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, 2011

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	59-3090386
(State or other jurisdiction of incorporation or organization)	(IRS Employer No.)
880 Carillon Parkway	St. Petersburg, Florida 33716
(Address of principal executive offices)	(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

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, 2011	March 31, 2011	June 30, 2011	March 31, 2011	June 30, 2011	March 31, 2011
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 883,933	$ 770,297	$ 250,481	$ 231,397	$ 198,382	$ 142,196
Total Current Assets	883,933	770,297	250,481	231,397	198,382	142,196
Total Assets	$ 883,933	$ 770,297	$ 250,481	$ 231,397	$ 198,382	$ 142,196
LIABILITIES AND PARTNERS' DEFICIT						
Current Liabilities:						
Payable to General Partners	$ 3,772	$ 6,174	$ 180,424	$ 183,126	$ 59,801	$ 55,327
Distribution Payable	659,650	545,751	47,260	27,385	107,579	55,030
Total Current Liabilities	663,422	551,925	227,684	210,511	167,380	110,357
Long-Term Liabilities:						
Payable to General Partners	1,078,499	1,065,589	1,170,358	1,150,230	701,509	690,195
Partners' (Deficit) Equity:						
Limited Partners - 10,395, 9,980, and 6,254 units for Series 7, 8, and 9, respectively, at June 30, 2011 and March 31, 2011	(866,203)	(854,401)	(1,147,722)	(1,125,775)	(670,967)	(651,966)
General Partners	8,215	7,184	161	(3,569)	460	(6,390)
Total Partners' (Deficit) Equity	(857,988)	(847,217)	(1,147,561)	(1,129,344)	(670,507)	(658,356)
Total Liabilities and Partners' Deficit	$ 883,933	$ 770,297	$ 250,481	$ 231,397	$ 198,382	$ 142,196

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, 2011	March 31, 2011	June 30, 2011	March 31, 2011	June 30, 2011	March 31, 2011
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 155,744	$ 153,660	$ 352,465	$ 356,285	$ 1,841,005	$ 1,653,835
Total Current Assets	155,744	153,660	352,465	356,285	1,841,005	1,653,835
Investments in Project Partnerships, net	58,139	64,697	221,465	245,863	279,604	310,560
Total Assets	$ 213,883	$ 218,357	$ 573,930	$ 602,148	$ 2,120,609	$ 1,964,395
LIABILITIES AND PARTNERS' DEFICIT						
Current Liabilities:						
Payable to General Partners	$ 30,289	$ 27,005	$ 2,862	$ 4,167	$ 277,148	$ 275,799
Distribution Payable	12,000	12,000	125,774	125,774	952,263	765,940
Total Current Liabilities	42,289	39,005	128,636	129,941	1,229,411	1,041,739
Long-Term Liabilities:						
Payable to General Partners	243,375	235,562	147,671	140,876	3,341,412	3,282,452
Partners' (Deficit) Equity:						
Limited Partners - 5,043 and 5,127 units for Series 10 and 11, respectively, at June 30, 2011 and March 31, 2011	(38,883)	(23,468)	297,129	330,500	(2,426,646)	(2,325,110)
General Partners	(32,898)	(32,742)	494	831	(23,568)	(34,686)
Total Partners' (Deficit) Equity	(71,781)	(56,210)	297,623	331,331	(2,450,214)	(2,359,796)
Total Liabilities and Partners' Deficit	$ 213,883	$ 218,357	$ 573,930	$ 602,148	$ 2,120,609	$ 1,964,395

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2011 AND 2010
(Unaudited)

	SERIES 7		SERIES 8		SERIES 9	
	2011	2010	2011	2010	2011	2010
Revenues:						
Distribution Income	$ 8,047	$ 4,532	$ 7,894	$ 2,175	$ 3,382	$ 2,808
Total Revenues	8,047	4,532	7,894	2,175	3,382	2,808
Expenses:						
Asset Management Fee - General Partner	12,911	15,065	20,129	20,116	11,314	11,584
General and Administrative:						
Other	5,928	3,684	5,988	4,291	4,223	2,726
Amortization	-	73	-	-	-	-
Total Expenses	18,839	18,822	26,117	24,407	15,537	14,310
Loss Before Interest Income	(10,792)	(14,290)	(18,223)	(22,232)	(12,155)	(11,502)
Gain on Sale of Project Partnerships	113,899	-	19,875	-	52,549	-
Interest Income	21	5	6	6	4	2
Net Income (Loss)	$ 103,128	$ (14,285)	$ 1,658	$ (22,226)	$ 40,398	$ (11,500)
Allocation of Net Income (Loss):						
Limited Partners	$ 102,097	$ (14,142)	$ (2,072)	$ (22,004)	$ 33,548	$ (11,385)
General Partners	1,031	(143)	3,730	(222)	6,850	(115)
	$ 103,128	$ (14,285)	$ 1,658	$ (22,226)	$ 40,398	$ (11,500)
Net Income (Loss) Per Limited Partnership Unit	$ 9.82	$ (1.36)	$ (0.21)	$ (2.20)	$ 5.36	$ (1.82)
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, 2011 AND 2010
(Unaudited)

