,595)	(152,428)	(213,603)	(210,473)	(903,085)	(902,325)
Reserve for Impairment of Investment in Project Partnerships	(1,085,926)	(1,085,926)	(1,648,978)	(1,648,978)	(3,847,982)	(3,847,982)
Investments in Project Partnerships	$ 134,145	$ 136,408	$ 507,160	$ 536,485	$ 737,953	$ 785,889

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $693,922 in Series 10 and $1,270,742 in Series 11 for the period ended June 30, 2009; and cumulative suspended losses of $660,430 in Series 10 and $1,231,664 in Series 11 for the year ended March 31, 2009 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)**	
	2009	2008	2009	2008
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 4,727,585	$ 4,931,860	$ 4,641,864	$ 4,748,839
Investment properties, net	19,758,579	24,421,354	23,482,923	24,672,709
Other assets	24,785	51,722	270,993	290,475
Total assets	$ 24,510,949	$ 29,404,936	$ 28,395,780	$ 29,712,023
Liabilities and Partners' Deficit:				
Current liabilities	$ 816,510	$ 1,009,069	$ 1,508,384	$ 1,394,683
Long-term debt	29,832,615	34,955,515	35,579,018	35,854,400
Total liabilities	30,649,125	35,964,584	37,087,402	37,249,083
Partners' deficit				
Limited Partner	(5,754,509)	(6,126,904)	(7,930,050)	(6,847,279)
General Partners	(383,667)	(432,744)	(761,572)	(689,781)
Total partners' deficit	(6,138,176)	(6,559,648)	(8,691,622)	(7,537,060)
Total liabilities and partners' deficit	$ 24,510,949	$ 29,404,936	$ 28,395,780	$ 29,712,023
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 1,191,609	$ 1,364,062	$ 1,360,746	$ 1,350,329
Expenses:				
Operating expenses	860,720	871,871	1,034,076	852,924
Interest expense	155,300	185,984	183,764	191,930
Depreciation and amortization	313,038	373,899	374,823	372,361
Total expenses	1,329,058	1,431,754	1,592,663	1,417,215
Net loss	$ (137,449)	$ (67,692)	$ (231,917)	$ (66,886)
Other partners' share of net loss	$ (1,374)	$ (677)	$ (3,486)	$ (1,144)
Gateway's share of net loss	$ (136,075)	$ (67,015)	$ (228,431)	$ (65,742)
Suspended losses	134,991	67,706	214,578	67,974
Equity in (Loss) Income of Project Partnerships	$ (1,084)	$ 691	$ (13,853)	$ 2,232

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 2009 and March 2008 is as follows:

	March 2009	March 2008
Total Assets	$ 486,474	$ 502,270
Total Liabilities	802,084	809,281
Gateway Deficit	(301,626)	(275,292)
Other Partner's Deficit	(31,984)	(31,719)
Total Revenue	31,352	29,674
Net Loss	$ (9,370)	$ (3,316)

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	
	2009	2008	2009	2008
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 2,384,746	$ 2,378,145	$ 2,137,929	$ 2,092,838
Investment properties, net	14,211,511	14,946,390	11,090,789	11,473,205
Other assets	41,076	44,417	31,237	11,208
Total assets	$ 16,637,333	$ 17,368,952	$ 13,259,955	$ 13,577,251
Liabilities and Partners' Equity (Deficit):				
Current liabilities	$ 445,793	$ 412,149	$ 455,179	$ 412,799
Long-term debt	19,461,063	19,596,802	12,827,975	12,934,608
Total liabilities	19,906,856	20,008,951	13,283,154	13,347,407
Partners' equity (deficit)				
Limited Partner	(2,832,176)	(2,238,328)	471,318	685,816
General Partners	(437,347)	(401,671)	(494,517)	(455,972)
Total partners' equity (deficit)	(3,269,523)	(2,639,999)	(23,199)	229,844
Total liabilities and partners' equity (deficit)	$ 16,637,333	$ 17,368,952	$ 13,259,955	$ 13,577,251
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 722,947	$ 699,664	$ 486,298	$ 479,911
Expenses:				
Operating expenses	520,192	453,894	340,415	303,853
Interest expense	98,693	100,857	54,045	55,494
Depreciation and amortization	197,660	196,006	121,653	119,851
Total expenses	816,545	750,757	516,113	479,198
Net (loss) Income	$ (93,598)	$ (51,093)	$ (29,815)	$ 713
Other partners' share of net income (loss)	$ 4,013	$ (512)	$ 5,774	$ (269)
Gateway's share of net (loss) income	$ (97,611)	$ (50,581)	$ (35,589)	$ 982
Suspended losses	97,310	38,420	33,492	12,361
Equity in (Loss) Income of Project Partnerships	$ (301)	$ (12,161)	$ (2,097)	$ 13,343

