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, 2012

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, 2012	March 31, 2012	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 825,882	$ 831,096	$ 193,028	$ 134,550	$ 132,603	$ 140,755
Total Current Assets	825,882	831,096	193,028	134,550	132,603	140,755
Total Assets	$ 825,882	$ 831,096	$ 193,028	$ 134,550	$ 132,603	$ 140,755
LIABILITIES AND PARTNERS' DEFICIT						
Current Liabilities:						
Payable to General Partners	$ 1,061,687	$ 1,056,272	$ 1,278,412	$ 1,267,906	$ 741,339	$ 737,636
Distribution Payable	683,512	683,512	156,138	87,450	111,748	111,748
Total Current Liabilities	1,745,199	1,739,784	1,434,550	1,355,356	853,087	849,384
Partners' Equity (Deficit):						
Limited Partners - 10,395, 9,980, and 6,254 units for Series 7, 8, and 9, respectively, at June 30, 2012 and March 31, 2012	(927,158)	(916,635)	(1,242,558)	(1,221,362)	(720,863)	(709,127)
General Partners	7,841	7,947	1,036	556	379	498
Total Partners' Deficit	(919,317)	(908,688)	(1,241,522)	(1,220,806)	(720,484)	(708,629)
Total Liabilities and Partners' Deficit	$ 825,882	$ 831,096	$ 193,028	$ 134,550	$ 132,603	$ 140,755

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, 2012	March 31, 2012	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 156,729	$ 141,006	$ 388,927	$ 393,062	$ 1,697,169	$ 1,640,469
Receivable - Other	-	15,743	-	-	-	15,743
Total Current Assets	156,729	156,749	388,927	393,062	1,697,169	1,656,212
Investments in Project Partnerships, net	-	-	170,662	185,696	170,662	185,696
Total Assets	$ 156,729	$ 156,749	$ 559,589	$ 578,758	$ 1,867,831	$ 1,841,908
LIABILITIES AND PARTNERS' DEFICIT						
Current Liabilities:						
Payable to General Partners	$ 261,937	$ 257,093	$ 112,699	$ 110,503	$ 3,456,074	$ 3,429,410
Distribution Payable	53,888	38,145	225,544	225,544	1,230,830	1,146,399
Deferred Gain on Sale of Project Partnerships	-	15,743	-	-	-	15,743
Total Current Liabilities	315,825	310,981	338,243	336,047	4,686,904	4,591,552
Partners' Equity (Deficit):						
Limited Partners - 5,043 and 5,127 units for Series 10 and 11, respectively, at June 30, 2012 and March 31, 2012	(159,177)	(146,655)	220,563	241,714	(2,829,193)	(2,752,065)
General Partners	81	(7,577)	783	997	10,120	2,421
Total Partners' Equity (Deficit)	(159,096)	(154,232)	221,346	242,711	(2,819,073)	(2,749,644)
Total Liabilities and Partners' Deficit	$ 156,729	$ 156,749	$ 559,589	$ 578,758	$ 1,867,831	$ 1,841,908

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, 2012 AND 2011
(Unaudited)

	SERIES 7		SERIES 8		SERIES 9	
	2012	2011	2012	2011	2012	2011
Revenues:						
Distribution Income	$ 3,914	$ 8,047	$ 2,965	$ 7,894	$ 1,207	$ 3,382
Total Revenues	3,914	8,047	2,965	7,894	1,207	3,382
Expenses:						
Asset Management Fee - General Partner	9,014	12,911	18,123	20,129	9,207	11,314
General and Administrative:						
Other	5,570	5,928	5,565	5,988	3,862	4,223
Total Expenses	14,584	18,839	23,688	26,117	13,069	15,537
Loss Before Other Income	(10,670)	(10,792)	(20,723)	(18,223)	(11,862)	(12,155)
Gain on Sale of Project Partnerships	-	113,899	68,688	19,875	-	52,549
Interest Income	41	21	7	6	7	4
Net (Loss) Income	$ (10,629)	$ 103,128	$ 47,972	$ 1,658	$ (11,855)	$ 40,398
Allocation of Net (Loss) Income:						
Limited Partners	$ (10,523)	$ 102,097	$ 47,492	$ (2,072)	$ (11,736)	$ 33,548
General Partners	(106)	1,031	480	3,730	(119)	6,850
	$ (10,629)	$ 103,128	$ 47,972	$ 1,658	$ (11,855)	$ 40,398
Net (Loss) Income Per Limited Partnership Unit	$ (1.01)	$ 9.82	$ 4.76	$ (0.21)	$ (1.88)	$ 5.36
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, 2012 AND 2011
(Unaudited)