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	2011	2010	2011	2010	2011	2010
Revenues:						
Distribution Income	$ 2,080	$ 3,739	$ 800	$ 800	$ 22,203	$ 14,054
Total Revenues	2,080	3,739	800	800	22,203	14,054
Expenses:						
Asset Management Fee - General Partner	7,813	7,813	6,795	6,972	58,962	61,550
General and Administrative:						
General Partner	-	-	-	9,813	-	9,813
Other	3,284	1,850	3,324	1,798	22,747	14,349
Amortization	-	-	-	-	-	73
Total Expenses	11,097	9,663	10,119	18,583	81,709	85,785
Loss Before Equity in Loss of Project Partnerships and Interest Income	(9,017)	(5,924)	(9,319)	(17,783)	(59,506)	(71,731)
Equity in Loss of Project Partnerships	(6,558)	-	(24,398)	-	(30,956)	-
Gain on Sale of Project Partnerships	-	-	-	-	186,323	-
Interest Income	4	4	9	5	44	22
Net (Loss) Income	$ (15,571)	$ (5,920)	$ (33,708)	$ (17,778)	$ 95,905	$ (71,709)
Allocation of Net (Loss) Income:						
Limited Partners	$ (15,415)	$ (5,861)	$ (33,371)	$ (17,600)	$ 84,787	$ (70,992)
General Partners	(156)	(59)	(337)	(178)	11,118	(717)
	$ (15,571)	$ (5,920)	$ (33,708)	$ (17,778)	$ 95,905	$ (71,709)
Net Loss Per Limited Partnership Unit	$ (3.06)	$ (1.16)	$ (6.51)	$ (3.43)		
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, 2011 AND 2010
(Unaudited)

	SERIES 7			SERIES 8		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2010	$ (782,420)	$ 2,449	$ (779,971)	$ (1,028,499)	$ (6,627)	$ (1,035,126)
Net Loss	(14,142)	(143)	(14,285)	(22,004)	(222)	(22,226)
Balance at June 30, 2010	$ (796,562)	$ 2,306	$ (794,256)	$ (1,050,503)	$ (6,849)	$ (1,057,352)
Balance at March 31, 2011	$ (854,401)	$ 7,184	$ (847,217)	$ (1,125,775)	$ (3,569)	$ (1,129,344)
Net Income (Loss)	102,097	1,031	103,128	(2,072)	3,730	1,658
Distributions	(113,899)	-	(113,899)	(19,875)	-	(19,875)
Balance at June 30, 2011	$ (866,203)	$ 8,215	$ (857,988)	$ (1,147,722)	$ 161	$ (1,147,561)

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, 2011 AND 2010
(Unaudited)

	SERIES 9			SERIES 10		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2010	$ (552,816)	$ (50,873)	$ (603,689)	$ 40,732	$ (34,113)	$ 6,619
Net Loss	(11,385)	(115)	(11,500)	(5,861)	(59)	(5,920)
Balance at June 30, 2010	$ (564,201)	$ (50,988)	$ (615,189)	$ 34,871	$ (34,172)	$ 699
Balance at March 31, 2011	$ (651,966)	$ (6,390)	$ (658,356)	$ (23,468)	$ (32,742)	$ (56,210)
Net (Loss) Income	33,548	6,850	40,398	(15,415)	(156)	(15,571)
Distributions	(52,549)	-	(52,549)	-	-	-
Balance at June 30, 2011	$ (670,967)	$ 460	$ (670,507)	$ (38,883)	$ (32,898)	$ (71,781)

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, 2011 AND 2010
(Unaudited)

	SERIES 11			TOTAL SERIES 7 - 11		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2010	$ 543,134	$ (40,969)	$ 502,165	$ (1,779,869)	$ (130,133)	$ (1,910,002)
Net Loss	(17,600)	(178)	(17,778)	(70,992)	(717)	(71,709)
Balance at June 30, 2010	$ 525,534	$ (41,147)	$ 484,387	$ (1,850,861)	$ (130,850)	$ (1,981,711)
Balance at March 31, 2011	$ 330,500	$ 831	$ 331,331	$ (2,325,110)	$ (34,686)	$ (2,359,796)
Net (Loss) Income	(33,371)	(337)	(33,708)	84,787	11,118	95,905
Distributions	-	-	-	(186,323)	-	(186,323)
Balance at June 30, 2011	$ 297,129	$ 494	$ 297,623	$ (2,426,646)	$ (23,568)	$ (2,450,214)

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, 2011 AND 2010
(Unaudited)

	SERIES 7		SERIES 8	
	2011	2010	2011	2010
Cash Flows from Operating Activities:				
Net Income (Loss)	$ 103,128	$ (14,285)	$ 1,658	$ (22,226)
Adjustments to Reconcile Net Income (Loss)				
to Net Cash Used in Operating Activities:				
Amortization	-	73	-	-
Gain on Sale of Project Partnerships	(113,899)	-	(19,875)	-
Distribution Income	(8,047)	(4,532)	(7,894)	(2,175)
Changes in Operating Assets and Liabilities:				
Increase (Decrease) in Payable to General Partners	10,508	(43,809)	17,426	(154,931)
Net Cash Used in Operating Activities	(8,310)	(62,553)	(8,685)	(179,332)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	8,047	6,112	7,894	2,175
Net Proceeds from Sale of Project Partnerships	113,899	-	19,875	-
Net Cash Provided by Investing Activities	121,946	6,112	27,769	2,175
Increase (Decrease) in Cash and Cash Equivalents	113,636	(56,441)	19,084	(177,157)
Cash and Cash Equivalents at Beginning of Year	770,297	209,702	231,397	238,988
Cash and Cash Equivalents at End of Period	$ 883,933	$ 153,261	$ 250,481	$ 61,831
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ 113,899	$ -	$ 19,875	$ -
Distribution to Assignees	(113,899)	-	(19,875)	-
Increase in Payable to Affiliate	-	2,420	-	-
	$ -	$ 2,420	$ -	$ -