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	
	2009	2008	2009	2008
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 1,211,803	$ 1,202,056	$ 15,103,927	$ 15,353,738
Investment properties, net	9,304,996	9,768,145	77,848,798	85,281,803
Other assets	281,511	271,646	649,602	669,468
Total assets	$ 10,798,310	$ 11,241,847	$ 93,602,327	$ 101,305,009
Liabilities and Partners' Equity (Deficit):				
Current liabilities	$ 430,438	$ 417,158	$ 3,656,304	$ 3,645,858
Long-term debt	9,916,521	10,035,475	107,617,192	113,376,800
Total liabilities	10,346,959	10,452,633	111,273,496	117,022,658
Partners' equity (deficit)				
Limited Partner	837,779	1,141,893	(15,207,638)	(13,384,802)
General Partners	(386,428)	(352,679)	(2,463,531)	(2,332,847)
Total partners' equity (deficit)	451,351	789,214	(17,671,169)	(15,717,649)
Total liabilities and partners' equity (deficit)	$ 10,798,310	$ 11,241,847	$ 93,602,327	$ 101,305,009
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 452,056	$ 444,153	$ 4,213,656	$ 4,338,119
Expenses:				
Operating expenses	329,296	294,148	3,084,699	2,776,690
Interest expense	53,249	53,165	545,051	587,430
Depreciation and amortization	130,870	132,468	1,138,044	1,194,585
Total expenses	513,415	479,781	4,767,794	4,558,705
Net loss	$ (61,359)	$ (35,628)	$ (554,138)	$ (220,586)
Other partners' share of net income (loss)	$ 3,913	$ (1,621)	$ 8,840	$ (4,223)
Gateway's share of net loss	$ (65,272)	$ (34,007)	$ (562,978)	$ (216,363)
Suspended losses	39,077	31,650	519,448	218,111
Equity in (Loss) Income of Project Partnerships	$ (26,195)	$ (2,357)	$ (43,530)	$ 1,748

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, 2009, Gateway has sold its interest in 6 Project Partnerships (5 in Series 7 and 1 in Series 8). A summary of the sale transactions for the Project Partnerships disposed during the current fiscal year-to-date and the previous fiscal year are summarized below:

Fiscal Year 2010 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
May 2009	Spring Creek Apartments II LP	$ 46,520	$ 4.48	$ 46,520
				$ 46,520

The net proceeds per LP unit from the sale of Spring Creek Apartments II LP are a component of the Distribution Payable on the Balance Sheet as of June 30, 2009. These net proceeds will be distributed to the Series 7 Limited Partners in a subsequent quarter.

Fiscal Year 2009 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
September 2008	Cedar Hollow Apartments	$ 9,741	$ 0.94	$ 9,741
September 2008	Sunrise I Apartments	14,741	1.42	14,741
September 2008	Burbank Apartments	9,502	0.91	9,502
September 2008	Walnut Apartments	9,441	0.91	9,441
				$ 43,425

The net proceeds per LP unit from the sale of Cedar Hollow Apartments, Sunrise I Apartments, Burbank Apartments, and Walnut Apartments were distributed to the Series 7 Limited Partners in December 2008.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 349
				$ 349

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $349 resulting from the true-up of certain legal and other sale transaction closing expenses arising from a Project Partnership sale transaction which closed in the prior fiscal year. This amount will be distributed to the Series 8 Limited Partners in a subsequent quarter.