	SERIES 10		SERIES 11		TOTAL SERIES 7 - 11	
	2012	2011	2012	2011	2012	2011
Revenues:						
Distribution Income	$ 4,870	$ 2,080	$ 800	$ 800	$ 13,756	$ 22,203
Total Revenues	4,870	2,080	800	800	13,756	22,203
Expenses:						
Asset Management Fee - General Partner	6,853	7,813	4,229	6,795	47,426	58,962
General and Administrative:						
Other	2,888	3,284	2,922	3,324	20,807	22,747
Total Expenses	9,741	11,097	7,151	10,119	68,233	81,709
Loss Before Equity in Loss of Project Partnerships and Other Income	(4,871)	(9,017)	(6,351)	(9,319)	(54,477)	(59,506)
Equity in Loss of Project Partnerships	-	(6,558)	(15,034)	(24,398)	(15,034)	(30,956)
Gain on Sale of Project Partnerships	15,743	-	-	-	84,431	186,323
Interest Income	7	4	20	9	82	44
Net Income (Loss)	$ 10,879	$ (15,571)	$ (21,365)	$ (33,708)	$ 15,002	$ 95,905
Allocation of Net Income (Loss):						
Limited Partners	$ 3,221	$ (15,415)	$ (21,151)	$ (33,371)	$ 7,303	$ 84,787
General Partners	7,658	(156)	(214)	(337)	7,699	11,118
	$ 10,879	$ (15,571)	$ (21,365)	$ (33,708)	$ 15,002	$ 95,905
Net Income (Loss) Per Limited Partnership Unit	$ 0.64	$ (3.06)	$ (4.13)	$ (6.51)		
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, 2012 AND 2011
(Unaudited)

	SERIES 7			SERIES 8		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
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)
Balance at March 31, 2012	$ (916,635)	$ 7,947	$ (908,688)	$ (1,221,362)	$ 556	$ (1,220,806)
Net (Loss) Income	(10,523)	(106)	(10,629)	47,492	480	47,972
Distributions	-	-	-	(68,688)	-	(68,688)
Balance at June 30, 2012	$ (927,158)	$ 7,841	$ (919,317)	$ (1,242,558)	$ 1,036	$ (1,241,522)

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, 2012 AND 2011
(Unaudited)

	SERIES 9			SERIES 10		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
Balance at March 31, 2011	$ (651,966)	$ (6,390)	$ (658,356)	$ (23,468)	$ (32,742)	$ (56,210)
Net Income (Loss)	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)
Balance at March 31, 2012	$ (709,127)	$ 498	$ (708,629)	$ (146,655)	$ (7,577)	$ (154,232)
Net (Loss) Income	(11,736)	(119)	(11,855)	3,221	7,658	10,879
Distributions	-	-	-	(15,743)	-	(15,743)
Balance at June 30, 2012	$ (720,863)	$ 379	$ (720,484)	$ (159,177)	$ 81	$ (159,096)

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, 2012 AND 2011
(Unaudited)

	SERIES 11			TOTAL SERIES 7 - 11		
	Limited Partners	General Partners	Total	Limited Partners	General Partners	Total
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)
Balance at March 31, 2012	$ 241,714	$ 997	$ 242,711	$ (2,752,065)	$ 2,421	$ (2,749,644)
Net (Loss) Income	(21,151)	(214)	(21,365)	7,303	7,699	15,002
Distributions	-	-	-	(84,431)	-	(84,431)
Balance at June 30, 2012	$ 220,563	$ 783	$ 221,346	$ (2,829,193)	$ 10,120	$ (2,819,073)

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, 2012 AND 2011
(Unaudited)

	SERIES 7		SERIES 8	
	2012	2011	2012	2011
Cash Flows from Operating Activities:				
Net (Loss) Income	$ (10,629)	$ 103,128	$ 47,972	$ 1,658
Adjustments to Reconcile Net (Loss) Income				
to Net Cash Used in Operating Activities:				
Gain on Sale of Project Partnerships	-	(113,899)	(68,688)	(19,875)
Distribution Income	(3,914)	(8,047)	(2,965)	(7,894)
Changes in Operating Assets and Liabilities:				
Increase in Payable to General Partners	5,415	10,508	10,506	17,426
Net Cash Used in Operating Activities	(9,128)	(8,310)	(13,175)	(8,685)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	3,914	8,047	2,965	7,894
Net Proceeds from Sale of Project Partnerships	-	113,899	68,688	19,875
Net Cash Provided by Investing Activities	3,914	121,946	71,653	27,769
(Decrease) Increase in Cash and Cash Equivalents	(5,214)	113,636	58,478	19,084
Cash and Cash Equivalents at Beginning of Year	831,096	770,297	134,550	231,397
Cash and Cash Equivalents at End of Period	$ 825,882	$ 883,933	$ 193,028	$ 250,481
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ -	$ 113,899	$ 68,688	$ 19,875
Distribution to Limited Partners	-	(113,899)	(68,688)	(19,875)
	$ -	$ -	$ -	$ -

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, 2012 AND 2011
(Unaudited)