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, 2011 AND 2010
(Unaudited)

	SERIES 9		SERIES 10	
	2011	2010	2011	2010
Cash Flows from Operating Activities:				
Net Income (Loss)	$ 40,398	$ (11,500)	$ (15,571)	$ (5,920)
Adjustments to Reconcile Net Income (Loss)				
to Net Cash Provided by (Used in) Operating Activities:				
Equity in Loss of Project Partnerships	-	-	6,558	-
Gain on Sale of Project Partnerships	(52,549)	-	-	-
Distribution Income	(3,382)	(2,808)	(2,080)	(3,739)
Changes in Operating Assets and Liabilities:				
Increase (Decrease) in Payable to General Partners	15,788	(31,455)	11,097	(19,378)
Net Cash Provided by (Used in) Operating Activities	255	(45,763)	4	(29,037)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	3,382	5,228	2,080	3,739
Net Proceeds from Sale of Project Partnerships	52,549	-	-	-
Net Cash Provided by Investing Activities	55,931	5,228	2,080	3,739
Increase (Decrease) in Cash and Cash Equivalents	56,186	(40,535)	2,084	(25,298)
Cash and Cash Equivalents at Beginning of Year	142,196	96,912	153,660	153,638
Cash and Cash Equivalents at End of Period	$ 198,382	$ 56,377	$ 155,744	$ 128,340
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ 52,549	$ -	$ -	$ -
Distribution to Assignees	(52,549)	-	-	-
Increase in Payable to Affiliate	-	2,420	-	-
	$ -	$ 2,420	$ -	$ -

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, 2011 AND 2010
(Unaudited)

	SERIES 11		TOTAL SERIES 7 - 11	
	2011	2010	2011	2010
Cash Flows from Operating Activities:				
Net (Loss) Income	$ (33,708)	$ (17,778)	$ 95,905	$ (71,709)
Adjustments to Reconcile Net (Loss) Income				
to Net Cash Used in Operating Activities:				
Amortization	-	-	-	73
Equity in Loss of Project Partnerships	24,398	-	30,956	-
Gain on Sale of Project Partnerships	-	-	(186,323)	-
Distribution Income	(800)	(800)	(22,203)	(14,054)
Changes in Operating Assets and Liabilities:				
Increase (Decrease) in Payable to General Partners	5,490	4,330	60,309	(245,243)
Net Cash Used in Operating Activities	(4,620)	(14,248)	(21,356)	(330,933)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	800	800	22,203	18,054
Net Proceeds from Sale of Project Partnerships	-	-	186,323	-
Net Cash Provided by Investing Activities	800	800	208,526	18,054
(Decrease) Increase in Cash and Cash Equivalents	(3,820)	(13,448)	187,170	(312,879)
Cash and Cash Equivalents at Beginning of Year	356,285	209,968	1,653,835	909,208
Cash and Cash Equivalents at End of Period	$ 352,465	$ 196,520	$ 1,841,005	$ 596,329
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ -	$ -	$ 186,323	$ -
Distribution to Assignees	-	-	(186,323)	-
Increase in Receivable from Affiliate	-	(4,840)	-	(4,840)
Increase in Payable to Affiliate	-	-	-	4,840
	$ -	$ (4,840)	$ -	$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011
(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, 2011, 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 GAAP, 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 remaining low-income housing tax credits and other tax benefits 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. 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 5 - 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, 2011 or 2010.

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, 2011 or 2010.

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.

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.

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. Gateway files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Gateway is no longer subject to U.S. federal examination by tax authorities for years prior to calendar year 2008. The income tax returns subject to state examination by tax authorities are generally consistent with the federal period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued):

Distribution Payable

Distribution payable consists of amounts received as net sales proceeds. These amounts, net of the applicable state tax withholding, are due and payable to the Assignees and will be distributed at such time that state tax withholding liabilities have been settled.

State Tax Withholding

Certain state tax jurisdictions impose a capital gains tax on the taxable gains associated with the sale of investments in partnerships. As General Partner of Gateway, it is Gateway's obligation to calculate and withhold the applicable state taxes that are payable by the Partners of Gateway when Project Partnerships are sold or otherwise disposed by Gateway. In most cases, the state taxes are due regardless if proceeds are received from the sale of Project Partnerships. Therefore, Gateway has estimated the withholding taxes payable and the amount is included in Distribution Payable on the Balance Sheet.

Variable Interest Entities

In June 2009, the FASB issued new consolidation guidance applicable to variable interest entities. Gateway adopted this new guidance as of April 1, 2010. The adoption of this new guidance had no impact on Gateway's financial statements.

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 power to direct the activities of the entity that most significantly affect its economic performance, (ii) the obligation to absorb the expected losses or the right to receive the expected benefits 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. GAAP requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE. Determination of the primary beneficiary of each VIE requires judgment and is based on an analysis of control of the entity and economic factors. A VIE would be required to be consolidated if it has (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits that could possibly be significant to 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 the general partner of the Project Partnership has the power to direct the activities of the Project Partnership that most significantly impact its economic performance, and the obligation to absorb losses or receive benefits that could be significant to the Project Partnership and therefore, Gateway is not the primary beneficiary.