NOTE 7 – SIGNIFICANT EQUITY INVESTEES:

Certain Project Partnerships constitute 20% or more of assets, equity or income (loss) from continuing operations of the respective Series in which they are held ("Significant Project Partnerships"). In accordance with Gateway's policy of presenting the financial information of the Project Partnerships on a three-month lag, below is the summarized results of operations as of March 31, 2009 for each Significant Project Partnership:

Series 7

	Cardinal Apartments	
Rental and other income	$	21,601
Gross profit		5,618
Net loss from continuing operations		(1,095)
Net loss	$	(1,095)

Series 8

	Elderly Housing of Pontotoc, L.P.	
Rental and other income	$	42,487
Gross loss		(3,486)
Net loss from continuing operations		(17,165)
Net loss	$	(17,165)

Series 10

	Stigler Properties	
Rental and other income	$	23,798
Gross profit		10,635
Net income from continuing operations		3,348
Net income	$	3,348

Series 11

	Creekstone Apartments, L.P.		Magnolia Place Apartments, L.P.	
Rental and other income	$	57,806	$	37,082
Gross profit		8,570		16,786
Net (loss) income from continuing operations		(8,759)		6,232
Net (loss) income	$	(8,759)	$	6,232

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

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the results of operations and financial condition of Gateway. The MD&A is provided as a supplement to, and should be read in conjunction with the financial statements and accompanying footnotes to the financial statements 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 (the "Act") mandates or suggests additional compliance measures with regard to governance, disclosure, audit and other areas, and certain provisions of the Act have been implemented by Gateway and other provisions will be implemented by Gateway in subsequent years.

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.

Results of Operations

As more fully detailed in the Exit Strategy discussion included within this MD&A, all of the Project Partnerships have delivered their Tax Credits to Gateway and the Tax Credit compliance period has expired for 96 of the Project Partnerships initially held. Gateway is in the process of selling or disposing of its Project Partnership interests that have reached the end of their Tax Credit compliance period. Net proceeds received from the sales are in turn distributed to the Limited Partners. Once all Project Partnership interests have been sold or otherwise disposed of, Gateway will be liquidated. The target date for liquidation of Gateway is on or before December 31, 2012, although there is no certainty, and it may not even be considered likely at this time, that all the activities necessary to occur as of such date will have transpired.

Distribution income arises from any cash distributions received from Project Partnerships which have a zero investment balance for financial reporting purposes. Distribution income increased $7,219 from $14,705 for the three months ended June 30, 2008 to $21,924 for the three months ended June 30, 2009 while total distributions from Project Partnerships only increased $1,552 for the same periods. The increase in distribution income is a result of a decrease in the number of Project Partnerships with investment balances. As of June 30, 2008, 33 Project Partnerships had investment balances as compared to 14 Project Partnerships with investment balances as of June 30, 2009.

Total expenses of Gateway were $152,051 for the three months ended June 30, 2009, a decrease of $70,717 as compared to the three months ended June 30, 2008 total expenses of $222,768. The decrease results primarily from decreases in 1) asset management fees and general and administrative expenses – General Partner due to sales of Project Partnerships (Gateway ceases accruing Asset Management Fees and General and Administrative expenses – General Partner for sold Project Partnerships) along with the cessation of accruals for general and administrative expenses – General Partner in Series 8 beginning in fiscal year 2010, and 2) amortization expense (resulting from the suspension of amortization due to Project Partnership investment balances reaching zero or the acquisition fees and expense being fully amortized).

Equity in (Loss) Income of Project Partnerships decreased $45,278 from income of $1,748 for the three months ended June 30, 2008 to a loss of $43,530 for the three months ended June 30, 2009 because of an increase in the losses from Project Partnerships with positive investment balances. Because Gateway utilizes the equity method of accounting to account for its investment in Project Partnerships, income or losses from Project Partnerships with a zero investment balance are not recognized in the Statement of Operations. For the three months ended March 31, 2009 (Project Partnership financial information is on a three-month lag), Gateway's share of the net loss was $562,978, of which $519,448 was suspended. For the three months ended March 31, 2008, Gateway's share of the net loss was $216,363, of which $218,111 was suspended. The suspended losses of $218,111 for the three months ended March 31, 2008 exceed Gateway's share of the total net loss of $216,363 because certain Project Partnerships with investment balances generated net income of $1,748.