	SERIES 9		SERIES 10	
	2012	2011	2012	2011
Cash Flows from Operating Activities:				
Net (Loss) Income	$ (11,855)	$ 40,398	$ 10,879	$ (15,571)
Adjustments to Reconcile Net (Loss) Income				
to Net Cash (Used in) Provided by Operating Activities:				
Equity in Loss of Project Partnerships	-	-	-	6,558
Gain on Sale of Project Partnerships	-	(52,549)	(15,743)	-
Distribution Income	(1,207)	(3,382)	(4,870)	(2,080)
Changes in Operating Assets and Liabilities:				
Increase in Payable to General Partners	3,703	15,788	4,844	11,097
Net Cash (Used in) Provided by Operating Activities	(9,359)	255	(4,890)	4
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	1,207	3,382	4,870	2,080
Net Proceeds from Sale of Project Partnerships	-	52,549	15,743	-
Net Cash Provided by Investing Activities	1,207	55,931	20,613	2,080
(Decrease) Increase in Cash and Cash Equivalents	(8,152)	56,186	15,723	2,084
Cash and Cash Equivalents at Beginning of Year	140,755	142,196	141,006	153,660
Cash and Cash Equivalents at End of Period	$ 132,603	$ 198,382	$ 156,729	$ 155,744
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ -	$ 52,549	$ 15,743	$ -
Distribution to Limited Partners	-	(52,549)	(15,743)	-
	$ -	$ -	$ -	$ -

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, 2012 AND 2011
(Unaudited)

	SERIES 11		TOTAL SERIES 7 - 11	
	2012	2011	2012	2011
Cash Flows from Operating Activities:				
Net (Loss) Income	$ (21,365)	$ (33,708)	$ 15,002	$ 95,905
Adjustments to Reconcile Net (Loss) Income				
to Net Cash Used in Operating Activities:				
Equity in Loss of Project Partnerships	15,034	24,398	15,034	30,956
Gain on Sale of Project Partnerships	-	-	(84,431)	(186,323)
Distribution Income	(800)	(800)	(13,756)	(22,203)
Changes in Operating Assets and Liabilities:				
Increase in Payable to General Partners	2,196	5,490	26,664	60,309
Net Cash Used in Operating Activities	(4,935)	(4,620)	(41,487)	(21,356)
Cash Flows from Investing Activities:				
Distributions Received from Project Partnerships	800	800	13,756	22,203
Net Proceeds from Sale of Project Partnerships	-	-	84,431	186,323
Net Cash Provided by Investing Activities	800	800	98,187	208,526
(Decrease) Increase in Cash and Cash Equivalents	(4,135)	(3,820)	56,700	187,170
Cash and Cash Equivalents at Beginning of Year	393,062	356,285	1,640,469	1,653,835
Cash and Cash Equivalents at End of Period	$ 388,927	$ 352,465	$ 1,697,169	$ 1,841,005
Supplemental disclosure of non-cash activities:				
Increase in Distribution Payable	$ -	$ -	$ 84,431	$ 186,323
Distribution to Limited Partners	-	-	(84,431)	(186,323)
	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012
(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, 2012, 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. 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, 2012 or 2011.

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, 2012 or 2011.

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 2009. 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

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 92 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 $19,376,810 at June 30, 2012. 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 $170,662. 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, 2012. 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. This payable will be paid in a future period to the extent of any funds available for such payment.

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, 2012 and 2011, 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.

	2012	2011
Series 7	$ 9,014	$ 12,911
Series 8	18,123	20,129
Series 9	9,207	11,314
Series 10	6,853	7,813
Series 11	4,229	6,795
Total	$ 47,426	$ 58,962

General and Administrative Expenses - The Managing General Partner is entitled to reimbursement for general and administrative expenses of Gateway on an accountable basis. During fiscal year 2011, the General Partner ceased further allocations of general and administrative expenses to Gateway, and there is no such expense included in the Statement of Operations for the three months ended June 30, 2012 and 2011.

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of June 30, 2012, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 7 - 18, Series 8 - 35, and Series 9 - 19) 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, 2012	March 31, 2012	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	$ 3,308,861	$ 3,308,861	$ 5,896,015	$ 6,293,277	$ 3,824,212	$ 3,824,212
Cumulative equity in losses of Project Partnerships (1)	(3,186,081)	(3,186,081)	(5,850,630)	(6,271,505)	(3,489,505)	(3,489,505)
Cumulative distributions received from Project Partnerships	(132,157)	(132,157)	(144,158)	(144,158)	(124,614)	(124,614)
Investment in Project Partnerships before Adjustment	(9,377)	(9,377)	(98,773)	(122,386)	210,093	210,093
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	347,475	347,475	449,129	476,293	174,172	174,172
Accumulated amortization of acquisition fees and expenses	(161,198)	(161,198)	(136,072)	(139,623)	(76,333)	(76,333)
Reserve for Impairment of Investment in Project Partnerships	(176,900)	(176,900)	(214,284)	(214,284)	(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 $4,080,822 in Series 7, $8,316,703 in Series 8, and $3,435,404 in Series 9 for the period ended June 30, 2012; and cumulative suspended losses of $3,992,509 in Series 7, $9,039,390 in Series 8, and $3,344,387 in Series 9 for the year ended March 31, 2012 are not included.