Gateway holds variable interests in 105 VIEs, which consist of Project Partnerships (Refer to Note 1 - Organization for information about Gateway's involvement in the Project Partnerships). Gateway is not the primary beneficiary of the VIEs. Since its inception, Gateway's maximum exposure to loss as a result of its involvement with unconsolidated VIEs is limited to Gateway's capital contributions to those VIEs, which is approximately $22,321,101 at June 30, 2011. Over the course of the investment and Tax Credit Cycle, this maximum exposure to loss was offset by actual losses experienced by the Project Partnerships recorded by Gateway in its equity accounting. Accordingly, at the current stage of the investment and Tax Credit Cycle, the carrying value of Gateway's interest in the VIEs has been reduced to $279,604. Tabular disclosures within Note 4 - Investments in Project Partnerships detail total capital contributions to VIEs, the carrying amount of assets and liabilities related to Gateway's VIEs and the aggregate assets, liabilities and Gateway's exposure to loss from those VIEs. 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. Gateway does not currently intend to provide future financial support to the Project Partnerships.

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, 2011. 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 - 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 4).

For the three months ended June 30, 2011 and 2010, 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.

	2011	2010
Series 7	$ 12,911	$ 15,065
Series 8	20,129	20,116
Series 9	11,314	11,584
Series 10	7,813	7,813
Series 11	6,795	6,972
Total	$ 58,962	$ 61,550

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. During fiscal year 2011, the General Partner ceased further allocations of general and administrative expenses to Gateway.

	2011	2010
Series 7	$ -	$ -
Series 8	-	-
Series 9	-	-
Series 10	-	-
Series 11	-	9,813
Total	$ -	$ 9,813

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of June 30, 2011, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 7 - 21, Series 8 - 39, and Series 9 - 20) 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, 2011	March 31, 2011	June 30, 2011	March 31, 2011	June 30, 2011	March 31, 2011
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	$ 3,857,952	$ 4,648,444	$ 6,793,467	$ 6,965,669	$ 4,121,282	$ 4,599,313
Cumulative equity in losses of Project Partnerships (1) (2)	(3,677,126)	(4,533,144)	(6,704,158)	(6,877,633)	(3,759,606)	(4,242,472)
Cumulative distributions received from Project Partnerships	(170,762)	(177,214)	(179,115)	(179,115)	(151,583)	(164,111)
Investment in Project Partnerships before Adjustment	10,064	(61,914)	(89,806)	(91,079)	210,093	192,730
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	406,038	496,983	512,354	513,903	193,978	218,681
Accumulated amortization of acquisition fees and expenses	(210,633)	(229,600)	(161,278)	(161,554)	(96,139)	(103,479)
Reserve for Impairment of Investment in Project Partnerships	(205,469)	(205,469)	(261,270)	(261,270)	(307,932)	(307,932)
Investments in Project Partnerships	$ -	$ -	$ -	$ -	$ -	$ -

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $3,804,293 in Series 7, $8,682,070 in Series 8, and $3,095,832 in Series 9 for the period ended June 30, 2011; and cumulative suspended losses of $5,196,366 in Series 7, $8,784,792 in Series 8, and $3,506,137 in Series 9 for the year ended March 31, 2011 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, 2011 and March 31, 2011. (See discussion in Note 2 - Significant Accounting Policies).

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

As of June 30, 2011, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 10 - 14 and Series 11 - 11) 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, 2011	March 31, 2011	June 30, 2011	March 31, 2011	June 30, 2011	March 31, 2011
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	$ 3,716,106	$ 3,716,106	$ 3,832,294	$ 3,832,294	$ 22,321,101	$ 23,761,826
Cumulative equity in losses of Project Partnerships (1)	(2,357,389)	(2,350,831)	(2,038,078)	(2,013,680)	(18,536,357)	(20,017,761)
Cumulative distributions received from Project Partnerships	(241,641)	(241,641)	(203,283)	(203,283)	(946,384)	(965,363)
Investment in Project Partnerships before Adjustment	1,117,076	1,123,634	1,590,933	1,615,331	2,838,360	2,778,702
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	174,878	174,878	267,568	267,568	1,554,816	1,672,013
Accumulated amortization of acquisition fees and expenses	(147,889)	(147,889)	(200,224)	(200,224)	(816,163)	(842,746)
Reserve for Impairment of Investment in Project Partnerships	(1,085,926)	(1,085,926)	(1,436,812)	(1,436,812)	(3,297,409)	(3,297,409)
Investments in Project Partnerships	$ 58,139	$ 64,697	$ 221,465	$ 245,863	$ 279,604	$ 310,560

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $879,618 in Series 10 and $1,627,379 in Series 11 for the period ended June 30, 2011; and cumulative suspended losses of $856,925 in Series 10 and $1,579,776 in Series 11 for the year ended March 31, 2011 are not included.