Gain on Sale of Project Partnerships amounted to $46,520 for the three months ended June 30, 2009 as compared to $0 for the three months ended June 30, 2008. As more fully discussed within this MD&A, one Project Partnership investment was sold during the quarter-ended June 30, 2009 as compared to the quarter-ended June 30, 2008 when no Project Partnership investments were sold or disposed of. The amount of the gain or loss on a sale of Project Partnership and the period in which it is recognized on the Statement of Operations is dependent upon the specifics related to each sale or disposition transaction. Refer to the discussion of each Project Partnership sold in the Exit Strategy section within this MD&A.

Interest income decreased $11,099 from $12,598 for the three months ended June 30, 2008 to $1,499 for the three months ended June 30, 2009. The change in interest income results primarily from the fluctuation of interest rates on short-term investments over this period and a lower balance of funds earning interest. Cash and Cash Equivalents decreased $188,773 from $1,048,057 as of June 30, 2008 as compared to the June 30, 2009 balance of $859,284. Interest income is generally one source of funds available to pay administrative costs of Gateway.

Liquidity and Capital Resources

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).

The sources of funds to pay the expenses of Gateway are cash and cash equivalents and short-term investments which are generally comprised of U.S. Treasury Security Strips along with the interest earnings thereon, and cash distributed to the Series from the operations of the Project Partnerships. Due to the rent limitations applicable to the Project Partnerships as a result of their qualifying for 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.

In total, Gateway reported a net loss of $125,368 from operations for the three months ended June 30, 2009. Cash and Cash Equivalents decreased by $23,705 and Investments in Securities increased by $1,474. Of the Cash and Cash Equivalents on hand as of June 30, 2009, $46,983 is payable to certain Series' Limited Partners arising from the sale of Project Partnerships. Distributions either have or will occur to those certain Limited Partners in a subsequent quarter. After consideration of these sales proceeds, Cash and Cash Equivalents and Investments in Securities decreased $68,751 as compared to the prior year-end balances.

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 (Loss) Income of Project Partnerships decreased $1,775 from income of $691 for the three months ended June 30, 2008 to a loss of $1,084 for the three months ended June 30, 2009. For the three months ended March 31, 2009 and 2008, the Project Partnerships generated a loss of $137,449 and $67,962 on Rental and other income of $1,191,609 and $1,364,062, respectively. Gateway's share of the Project Partnerships' net loss was $136,075 and $67,015, of which $134,991 and $67,706 were suspended, respectively. The suspended losses for the three months ended March 31, 2008 of $67,706 exceed Gateway's share of the total net loss of $67,015 because certain Project Partnerships with investment balances generated net income of $691. 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 $313,038 and $373,899 for the three months ended March 31, 2009 and 2008, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2009, the Series had $264,056 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 net income of $3,672 for the three months ended June 30, 2009. However, after considering the Equity in Loss of Project Partnerships of $1,084 and the changes in operating assets and liabilities, net cash used in operating activities was $35,769. Cash provided by investing activities totaled $52,958 consisting of $6,438 in cash distributions from the Project Partnerships and $46,520 in net proceeds from the Sale of Project Partnerships (refer to the Exit Strategy section within this MD&A for more detailed discussion of this sale of Project Partnership).

Series 8 - Gateway closed this Series on June 28, 1993 after receiving $9,980,000 from 664 Limited Partner investors. Equity in (Loss) Income of Project Partnerships decreased $16,805 from income of $2,232 for the three months ended June 30, 2008 to a loss of $13,853 for the three months ended June 30, 2009. For the three months ended March 31, 2009 and 2008, the Project Partnerships generated a loss of $231,917 and $66,886 on Rental and other income of $1,360,746 and $1,350,329, respectively. Gateway's share of the Project Partnerships' net loss was $228,431 and $65,742, of which $214,578 and $67,974 were suspended, respectively. The suspended losses for the three months ended March 31, 2008 of $67,974 exceed Gateway's share of the total net loss of $65,742 because certain Project Partnerships with investment balances generated net income of $2,232. 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 $374,823 and $372,361 for the three months ended March 31, 2009 and 2008, respectively). Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2009, the Series had $194,867 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 $31,199 for the three months ended June 30, 2009. However, after considering the Equity in Loss of Project Partnerships of $13,853 and the changes in operating assets and liabilities, net cash used in operating activities was $287. Cash provided by investing activities consists of cash distributions from the Project Partnerships totaling $9,236.