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

As of June 30, 2012, Gateway had acquired a 99% interest in the profits, losses, and Tax Credits as a limited partner in Project Partnerships (Series 10 - 12 and Series 11 - 8) 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, 2012	March 31, 2012	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships	$ 3,453,240	$ 3,453,240	$ 2,894,482	$ 2,894,482	$ 19,376,810	$ 19,774,072
Cumulative equity in losses of Project Partnerships (1)	(2,156,421)	(2,156,421)	(1,155,167)	(1,140,133)	(15,837,804)	(16,243,645)
Cumulative distributions received from Project Partnerships	(231,425)	(231,425)	(176,566)	(176,566)	(808,920)	(808,920)
Investment in Project Partnerships before Adjustment	1,065,394	1,065,394	1,562,749	1,577,783	2,730,086	2,721,507
Excess of investment cost over the underlying assets acquired:						
Acquisition fees and expenses	163,745	163,745	201,455	201,455	1,335,976	1,363,140
Accumulated amortization of acquisition fees and expenses	(143,213)	(143,213)	(170,316)	(170,316)	(687,132)	(690,683)
Reserve for Impairment of Investment in Project Partnerships	(1,085,926)	(1,085,926)	(1,423,226)	(1,423,226)	(3,208,268)	(3,208,268)
Investments in Project Partnerships	$ -	$ -	$ 170,662	$ 185,696	$ 170,662	$ 185,696

(1) In accordance with Gateway's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of $907,266 in Series 10 and $957,807 in Series 11 for the period ended June 30, 2012; and cumulative suspended losses of $889,567 in Series 10 and $942,927 in Series 11 for the year ended March 31, 2012 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)**	
	2012	2011	2012	2011
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 2,120,869	$ 2,572,680	$ 3,600,514	$ 4,322,168
Investment properties, net	8,496,238	11,024,940	15,725,155	19,811,954
Other assets	17,222	21,297	160,320	69,940
Total assets	$ 10,634,329	$ 13,618,917	$ 19,485,989	$ 24,204,062
Liabilities and Partners' Deficit:				
Current liabilities	$ 542,845	$ 565,301	$ 1,304,344	$ 1,447,465
Long-term debt	14,475,871	17,184,255	27,340,460	32,313,356
Total liabilities	15,018,716	17,749,556	28,644,804	33,760,821
Partners' deficit				
Limited Partner	(4,171,699)	(3,868,639)	(8,381,501)	(8,723,835)
General Partners	(212,688)	(262,000)	(777,314)	(832,924)
Total partners' deficit	(4,384,387)	(4,130,639)	(9,158,815)	(9,556,759)
Total liabilities and partners' deficit	$ 10,634,329	$ 13,618,917	$ 19,485,989	$ 24,204,062
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 613,037	$ 705,518	$ 1,176,761	$ 1,317,890
Expenses:				
Operating expenses	482,545	534,607	869,736	972,624
Interest expense	67,767	82,180	139,455	166,767
Depreciation and amortization	144,956	168,738	296,248	346,867
Total expenses	695,268	785,525	1,305,439	1,486,258
Net loss	$ (82,231)	$ (80,007)	$ (128,678)	$ (168,368)
Other partners' share of net income	$ 6,082	$ 11,459	$ 2,156	$ 2,256
Gateway's share of net loss	$ (88,313)	$ (91,466)	$ (130,834)	$ (170,624)
Suspended losses	88,313	91,466	130,834	170,624
Equity in Loss of Project Partnerships	$ -	$ -	$ -	$ -

NOTE 4 - INVESTMENTS IN PROJECT PARTNERSHIPS (Continued):

(1) As discussed in Note 3, 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 2012 and March 2011 is provided below. In April 2012, Value Partners, Inc. transferred its interest as the General Partner in this Project Partnership to an unaffiliated third party.

	March 2012	March 2011
Total Assets	$ 443,540	$ 450,294
Total Liabilities	790,251	801,794
Gateway Deficit	(229,415)	(234,155)
Other Partner's Deficit	(117,296)	(117,344)
Total Revenue	31,721	34,094
Net Income	$ 352	$ 3,473