NOTE 4 - 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)**	
	2011	2010	2011	2010
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 2,572,680	$ 3,538,515	$ 4,322,168	$ 4,331,684
Investment properties, net	11,024,940	15,931,880	19,811,954	21,033,213
Other assets	21,297	27,939	69,940	318,674
Total assets	$ 13,618,917	$ 19,498,334	$ 24,204,062	$ 25,683,571
Liabilities and Partners' Deficit:				
Current liabilities	$ 565,301	$ 775,867	$ 1,447,465	$ 1,373,763
Long-term debt	17,184,255	24,463,674	32,313,356	33,354,386
Total liabilities	17,749,556	25,239,541	33,760,821	34,728,149
Partners' deficit				
Limited Partner	(3,868,639)	(5,421,690)	(8,723,835)	(8,356,287)
General Partners	(262,000)	(319,517)	(832,924)	(688,291)
Total partners' deficit	(4,130,639)	(5,741,207)	(9,556,759)	(9,044,578)
Total liabilities and partners' deficit	$ 13,618,917	$ 19,498,334	$ 24,204,062	$ 25,683,571
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 705,518	$ 1,023,057	$ 1,317,890	$ 1,329,118
Expenses:				
Operating expenses	534,607	798,447	972,624	968,590
Interest expense	82,180	125,188	166,767	169,647
Depreciation and amortization	168,738	252,060	346,867	349,321
Total expenses	785,525	1,175,695	1,486,258	1,487,558
Net loss	$ (80,007)	$ (152,638)	$ (168,368)	$ (158,440)
Other partners' share of net income	$ 11,459	$ 12,441	$ 2,256	$ 50
Gateway's share of net loss	$ (91,466)	$ (165,079)	$ (170,624)	$ (158,490)
Suspended losses	91,466	165,079	170,624	158,490
Equity in Loss of Project Partnerships	$ -	$ -	$ -	$ -

NOTE 4 - 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 2011 and March 2010 is as follows:

	March 2011	March 2010
Total Assets	$ 450,294	$ 428,350
Total Liabilities	801,794	796,030
Gateway Deficit	(234,155)	(335,354)
Other Partner's Deficit	(117,344)	(32,326)
Total Revenue	34,094	31,027
Net Income	$ 3,473	$ 517

NOTE 4 - 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	
	2011	2010	2011	2010
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 1,980,187	$ 2,178,303	$ 2,102,567	$ 2,014,727
Investment properties, net	10,925,240	13,097,601	9,898,785	10,277,874
Other assets	46,744	32,754	62,800	47,814
Total assets	$ 12,952,171	$ 15,308,658	$ 12,064,152	$ 12,340,415
Liabilities and Partners' Deficit:				
Current liabilities	$ 466,819	$ 487,037	$ 489,722	$ 465,954
Long-term debt	15,858,420	18,523,562	11,854,606	11,952,788
Total liabilities	16,325,239	19,010,599	12,344,328	12,418,742
Partners' (deficit) equity				
Limited Partner	(2,970,739)	(3,261,773)	246,568	414,769
General Partners	(402,329)	(440,168)	(526,744)	(493,096)
Total partners' deficit	(3,373,068)	(3,701,941)	(280,176)	(78,327)
Total liabilities and partners' deficit	$ 12,952,171	$ 15,308,658	$ 12,064,152	$ 12,340,415
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 643,991	$ 703,785	$ 478,706	$ 471,902
Expenses:				
Operating expenses	459,621	546,435	342,401	324,939
Interest expense	76,205	93,807	47,289	48,528
Depreciation and amortization	162,807	186,805	109,906	109,912
Total expenses	698,633	827,047	499,596	483,379
Net loss	$ (54,642)	$ (123,262)	$ (20,890)	$ (11,477)
Other partners' share of net (loss) income	$ (546)	$ (1,233)	$ 8,361	$ 15,370
Gateway's share of net loss	$ (54,096)	$ (122,029)	$ (29,251)	$ (26,847)
Suspended losses	54,096	122,029	22,693	26,847
Equity in Loss of Project Partnerships	$ -	$ -	$ (6,558)	$ -

NOTE 4 - 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	
	2011	2010	2011	2010
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 1,114,618	$ 1,186,260	$ 12,092,220	$ 13,249,489
Investment properties, net	8,187,103	8,899,952	59,848,022	69,240,520
Other assets	222,849	268,513	423,630	695,694
Total assets	$ 9,524,570	$ 10,354,725	$ 72,363,872	$ 83,185,703
Liabilities and Partners' Deficit:				
Current liabilities	$ 422,442	$ 400,879	$ 3,391,749	$ 3,503,500
Long-term debt	9,604,676	9,799,866	86,815,313	98,094,276
Total liabilities	10,027,118	10,200,745	90,207,062	101,597,776
Partners' (deficit) equity				
Limited Partner	(28,653)	574,026	(15,345,298)	(16,050,955)
General Partners	(473,895)	(420,046)	(2,497,892)	(2,361,118)
Total partners' (deficit) equity	(502,548)	153,980	(17,843,190)	(18,412,073)
Total liabilities and partners' deficit	$ 9,524,570	$ 10,354,725	$ 72,363,872	$ 83,185,703
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 461,767	$ 468,575	$ 3,607,872	$ 3,996,437
Expenses:				
Operating expenses	356,431	361,050	2,665,684	2,999,461
Interest expense	49,476	52,124	421,917	489,294
Depreciation and amortization	131,021	130,989	919,339	1,029,087
Total expenses	536,928	544,163	4,006,940	4,517,842
Net loss	$ (75,161)	$ (75,588)	$ (399,068)	$ (521,405)
Other partners' share of net (loss) income	$ (3,161)	$ (1,698)	$ 18,369	$ 24,930
Gateway's share of net loss	$ (72,000)	$ (73,890)	$ (417,437)	$ (546,335)
Suspended losses	47,602	73,890	386,481	546,335
Equity in Loss of Project Partnerships	$ (24,398)	$ -	$ (30,956)	$ -

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

The aggregate assets, liabilities and exposure to loss from the VIEs in which Gateway holds a variable interest, but has concluded that it is not the primary beneficiary, are provided in the table below (refer to Note 2 for discussion of variable interest entities).