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 $11,860 from $12,161 for the three months ended June 30, 2008 to $301 for the three months ended June 30, 2009. For the three months ended March 31, 2009 and 2008, the Project Partnerships generated a loss of $93,598 and $51,093 on Rental and other income of $722,947 and $699,664, respectively. Gateway's share of the Project Partnerships' net loss was $97,611 and $50,581, of which $97,310 and $38,420 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 $197,660 and $196,006 for the three months ended March 31, 2009 and 2008, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2009, the Series had $103,059 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 $30,372 for the three months ended June 30, 2009. However, after considering the Equity in Loss of Project Partnerships of $301 and the changes in operating assets and liabilities, net cash used in operating activities was $25,105. Cash provided by investing activities consists of cash distributions from the Project Partnerships totaling $3,838.

Series 10 - Gateway closed this Series on January 21, 1994 after receiving $5,043,000 from 325 Limited Partner investors. Equity in (Loss) Income of Project Partnerships decreased $15,440 from income of $13,343 for the three months ended June 30, 2008 to a loss of $2,097 for the three months ended June 30, 2009. For the three months ended March 31, 2009, the Project Partnerships generated a loss of $29,815 on Rental and other income of $486,298. Gateway's share of the Project Partnerships' net loss was $35,589, of which $33,492 was suspended. 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. Even though the Project Partnerships in total reported net income, some of the Project Partnerships reported losses for the three months ended March 31, 2008. Of those losses, $12,361 were suspended because certain Project Partnerships had a zero investment balance. Because Gateway utilizes the equity method of accounting to account for its investment in Project Partnerships, income or losses from Project Partnerships with a zero investment balance are not recognized in the Statement of Operations. The Project Partnerships generated a loss of $29,815 for the three months ended March 31, 2009 as compared to income of $713 for the three months ended March 31, 2008 because total expenses for the three months ended March 31, 2009 were 8% higher than the March 31, 2008 total expenses. 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 $121,653 and $119,851 for the three months ended March 31, 2009 and 2008, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2009, the Series had $106,299 of short-term investments (Cash and Cash Equivalents). Series 10 also had $38,791 in U.S. Treasury securities with annual maturities providing $40,000 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 $21,559 for the three months ended June 30, 2009. However, after considering the Equity in Loss of Project Partnerships of $2,097 and the changes in operating assets and liabilities, net cash used in operating activities was $16,574. Cash provided by investing activities consists of cash distributions from the Project Partnerships totaling $1,811.

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 increased $23,838 from $2,357 for the three months ended June 30, 2008 to $26,195 for the three months ended June 30, 2009. For the three months ended March 31, 2009 and 2008, the Project Partnerships generated a loss of $61,359 and $35,628 on Rental and other income of $452,056 and $444,153, respectively. Gateway's share of the Project Partnerships' net loss was $65,272 and $34,007, of which $39,077 and $31,650 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 $130,870 and $132,468 for the three months ended March 31, 2009 and 2008, respectively.) Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2009, the Series had $191,003 of short-term investments (Cash and Cash Equivalents). Series 11 also had $42,020 in U.S. Treasury securities with annual maturities providing $44,000 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 $46,180 for the three months ended June 30, 2009. However, after considering the Equity in Loss of Project Partnerships of $26,195 and the changes in operating assets and liabilities, net cash used in operating activities was $14,413. Cash provided by investing activities consists of cash distributions from the Project Partnerships totaling $600.

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 expense was recognized during each of the three-month periods ended June 30, 2009 and 2008.

Recent Accounting Changes

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. FAS 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 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 delayed the effective date of FAS 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 has adopted FAS 157 effective as of fiscal year end March 31, 2009. The adoption of this standard did not 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 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 159 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Gateway has adopted FAS 159 in fiscal year 2009 but did not remeasure its financial assets and financial liabilities as a result of its adoption. Accordingly, the adoption of this standard did not have a material impact on Gateway's financial position, operations or cash flow.