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	
	2012	2011	2012	2011
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 1,747,534	$ 1,980,187	$ 1,811,974	$ 2,102,567
Investment properties, net	9,258,376	10,925,240	8,381,580	9,898,785
Other assets	57,061	46,744	90,199	62,800
Total assets	$ 11,062,971	$ 12,952,171	$ 10,283,753	$ 12,064,152
Liabilities and Partners' Deficit:				
Current liabilities	$ 414,692	$ 466,819	$ 501,327	$ 489,722
Long-term debt	14,385,401	15,858,420	10,124,287	11,854,606
Total liabilities	14,800,093	16,325,239	10,625,614	12,344,328
Partners' (deficit) equity				
Limited Partner	(3,330,844)	(2,970,739)	172,774	246,568
General Partners	(406,278)	(402,329)	(514,635)	(526,744)
Total partners' deficit	(3,737,122)	(3,373,068)	(341,861)	(280,176)
Total liabilities and partners' deficit	$ 11,062,971	$ 12,952,171	$ 10,283,753	$ 12,064,152
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 587,963	$ 643,991	$ 418,025	$ 478,706
Expenses:				
Operating expenses	461,969	459,621	300,118	342,401
Interest expense	67,068	76,205	38,141	47,289
Depreciation and amortization	150,862	162,807	97,660	109,906
Total expenses	679,899	698,633	435,919	499,596
Net loss	$ (91,936)	$ (54,642)	$ (17,894)	$ (20,890)
Other partners' share of net (loss) income	$ (919)	$ (546)	$ (195)	$ 8,361
Gateway's share of net loss	$ (91,017)	$ (54,096)	$ (17,699)	$ (29,251)
Suspended losses	91,017	54,096	17,699	22,693
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	
	2012	2011	2012	2011
SUMMARIZED BALANCE SHEETS				
Assets:				
Current assets	$ 709,916	$ 1,114,618	$ 9,990,807	$ 12,092,220
Investment properties, net	5,027,812	8,187,103	46,889,161	59,848,022
Other assets	216,158	222,849	540,960	423,630
Total assets	$ 5,953,886	$ 9,524,570	$ 57,420,928	$ 72,363,872
Liabilities and Partners' Deficit:				
Current liabilities	$ 326,800	$ 422,442	$ 3,090,008	$ 3,391,749
Long-term debt	5,315,240	9,604,676	71,641,259	86,815,313
Total liabilities	5,642,040	10,027,118	74,731,267	90,207,062
Partners' equity (deficit)				
Limited Partner	631,689	(28,653)	(15,079,581)	(15,345,298)
General Partners	(319,843)	(473,895)	(2,230,758)	(2,497,892)
Total partners' equity (deficit)	311,846	(502,548)	(17,310,339)	(17,843,190)
Total liabilities and partners' deficit	$ 5,953,886	$ 9,524,570	$ 57,420,928	$ 72,363,872
SUMMARIZED STATEMENTS OF OPERATIONS				
Rental and other income	$ 306,675	$ 461,767	$ 3,102,461	$ 3,607,872
Expenses:				
Operating expenses	227,711	356,431	2,342,079	2,665,684
Interest expense	27,480	49,476	339,911	421,917
Depreciation and amortization	81,700	131,021	771,426	919,339
Total expenses	336,891	536,928	3,453,416	4,006,940
Net loss	$ (30,216)	$ (75,161)	$ (350,955)	$ (399,068)
Other partners' share of net (loss) income	$ (302)	$ (3,161)	$ 6,822	$ 18,369
Gateway's share of net loss	$ (29,914)	$ (72,000)	$ (357,777)	$ (417,437)
Suspended losses	14,880	47,602	342,743	386,481
Equity in Loss of Project Partnerships	$ (15,034)	$ (24,398)	$ (15,034)	$ (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, 2012			March 31, 2011		
	Aggregate Assets	Aggregate Liabilities	Our Risk Of Loss	Aggregate Assets	Aggregate Liabilities	Our Risk Of Loss
Series 7	$ 10,634,329	$ 15,018,716	$ -	$ 13,618,917	$ 17,749,556	$ -
Series 8	19,485,989	28,644,804	-	24,204,062	33,760,821	-
Series 9	11,062,971	14,800,093	-	12,952,171	16,325,239	-
Series 10	10,283,753	10,625,614	-	12,064,152	12,344,328	58,139
Series 11	5,953,886	5,642,040	170,662	9,524,570	10,027,118	221,465
Total	$ 57,420,928	$ 74,731,267	$ 170,662	$ 72,363,872	$ 90,207,062	$ 279,604

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, 2012, Gateway has sold its interest in 41 Project Partnerships (21 in Series 7, 8 in Series 8, 5 in Series 9, 3 in Series 10 and 4 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 2013 Disposition Activity:

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2012	Lovingston Ridge L.P.	$ 68,688	$ 6.88	$ 68,688
				$ 68,688

The net proceeds per LP unit from the sale of Lovingston Ridge L.P. is a component of the Distribution Payable on the Balance Sheet as of June 30, 2012. 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 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Gain deferred at March 31, 2012	$ -	$ -	$ 15,743
				$ 15,743

The Gain on Disposal from the sale of Courtyard Apartments Phase II was deferred as of March 31, 2012 and is a component of Gain on Sale of Project Partnerships for the three months ended June 30, 2012. The net proceeds per LP unit from this sale is a component of the Distribution Payable on the Balance Sheet as of June 30, 2012. These net proceeds, 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.