	March 31, 2011			March 31, 2010		
	Aggregate Assets	Aggregate Liabilities	Our Risk Of Loss	Aggregate Assets	Aggregate Liabilities	Our Risk Of Loss
Series 7	$ 13,618,917	$ 17,749,556	$ -	$ 19,498,334	$ 25,239,541	$ -
Series 8	24,204,062	33,760,821	-	25,683,571	34,728,149	-
Series 9	12,952,171	16,325,239	-	15,308,658	19,010,599	-
Series 10	12,064,152	12,344,328	58,139	12,340,415	12,418,742	64,697
Series 11	9,524,570	10,027,118	221,465	10,354,725	10,200,745	245,863
Total	$ 72,363,872	$ 90,207,062	$ 279,604	$ 83,185,703	$ 101,597,776	$ 310,560

NOTE 5 - 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, 2011, Gateway has sold its interest in 28 Project Partnerships (18 in Series 7, 4 in Series 8, 4 in Series 9, 1 in Series 10 and 1 in Series 11). 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 2012 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Blue Ridge Elderly Housing	$ 32,675	$ 3.14	$ 32,675
April 2011	Lakeland II	23,875	2.30	23,875
April 2011	Meadow Run Apartments	38,275	3.68	38,275
April 2011	Mount Vernon Rental Housing	19,074	1.83	19,074
				$ 113,899

The net proceeds per LP unit from the sale of Blue Ridge Elderly Housing, Lake Lakeland II, Meadow Run Apartments and Mount Vernon Rental Housing are a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 7 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Cottondale Rental Housing	$ 19,875	$ 1.99	$ 19,875
				$ 19,875

The net proceeds per LP unit from the sale of Cottondale Rental Housing is a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 8 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

NOTE 5 - SUMMARY OF DISPOSITION ACTIVITIES (Continued):

Series 9

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Arbor Trace Apartments Phase I	$ 19,075	$ 3.05	$ 19,075
April 2011	Arbor Trace Apartments Phase II	33,474	5.35	33,474
				$ 52,549

The net proceeds per LP unit from the sale of Arbor Trace Apartment Phase and Arbor Trace Apartments Phase II are a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Fiscal Year 2011 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
August 2010	Pioneer Apartments, L.P.	$ 157,949	$ 15.19	$ 157,949
December 2010	Lake Village Apartments	65,124	6.27	65,124
December 2010	Savannah Park of Atoka	65,125	6.27	65,125
December 2010	Savannah Park of Coalgate	65,125	6.27	65,125
December 2010	Cardinal Apartments	272,071	26.17	187,362
				$ 540,685

The net proceeds per LP unit from the sale of Pioneer Apartments, Lake Village Apartments, Savannah Park of Atoka, Savannah Park of Coalgate and Cardinal Apartments are a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 7 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 4,000
				$ 4,000

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $4,000 resulting from the true-up of certain legal and other sale transaction closing expenses arising from Project Partnership sale transactions which closed in the prior fiscal year. This amount, less the applicable state tax withholding, will be distributed to the Series 8 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 9

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
September 2010	Stilwell Properties III	$ 43,030	$ 6.88	$ 43,030
	Other, net (see below)	-	-	2,000
				$ 45,030

The net proceeds per LP unit from the sale of Stilwell Properties III is a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

NOTE 5 - SUMMARY OF DISPOSITION ACTIVITIES (Continued):

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $2,000 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, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 2,000
				$ 2,000

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $2,000 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, less the applicable state tax withholding, will be distributed to the Series 10 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 11

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
December 2010	Cardinal Apartments	$ 175,667	$ 34.26	$ 125,774
				$ 125,774

The net proceeds per LP unit from the sale of Cardinal Apartments is a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 11 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

NOTE 6 - 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, 2011 for each Significant Project Partnership:

Series 10	Heatherwood Apartments, Ltd.	Stigler Properties
Rental and other income	$ 34,948	$ 22,002
Gross profit	5,796	5,269
Net loss	$ (4,728)	$ (1,896)

Series 11	Creekstone Apartments, L.P.	Magnolia Place Apartments, L.P.
Rental and other income	$ 50,400	$ 37,851
Gross profit	2,040	942
Net loss	$ (15,032)	$ (9,612)

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.

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

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 all 133 of the Project Partnerships initially held. Gateway is in the process of selling or disposing of its interests in Project Partnerships 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 $8,149 from $14,054 for the three months ended June 30, 2010 to $22,203 for the three months ended June 30, 2011. The increase in distribution income for the period ended June 30, 2011 results primarily from an increase of gross distributions received from Project Partnerships. The gross distributions received from Project Partnerships increased from $18,054 for the three month period ended June 30, 2010 to $22,203 for the same period ended in 2011.

Total expenses of Gateway were $81,709 for the three months ended June 30, 2011, a decrease of $4,076 as compared to the three months ended June 30, 2010 total expenses of $85,785. The decrease results primarily from decreases in 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 Series 7, Series 9, Series 10, and Series 11 beginning in fiscal year 2011.

Equity in Loss of Project Partnerships increased from $0 for the three months ended June 30, 2010 to $30,956 for the three months ended June 30, 2011 because of an increase in the losses from Project Partnerships with a positive 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. For the three months ended March 31, 2011 (Project Partnership financial information is on a three-month lag), Gateway's share of the net loss was $417,437, of which $386,481 was suspended. For the three months ended March 31, 2010, Gateway's share of the net loss was $546,335, of which $546,335 was suspended.