FASB Interpretation No. 48 (“FIN 48”), Accounting for Uncertainty in Income Taxes, was issued in July 2006 and interprets SFAS No. 109, Accounting for Income Taxes (“FAS 109”). FIN 48 requires all taxpayers to analyze all material positions they have taken or plan to take in all tax returns that have been filed or should have been filed with all taxing authorities for all years still subject to challenge by those taxing authorities. If the position taken is “more-likely-than-not” to be sustained by the taxing authority on its technical merits and if there is more than a 50% likelihood that the position would be sustained if challenged and considered by the highest court in the relevant jurisdiction, the tax consequences of that position should be reflected in the taxpayer’s GAAP financial statements. Earlier proposed interpretations of FAS 109 had recommended a “probable” standard for recognition of tax consequences rather than the “more-likely-than-not” standard finally adopted.

Because Gateway is a pass-through entity and is not required to pay income taxes, FIN 48 does not currently have any impact on its financial statements. On December 30, 2008, the FASB issued FSP No. FIN 48-3: Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises, which deferred the effective date of FIN 48 for nonpublic enterprises included within the scope of FSP No. FIN 48-3 to the annual financial statements for fiscal years beginning after December 15, 2008. The deferred effective date was intended to give the Board additional time to develop guidance on the application of FIN 48 by pass-through entities and not-for-profit organizations. Gateway may modify its disclosures if the FASB’s guidance regarding application of FIN 48 to pass-through entities changes.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. The FSP, which is effective for interim and annual reporting periods ending after June 15, 2009, provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, Fair Value Measurements, when the volume and level of activity for the asset or liability have significantly decreased. The adoption of this standard did not have a material impact on Gateway’s financial position, operations or cash flow.

In November 2008, the FASB ratified EITF No. 08-6, “Equity Method Investment Accounting Considerations,” which clarifies the accounting for how to account for certain transactions and impairment considerations involving equity method investments. This standard shall be effective in fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The adoption of this standard did not have a material impact on Gateway’s financial position, operations or cash flow.

In December 2008, the FASB issued FSP FAS 140-4 and FIN 46(R)-8—Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities. The FSP amends Statement 140 to require public entities to provide additional disclosures about transferors’ continuing involvements with transferred financial assets. The adoption of this standard did not have a material impact on the Gateway’s financial statements.

In June 2009, the FASB issued FAS 167, “Amendments to FASB Interpretation No. 46(R)”, which amends the consolidation guidance applicable to variable interest entities. Upon adoption of FAS 167, Gateway will have reconsidered its previous FIN46(R) conclusions regarding its investments in Project Partnerships. FAS 167 is not effective for Gateway until its fiscal year ended March 31, 2011 and early adoption is prohibited. Gateway has not yet determined the impact, if any, FAS 167 will have on its financial statements for the year-ended March 31, 2011.

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 15 years from occupancy following construction or rehabilitation completion. When Project Partnerships reach the end of their Tax Credit compliance period, Gateway initiates 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, 2009, Gateway holds a limited partner interest in 127 Project Partnerships which own and operate government assisted multi-family housing complexes. Project investments by Series are as follows: 34 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. 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, 2009, only 37 of the Project Partnerships have yet to reach the end of their Tax Credit compliance period but will do so in either the year ending December 31, 2009 or December 31, 2010. As of June 30, 2009, 6 of the Project Partnerships have been sold (5 in Series 7 and 1 in Series 8) and, in accordance with the Gateway partnership agreement, the entire net proceeds received from these sales either have been or will be distributed to the Limited Partners of the respective Series. During the quarter-ended June 30, 2009, Gateway sold its interest in one Project Partnership (in Series 7). A summary of the sale transactions for the Project Partnerships sold during the current fiscal year-to-date and the previous fiscal year are summarized below:

Fiscal Year 2010 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
May 2009	Spring Creek Apartments II LP	$ 46,520	$ 4.48	$ 46,520
				$ 46,520

The net proceeds per LP unit from the sale of Spring Creek Apartments II LP are a component of the Distribution Payable on the Balance Sheet as of June 30, 2009. These net proceeds will be distributed to the Series 7 Limited Partners in a subsequent quarter.