NOTE 5 - SUMMARY OF DISPOSITION ACTIVITIES (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
August 2011	Cavalry Crossing Apartments	4,977	0.48	4,977
December 2011	Nottingham Apartments	7,468	0.72	7,468
December 2011	Vardaman Manor	9,417	0.91	9,417
	Other, net (see below)	-	-	2,000
				$ 137,761

The net proceeds per LP unit from the sale of Blue Ridge Elderly Housing, Lake Lakeland II, Meadow Run Apartments, Mount Vernon Rental Housing, Cavalry Crossing Apartments, Nottingham Apartments and Vardaman Manor are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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.

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 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 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
December 2011	Arbor Gate Apartments	10,018	1.00	10,018
December 2011	Lincoln Apartments	15,955	1.60	15,955
December 2011	Elderly Housing of Pontotoc	14,217	1.42	14,217
				$ 60,065

The net proceeds per LP unit from the sale of Cottondale Rental Housing, Arbor Gate Apartments, Lincoln Apartments and Elderly Housing of Pontotoc are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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
August 2011	Sycamore Landing	4,169	0.67	4,169
				$ 56,718

The net proceeds per LP unit from the sale of Arbor Trace Apartment Phase, Arbor Trace Apartments Phase II and Sycamore Landing are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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):

Series 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal	Deferred Gain on Disposal
September 2011	Peachtree Apartments	$ 26,145	$ 5.18	$ 26,145	$ -
March 2012	Courtyard Apartments Phase II	15,743	3.13	-	15,743
				$ 26,145	$ 15,743

The net proceeds per LP unit from the sale of Peachtree Apartments is a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. These net proceeds, 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.

In accordance with GAAP, although the sale of Courtyard Apartments Phase II was consummated on or prior to March 31, 2012, the gain on the sale is being deferred on the Balance Sheet and not recognized on the Statement of Operations until the period that the sale proceeds are received. Gateway recorded a receivable for the proceeds from this sale totaling $15,743 which is included in Receivable - Other on the Balance Sheet. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 10 Assignees in a subsequent period at such time that state withholding tax liabilities have been settled. The deferred gain of $15,743 will be recognized on the Statement of Operations during the period in which the proceeds are received.

Series 11

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
August 2011	Parsons Village	$ 2,681	$ 0.52	$ 2,681
September 2011	Mountain Oak Apartments	5,324	1.04	5,324
September 2011	Warsaw Manor Apartments	89,765	17.51	89,765
	Other, net (see below)	-	-	2,000
				$ 99,770

The net proceeds per LP unit from the sale of Parson Village, Mountain Oak Apartments and Warsaw Manor Apartments are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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.

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 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 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, 2012 for each Significant Project Partnership:

Series 11

	Magnolia Place Apartments, L.P.
Rental and other income	$ 40,071
Gross profit (loss)	(8,606)
Net Income (loss)	$ (19,160)

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 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 decreased $8,447 from $22,203 for the three months ended June 30, 2011 to $13,756 for the three months ended June 30, 2012. The decrease in distribution income for the period ended June 30, 2012 results from a decrease of gross distributions received from Project Partnerships.

Total expenses of Gateway were $68,233 for the three months ended June 30, 2012, a decrease of $13,476 as compared to the three months ended June 30, 2011 total expenses of $81,709. 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).

Equity in Loss of Project Partnerships decreased from $30,956 for the three months ended June 30, 2011 to $15,034 for the three months ended June 30, 2012 because of a decrease 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, 2012 (Project Partnership financial information is on a three-month lag), Gateway's share of the net loss was $357,777, of which $342,743 was suspended. For the three months ended March 31, 2011, Gateway's share of the net loss was $417,437, of which $386,481 was suspended.

Gain on Sale of Project Partnerships decreased from $186,323 for the three months ended June 30, 2011 to $84,431 for the three months ended June 30, 2012. As more fully discussed within this MD&A, one Project Partnership investment was sold during the first quarter of fiscal year 2013 as compared to the first quarter of fiscal year 2012 when seven 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.

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

Interest income increased $38 from $44 for the three months ended June 30, 2011 to $82 for the three months ended June 30, 2012. The change in interest income results primarily from the fluctuation of interest rates on short-term investments over this period. Cash and Cash Equivalents increased $56,700 from $1,640,469 as of March 31, 2012 to $1,697,169 as of June 30, 2012. 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 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 Limited Partners' return of their original capital contribution).