Gain on Sale of Project Partnerships increased from $0 for the three months ended June 30, 2010 to $186,323 for the three months ended June 30, 2011. As more fully discussed within this MD&A, seven Project Partnership investments were sold during the first quarter of fiscal year 2012 as compared to the first quarter of fiscal year 2011 when no Project Partnership investments were sold. The amount of the gain or loss from the sale of a 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 increased $22 from $22 for the three months ended June 30, 2010 to $44 for the three months ended June 30, 2011. The change in interest income results primarily from the fluctuation of interest rates on short-term investments over this period along with the maturation of investments in securities over the same period. Cash and Cash Equivalents increased $1,244,676 from $596,329 as of June 30, 2010 to $1,841,005 as of June 30, 2011. Interest income is generally one source of funds available to pay administrative costs of Gateway.

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

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 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. However, operational factors of the Project Partnerships and the timing of distributions contribute to fluctuations of distributions from period to period and year to year. 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 net income of $95,905 from operations for the three months ended June 30, 2011. Cash and Cash Equivalents increased by $187,170 during the three months ended June 30, 2011. Of the Cash and Cash Equivalents on hand as of June 30, 2011 and March 31, 2011, $952,263 and $765,940, respectively, are payable to certain Series' Limited Partners arising from the sale of Project Partnerships. Distributions will occur to those certain Limited Partners in a subsequent period, less the applicable state tax withholding.

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 of Project Partnerships has been $0 for each of the three month periods ended June 30, 2011 and 2010. For the three months ended March 31, 2011 and 2010, the Project Partnerships generated a loss of $80,007 and $152,638 on Rental and other income of $705,518 and $1,023,057, respectively. Gateway's share of the Project Partnerships' net loss for the three months ended March 31, 2011 and 2010 was $91,466 and $165,079, of which $91,466 and $165,079 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 $168,738 and $252,060 for the three months ended March 31, 2011 and 2010, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2011, the Series had $883,933 of 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 $103,128 for the three months ended June 30, 2011. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $8,310. Cash provided by investing activities totaled $121,946 consisting of $8,047 in cash distributions from the Project Partnerships and $113,899 in net proceeds from the Sale of Project Partnerships (refer to the Exit Strategy section within this MD&A for more detailed discussion of these sales of Project Partnerships).

Series 8 - Gateway closed this Series on June 28, 1993 after receiving $9,980,000 from 664 Limited Partner investors. Equity in Loss of Project Partnerships has been $0 for each of the three month periods ended June 30, 2011 and 2010. For the three months ended March 31, 2011 and 2010, the Project Partnerships generated a loss of $168,368 and $158,440 on Rental and other income of $1,317,890 and $1,329,118, respectively. Gateway's share of the Project Partnerships' net loss for the three months ended March 31, 2011 and 2010 was $170,624 and $158,490, of which $170,624 and $158,490 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 $346,867 and $349,321 for the three months ended March 31, 2011 and 2010, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2011, the Series had $250,481 of 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 $1,658 for the three months ended June 30, 2011. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $8,685. Cash provided by investing activities totaled $27,769 consisting of $7,894 in cash distributions from the Project Partnerships and $19,875 in net proceeds from the Sale of Project Partnerships (refer to the Exit Strategy section within this MD&A for more detailed discussion of these sales of Project Partnerships).

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 has been $0 for each of the three month periods ended June 30, 2011 and 2010. For the three months ended March 31, 2011 and 2010, the Project Partnerships generated a loss of $54,642 and $123,262 on Rental and other income of $643,991and $703,785, respectively. Gateway’s share of the Project Partnerships’ net loss for three months ended March 31, 2011 and 2010 was $54,096 and $122,029, of which $54,096 and $122,029 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 $162,807 and $186,805 for the three months ended March 31, 2011 and 2010, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2011, the Series had $198,382 of 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 $40,398 for the three months ended June 30, 2011. However, after considering the changes in operating assets and liabilities, net cash provided by operating activities was $255. Cash provided by investing activities totaled $55,931 consisting of $3,382 in cash distributions from the Project Partnerships and $52,549 in net proceeds from the Sale of Project Partnerships (refer to the Exit Strategy section within this MD&A for more detailed discussion of these sales of Project Partnerships).

Series 10 - Gateway closed this Series on January 21, 1994 after receiving $5,043,000 from 325 Limited Partner investors. Equity in Loss of Project Partnerships increased from $0 for the three months ended June 30, 2010 to $6,558 for the three months ended June 30, 2011. For the three months ended March 31, 2011 and 2010, the Project Partnerships generated a loss of $20,890 and $11,477 on Rental and other income of $478,706 and $471,902, respectively. Gateway’s share of the Project Partnerships’ net loss for the three months ended March 31, 2011 and 2010 was $29,251 and $26,847, of which $22,693 and $26,847 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 $109,906 and $109,912 for the three months ended March 31, 2011 and 2010, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2011, the Series had $155,744 of 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 $15,571 for the three months ended June 30, 2011. However, after considering the changes in operating assets and liabilities, net cash provided by operating activities was $4. Cash provided by investing activities totaled $2,080 consisting of cash distributions from the Project Partnerships.

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

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 from $0 for the three months ended June 30, 2010 to $24,398 for the three months ended June 30, 2011. For the three months ended March 31, 2011 and 2010, the Project Partnerships generated a loss of $75,161 and $75,588 on Rental and other income of $461,767 and $468,575, respectively. Gateway's share of the Project Partnerships' net loss for the three months ended March 31, 2011 and 2010 was $72,000 and $73,890, of which $47,602 and $73,890 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 $131,021 and $130,989 for the three months ended March 31, 2011 and 2010, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2011, the Series had $352,465 of 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 $33,708 for the three months ended June 30, 2011. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $4,620. Cash provided by investing activities consists of cash distributions from the Project Partnerships totaling $800.