Fiscal Year 2009 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
September 2008	Cedar Hollow Apartments	$ 9,741	$ 0.94	$ 9,741
September 2008	Sunrise I Apartments	14,741	1.42	14,741
September 2008	Burbank Apartments	9,502	0.91	9,502
September 2008	Walnut Apartments	9,441	0.91	9,441
				$ 43,425

The net proceeds per LP unit from the sale of Cedar Hollow Apartments, Sunrise I Apartments, Burbank Apartments, and Walnut Apartments were distributed to the Series 7 Limited Partners in December 2008.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 349
				$ 349

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $349 resulting from the true-up of certain legal and other sale transaction closing expenses arising from a Project Partnership sale transaction which closed in the prior fiscal year. This amount will be distributed to the Series 8 Limited Partners in a subsequent quarter.

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

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, 2009:

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

Series 7

Horton Housing, L.P.
Coalgate Properties
Clinch View Manor Limited Partnership
Tazewell Village Limited Partnership
Atoka Properties
Jamestown Village Limited Partnership
Mountain City Manor Limited Partnership

These approvals are subject to a number of contingencies, the outcome of which cannot be predicted with certainty. However, utilizing the sales amounts as approved by Gateway, should all the transactions close without modification, the estimated net proceeds to Gateway from the sales of these Project Partnerships are estimated to be $440,000, or $42.33 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 30-month period.

Series 8

Antlers Properties
AAA Properties of Bentonville
Concordia Senior Housing, L.P.
Kirksville Senior Apartments, Limited Partnership
Wetumka Properties
Antlers Properties II
Meadowview Properties Limited Partnership
Holdenville Properties
Mountainburg Properties

These approvals are subject to a number of contingencies, the outcome of which cannot be predicted with certainty. However, utilizing the sales amounts as approved by Gateway, should all the transactions close without modification, the estimated net proceeds to Gateway from the sales of these Project Partnerships are estimated to be $635,000, or $63.63 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 30-month period.

Series 9

Abernathy Properties
Lamar Properties, L.P.
Jay Properties II
Boxwood Place Properties
Stilwell Properties III

These approvals are subject to a number of contingencies, the outcome of which cannot be predicted with certainty. However, utilizing the sales amounts as approved by Gateway, should all the transactions close without modification, the estimated net proceeds to Gateway from the sales of these Project Partnerships are estimated to be $305,000, or $48.77 per limited partnership unit. Sales proceeds would be available for distribution to the Series 9 Limited Partners subsequent to the closing of these sales transactions which would most likely occur within the next 30-month period.

Series 10

Stigler Properties

This approval is 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 the transaction close without modification, the estimated net proceeds to Gateway from the sale of this Project Partnership are estimated to be $54,000, or $10.71 per limited partnership unit. Sales proceeds would be available for distribution to the Series 10 Limited Partners subsequent to the closing of this sales transaction which would most likely occur within the next 30-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 either the Project Partnership Interest or Assets:

Series 7

Pioneer Apartments, an Arkansas Limited Partnership

Should this option be exercised, the estimated net sales proceeds to Gateway from the sales transaction are estimated to be $157,000, or $15.10 per limited partnership unit potentially available for distribution to the Series 7 Limited Partners within the next 30 months. This option to purchase could expire without being exercised which would result in no sales proceeds and remarketing of the Project Partnership, the results of which are undeterminable.

Gateway is exploring options regarding the sale or other disposition of the remaining Project Partnership investments that have exited their Tax Credit compliance period and are not specifically listed above. Any net proceeds arising from these particular Project Partnerships are anticipated to be minimal.

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 applicable to each of the Series as well as to the total partnership 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 applicable to each of the Series as well as to the total partnership are effective. There were no changes in Gateway's internal control over financial reporting during the three months ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, Gateway's internal control over financial reporting.

With respect to the Rule 13a-14(a)/15d-14(a) Certifications of the President and Chief Financial Officer, respectively, of the Managing General Partner of Gateway (see Exhibits 31.1 and 31.2 included herein), such certifications are applicable to each of the Series as well as to the total partnership.

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.

Not applicable to this report.

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 14, 2009

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

Date: August 14, 2009

By:/s/ Toni S. Matthews
Toni S. Matthews
Vice President and Chief Financial Officer

Date: August 14, 2009

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 14, 2009

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, Toni S. Matthews, 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 14, 2009

By:/s/ Toni S. Matthews
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, 2009 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.
(the Managing General Partner)
August 14, 2009

/s/ Toni S. Matthews
Toni S. Matthews
Vice President and Chief Financial Officer
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)
August 14, 2009