The sources of funds to pay the expenses of Gateway are cash and cash equivalents and 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 Low-Income Housing Tax Credits, Gateway does not expect there to be a significant increase in future rental income of the Project Partnerships. Therefore, cash distributions from the operations of the Project Partnerships are not expected to increase on a per project basis. However, operational factors of the Project Partnerships and the timing of distributions contribute to fluctuations of distributions from 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 $15,002 from operations for the three months ended June 30, 2012. Cash and Cash Equivalents increased by $56,700 during the three months ended June 30, 2012. Of the Cash and Cash Equivalents on hand as of June 30, 2012 and March 31, 2012, $1,230,830 and $1,146,399, 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, 2012 and 2011. For the three months ended March 31, 2012 and 2011, the Project Partnerships generated a loss of $82,231 and $80,007 on Rental and other income of $613,037 and $705,518, respectively. Gateway's share of the Project Partnerships' net loss for the three months ended March 31, 2012 and 2011 was $88,313 and $91,466, all of which were suspended. In general, it is common in the real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. These Project Partnerships reported depreciation and amortization of $144,956 and $168,738 for the three months ended March 31, 2012 and 2011, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2012, the Series had $825,882 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 $10,629 for the three months ended June 30, 2012. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $9,128. Cash provided by investing activities totaled $3,914 consisting of cash distributions from the 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, 2012 and 2011. For the three months ended March 31, 2012 and 2011, the Project Partnerships generated a loss of $128,678 and $168,368 on Rental and other income of $1,176,761 and $1,317,890, respectively. Gateway’s share of the Project Partnerships’ net loss for the three months ended March 31, 2012 and 2011 was $130,834 and $170,624, all of which were suspended. In general, it is common in the real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. These Project Partnerships reported depreciation and amortization of $296,248 and $346,867 for the three months ended March 31, 2012 and 2011, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2012, the Series had $193,028 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 $47,972 for the three months ended June 30, 2012. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $13,175. Cash provided by investing activities totaled $71,653 consisting of $2,965 in cash distributions from the Project Partnerships and $68,688 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, 2012 and 2011. For the three months ended March 31, 2012 and 2011, the Project Partnerships generated a loss of $91,936 and $54,642 on Rental and other income of $587,963 and $643,991, respectively. Gateway’s share of the Project Partnerships’ net loss for three months ended March 31, 2012 and 2011 was $91,017 and $54,096, all of which were suspended. In general, it is common in the real estate industry to experience losses for financial and tax reporting purposes because of the non-cash expenses of depreciation and amortization. These Project Partnerships reported depreciation and amortization of $150,862 and $162,807 for the three months ended March 31, 2012 and 2011, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2012, the Series had $132,603 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 $11,855 for the three months ended June 30, 2012. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $9,359. Cash provided by investing activities totaled $1,207 consisting of cash distributions from the 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 decreased from $6,558 for the three months ended June 30, 2011 to $0 for the three months ended June 30, 2012. For the three months ended March 31, 2012 and 2011, the Project Partnerships generated a loss of $17,894 and $20,890 on Rental and other income of $418,025 and $478,706, respectively. Gateway’s share of the Project Partnerships’ net loss for the three months ended March 31, 2012 and 2011 was $17,699 and $29,251, of which $17,699 and $22,693 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 $97,660 and $109,906 for the three months ended March 31, 2012 and 2011, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2012, the Series had $156,729 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 $10,879 for the three months ended June 30, 2012. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $4,890. Cash provided by investing activities totaled $20,613 consisting of $4,870 in cash distributions from the Project Partnerships and $15,743 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 11 - Gateway closed this Series on April 29, 1994 after receiving $5,127,000 from 330 Limited Partner investors. Equity in Loss of Project Partnerships decreased from $24,398 for the three months ended June 30, 2011 to $15,034 for the three months ended June 30, 2012. For the three months ended March 31, 2012 and 2011, the Project Partnerships generated a loss of $30,216 and $75,161 on Rental and other income of $306,675 and $461,767, respectively. Gateway's share of the Project Partnerships' net loss for the three months ended March 31, 2012 and 2011 was $29,914 and $72,000, of which $14,880 and $47,602 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 $81,700 and $131,021 for the three months ended March 31, 2012 and 2011, respectively. Overall, management believes the Project Partnerships are operating as expected and have generated Tax Credits which met projections.

At June 30, 2012, the Series had $388,927 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 $21,365 for the three months ended June 30, 2012. However, after considering the changes in operating assets and liabilities, net cash used in operating activities was $4,935. Cash provided by investing activities totaled $800 consisting of cash distributions from the Project Partnerships.

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, 2012 or 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.

As of June 30, 2012, Gateway holds a limited partner interest in 92 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, 2012, 41 of the Project Partnerships have been sold (21 in Series 7, 8 in Series 8, 5 in Series 9, 3 in Series 10 and 4 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 2013 Disposition Activity:

Series 8

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
April 2012	Lovingston Ridge L.P.	$ 68,688	$ 6.88	$ 68,688
				$ 68,688

The net proceeds per LP unit from the sale of Lovingston Ridge L.P. is a component of the Distribution Payable on the Balance Sheet as of June 30, 2012. 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 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
	Gain deferred at March 31, 2012	$ -	$ -	$ 15,743
				$ 15,743

The Gain on Disposal from the sale of Courtyard Apartments Phase II was deferred as of March 31, 2012 and is a component of Gain on Sale of Project Partnerships for the three months ended June 30, 2012. The net proceeds per LP unit from this sale is a component of the Distribution Payable on the Balance Sheet as of June 30, 2012. These net proceeds, 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.