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, 2011 or 2010.

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.

As of June 30, 2011, Gateway holds a limited partner interest in 105 Project Partnerships which own and operate government assisted multi-family housing complexes. Gateway at one time held investments in 133 Project Partnerships. As of December 31, 2010, all of the Project Partnerships had reached the end of their Tax Credit compliance period. As of June 30, 2011, 28 of the Project Partnerships have been sold (18 in Series 7, 4 in Series 8, 4 in Series 9, 1 in Series 10 and 1 in Series 11) 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. 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.

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

Fiscal Year 2012 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Blue Ridge Elderly Housing	$ 32,675	$ 3.14	$ 32,675
April 2011	Lakeland II	23,875	2.30	23,875
April 2011	Meadow Run Apartments	38,275	3.68	38,275
April 2011	Mount Vernon Rental Housing	19,074	1.83	19,074
				$ 113,899

The net proceeds per LP unit from the sale of Blue Ridge Elderly Housing, Lake Lakeland II, Meadow Run Apartments and Mount Vernon Rental Housing are a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 7 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Cottondale Rental Housing	$ 19,875	$ 1.99	$ 19,875
				$ 19,875

The net proceeds per LP unit from the sale of Cottondale Rental Housing is a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 8 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 9

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2011	Arbor Trace Apartments Phase I	$ 19,075	$ 3.05	$ 19,075
April 2011	Arbor Trace Apartments Phase II	33,474	5.35	33,474
				$ 52,549

The net proceeds per LP unit from the sale of Arbor Trace Apartment Phase and Arbor Trace Apartments Phase II are a component of the Distribution Payable on the Balance Sheet as of June 30, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Fiscal Year 2011 Disposition Activity:

Series 7

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
August 2010	Pioneer Apartments, L.P.	$ 157,949	$ 15.19	$ 157,949
December 2010	Lake Village Apartments	65,124	6.27	65,124
December 2010	Savannah Park of Atoka	65,125	6.27	65,125
December 2010	Savannah Park of Coalgate	65,125	6.27	65,125
December 2010	Cardinal Apartments	272,071	26.17	187,362
				$ 540,685

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

The net proceeds per LP unit from the sale of Pioneer Apartments, Lake Village Apartments, Savannah Park of Atoka, Savannah Park of Coalgate and Cardinal Apartments are a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 7 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 4,000
				$ 4,000

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $4,000 resulting from the true-up of certain legal and other sale transaction closing expenses arising from Project Partnership sale transactions which closed in the prior fiscal year. This amount, less the applicable state tax withholding, will be distributed to the Series 8 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 9

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
September 2010	Stilwell Properties III	$ 43,030	$ 6.88	$ 43,030
	Other, net (see below)	-	-	2,000
				$ 45,030

The net proceeds per LP unit from the sale of Stilwell Properties III is a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $2,000 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, less the applicable state tax withholding, will be distributed to the Series 9 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Other, net (see below)	$ -	$ -	$ 2,000
				$ 2,000

Gateway recognized an additional gain on sale of Project Partnerships in the amount of $2,000 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, less the applicable state tax withholding, will be distributed to the Series 10 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Series 11

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
December 2010	Cardinal Apartments	$ 175,667	$ 34.26	$ 125,774
				$ 125,774

The net proceeds per LP unit from the sale of Cardinal Apartments is a component of the Distribution Payable on the Balance Sheet as of March 31, 2011. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 11 Limited Partners in a subsequent period at such time that state withholding tax liabilities have been settled.

Status Update on Unsold Project Partnerships:

The following summarizes the most recent status of the sale/disposal process for the Project Partnership investments held as of June 30, 2011:

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

Series 8

Antlers Properties
AAA Properties of Bentonville
Concordia Senior Housing, L.P.
Kirksville Senior Apartments, Limited Partnership
Logan Heights, Ltd.
Meadowview Properties Limited Partnership
Mountainburg Properties
Wetumka 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 $572,000, or $57.31 per limited partnership unit. Sales proceeds would be available for distribution, less the applicable state tax withholding, to the Series 8 Limited Partners in a period subsequent to the closing of these sales transactions which would most likely occur within the next two years.

Series 9

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

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 $260,000, or $41.57 per limited partnership unit. Sales proceeds would be available for distribution, less the applicable state tax withholding, to the Series 9 Limited Partners in a period subsequent to the closing of these sales transactions which would most likely occur within the next two years.

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 sale amount as approved by Gateway, should the transaction close without modification, the estimated net proceeds to Gateway from the sale of this Project Partnership is estimated to be $54,000, or $10.71 per limited partnership unit. Sales proceeds would be available for distribution, less the applicable state tax withholding, to the Series 10 Limited Partners in a period subsequent to the closing of this sales transaction which would most likely occur within the next two years.

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, 2011 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 15, 2011	By:/s/ Ronald M. Diner Ronald M. Diner President
Date: August 15, 2011	By:/s/ Toni S. Matthews Toni S. Matthews Vice President and Chief Financial Officer

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 15, 2011

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 15, 2011

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, 2011 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 15, 2011

/s/ Toni S. Matthews
Toni S. Matthews
Vice President and Chief Financial Officer
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)
August 15, 2011