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
August 2011	Cavalry Crossing Apartments	4,977	0.48	4,977
December 2011	Nottingham Apartments	7,468	0.72	7,468
December 2011	Vardaman Manor	9,417	0.91	9,417
	Other, net (see below)	-	-	2,000
				$ 137,761

The net proceeds per LP unit from the sale of Blue Ridge Elderly Housing, Lake Lakeland II, Meadow Run Apartments, Mount Vernon Rental Housing, Cavalry Crossing Apartments, Nottingham Apartments and Vardaman Manor are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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.

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 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 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
December 2011	Arbor Gate Apartments	10,018	1.00	10,018
December 2011	Lincoln Apartments	15,955	1.60	15,955
December 2011	Elderly Housing of Pontotoc	14,217	1.42	14,217
				$ 60,065

The net proceeds per LP unit from the sale of Cottondale Rental Housing, Arbor Gate Apartments, Lincoln Apartments and Elderly Housing of Pontotoc are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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
August 2011	Sycamore Landing	4,169	0.67	4,169
				$ 56,718

The net proceeds per LP unit from the sale of Arbor Trace Apartment Phase, Arbor Trace Apartments Phase II and Sycamore Landing are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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.

Series 10

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal	Deferred Gain on Disposal
September 2011	Peachtree Apartments	$ 26,145	$ 5.18	$ 26,145	$ -
March 2012	Courtyard Apartments Phase II	15,743	3.13	-	15,743
				$ 26,145	$ 15,743

The net proceeds per LP unit from the sale of Peachtree Apartments is a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. These net proceeds, 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.

In accordance with GAAP, although the sale of Courtyard Apartments Phase II was consummated on or prior to March 31, 2012, the gain on the sale is being deferred on the Balance Sheet and not recognized on the Statement of Operations until the period that the sale proceeds are received. Gateway recorded a receivable for the proceeds from this sale totaling $15,743 which is included in Receivable - Other on the Balance Sheet. These net proceeds, less the applicable state tax withholding, will be distributed to the Series 10 Assignees in a subsequent period at such time that state withholding tax liabilities have been settled. The deferred gain of $15,743 will be recognized on the Statement of Operations during the period in which the proceeds are received.

Series 11

Transaction Month / Year	Project Partnership	Net Proceeds	Net Proceeds Per LP Unit	Gain on Disposal
August 2011	Parsons Village	$ 2,681	$ 0.52	$ 2,681
September 2011	Mountain Oak Apartments	5,324	1.04	5,324
September 2011	Warsaw Manor Apartments	89,765	17.51	89,765
	Other, net (see below)	-	-	2,000
				$ 99,770

The net proceeds per LP unit from the sale of Parson Village, Mountain Oak Apartments and Warsaw Manor Apartments are a component of the Distribution Payable on the Balance Sheet as of March 31, 2012. 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.

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 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 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, 2012:

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

Series 7

Brookshollow Apartments, L.P.
Brookstone Apartments, 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 $95,000, or $9.14 per limited partnership unit. Sales proceeds would be available for distribution, less the applicable state tax withholding, to the Series 7 Limited Partners in a period subsequent to the closing of these sales transactions which would most likely occur within the next year.

Series 8

AAA Properties of Bentonville
Antlers Properties, L.P.
Antlers Properties II, L.P.
Aurora Seniors, L.P.
Baxter Springs Seniors, L.P.
Brooks Field Apartments, L.P.
Brooks Lane Apartments, L.P.
Brooks Point Apartments, L.P.
Brooks Run Apartments, L.P.
Concordia Senior Housing, L.P.
Deerpoint, Ltd.
Fox Ridge II, Ltd.
Galena Seniors, L.P.
Holdenville Properties, L.P.
Kirksville Senior Apartments, L.P.
Meadowview Properties L.P.
Mountainburg Properties, L.P.
Purdy Apartments, L.P.
Wetumka 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 $775,000, or $77.66 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 year.

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

Series 9

Abernathy Properties, L.P.
Boxwood Place Properties, L.P.
Jay Properties II, L.P.
Lamar Properties, L.P.
Marionville Seniors, 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 $275,000, or $43.97 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 year.

Series 10

Stigler Properties, L.P.

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 year.

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, 2012 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 10, 2012	By:/s/ Ronald M. Diner Ronald M. Diner President
Date: August 10, 2012	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 10, 2012

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 10, 2012

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, 2012 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 10, 2012

/s/ Toni S. Matthews
Toni S. Matthews
Vice President and Chief Financial Officer
Raymond James Tax Credit Funds, Inc.
(the Managing General Partner)
August 10, 2012