

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For The Quarterly Period Ended SEPTEMBER 30, 2004

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 (IRS Employer No.)
incorporation or organization)

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

Registrant's Telephone Number, Including Area Code: (727) 567-4830

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

YES NO

| <u>Title of Each Class</u> | <u>Number of Units</u> <u>September 30, 2004</u> |
|--|---|
| Units of Limited Partnership Interest: \$1,000 per unit | 33,799 |

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II, 2004 Form 10-K, filed with the
Securities and Exchange Commission on July 13, 2004
Parts III and IV - Form S-11 Registration Statement
and all amendments and supplements thereto
File No. 33-44238

PART I - Financial Information
Item 1. Financial Statements

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

| SERIES 7 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 318,490 | \$ 343,873 |
| Investments in Securities | 70,294 | 67,834 |
| | ----- | ----- |
| Total Current Assets | 388,784 | 411,707 |
| Investments in Securities | 205,088 | 197,682 |
| Investments in Project Partnerships, Net | 1,053,612 | 1,127,941 |
| | ----- | ----- |
| Total Assets | \$ 1,647,484 ===== | \$ 1,737,330 ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 49,747 | \$ 72,070 |
| | ----- | ----- |
| Total Current Liabilities | 49,747 | 72,070 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 514,361 | 453,614 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 1,163,821 | 1,290,808 |
| General Partners | (80,445) | (79,162) |
| | ----- | ----- |
| Total Partners' Equity | 1,083,376 | 1,211,646 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 1,647,484 ===== | \$ 1,737,330 ===== |

See accompanying notes to financial statements.

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

| SERIES 8 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 334,126 | \$ 373,899 |
| Investments in Securities | 65,450 | 63,292 |
| Accounts Receivable | 24,220 | 24,220 |
| | ----- | ----- |
| Total Current Assets | 423,796 | 461,411 |
| Investments in Securities | 195,764 | 189,089 |
| Investments in Project Partnerships, Net | 485,853 | 512,795 |
| | ----- | ----- |
| Total Assets | \$ 1,105,413 | \$ 1,163,295 |
| | ===== | ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 70,123 | \$ 56,210 |
| | ----- | ----- |
| Total Current Liabilities | 70,123 | 56,210 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 580,044 | 553,708 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 538,318 | 635,468 |
| General Partners | (83,072) | (82,091) |
| | ----- | ----- |
| Total Partners' Equity | 455,246 | 553,377 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 1,105,413 | \$ 1,163,295 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

| SERIES 9 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 227,288 | \$ 248,902 |
| Investments in Securities | 38,163 | 37,028 |
| Accounts Receivable | 0 | 600 |
| | ----- | ----- |
| Total Current Assets | 265,451 | 286,530 |
| Investments in Securities | 146,817 | 142,308 |
| Investments in Project Partnerships, Net | 869,276 | 967,040 |
| | ----- | ----- |
| Total Assets | \$ 1,281,544 ===== | \$ 1,395,878 ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 26,195 | \$ 24,890 |
| | ----- | ----- |
| Total Current Liabilities | 26,195 | 24,890 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 380,936 | 360,461 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 920,505 | 1,055,258 |
| General Partners | (46,092) | (44,731) |
| | ----- | ----- |
| Total Partners' Equity | 874,413 | 1,010,527 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 1,281,544 ===== | \$ 1,395,878 ===== |

See accompanying notes to financial statements.

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

| SERIES 10 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 243,679 | \$ 247,847 |
| Investments in Securities | 28,531 | 27,571 |
| | ----- | ----- |
| Total Current Assets | 272,210 | 275,418 |
| Investments in Securities | 137,265 | 132,500 |
| Investments in Project Partnerships, Net | 1,729,411 | 1,815,475 |
| | ----- | ----- |
| Total Assets | \$ 2,138,886 | \$ 2,223,393 |
| | ===== | ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 49,955 | \$ 34,508 |
| | ----- | ----- |
| Total Current Liabilities | 49,955 | 34,508 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 97,222 | 96,753 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 2,015,971 | 2,115,390 |
| General Partners | (24,262) | (23,258) |
| | ----- | ----- |
| Total Partners' Equity | 1,991,709 | 2,092,132 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 2,138,886 | \$ 2,223,393 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

| SERIES 11 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 245,044 | \$ 247,638 |
| Investments in Securities | 33,167 | 31,987 |
| | ----- | ----- |
| Total Current Assets | 278,211 | 279,625 |
| Investments in Securities | 155,274 | 149,592 |
| Investments in Project Partnerships, Net | 2,739,632 | 2,799,412 |
| | ----- | ----- |
| Total Assets | \$ 3,173,117 | \$ 3,228,629 |
| | ===== | ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 52,981 | \$ 39,680 |
| | ----- | ----- |
| Total Current Liabilities | 52,981 | 39,680 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 0 | 806 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 3,134,925 | 3,202,252 |
| General Partners | (14,789) | (14,109) |
| | ----- | ----- |
| Total Partners' Equity | 3,120,136 | 3,188,143 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 3,173,117 | \$ 3,228,629 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

| TOTAL SERIES 7 - 11 | SEPTEMBER 30, 2004 ----- (Unaudited) | MARCH 31, 2004 ----- (Audited) |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 1,368,627 | \$ 1,462,159 |
| Investments in Securities | 235,605 | 227,712 |
| Accounts Receivable | 24,220 | 24,820 |
| | ----- | ----- |
| Total Current Assets | 1,628,452 | 1,714,691 |
| | | |
| Investments in Securities | 840,208 | 811,171 |
| Investments in Project Partnerships, Net | 6,877,784 | 7,222,663 |
| | ----- | ----- |
| Total Assets | \$ 9,346,444 | \$ 9,748,525 |
| | ===== | ===== |
| LIABILITIES AND PARTNERS' EQUITY | | |
| Current Liabilities: | | |
| Payable to General Partners | \$ 249,001 | \$ 227,358 |
| | ----- | ----- |
| Total Current Liabilities | 249,001 | 227,358 |
| | ----- | ----- |
| Long-Term Liabilities: | | |
| Payable to General Partners | 1,572,563 | 1,465,342 |
| | ----- | ----- |
| Partners' Equity (Deficit): | | |
| Limited Partners (10,395 units for Series 7, 9,980 for Series 8, 6,254 for Series 9, 5,043 for Series 10 and 5,127 for Series 11 at September 30, 2004 and March 31, 2004) | 7,773,540 | 8,299,176 |
| General Partners | (248,660) | (243,351) |
| | ----- | ----- |
| Total Partners' Equity | 7,524,880 | 8,055,825 |
| | ----- | ----- |
| Total Liabilities and Partners' Equity | \$ 9,346,444 | \$ 9,748,525 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 7 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 5,553 | \$ 6,109 |
| Other Income | 10,015 | 0 |
| | ----- | ----- |
| Total Revenue | 15,568 | 6,109 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 21,687 | 21,771 |
| General and Administrative: | | |
| General Partner | 14,578 | 11,306 |
| Other | 10,012 | 8,451 |
| Amortization | 1,661 | 1,661 |
| | ----- | ----- |
| Total Expenses | 47,938 | 43,189 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (32,370) | (37,080) |
| Equity in Losses of Project Partnerships | (25,188) | 10,909 |
| | ----- | ----- |
| Net Loss | \$ (57,558) | \$ (26,171) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (56,982) | \$ (25,909) |
| General Partners | (576) | (262) |
| | ----- | ----- |
| | \$ (57,558) | \$ (26,171) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (5.48) | \$ (2.49) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 10,395 | 10,395 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 8 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 5,064 | \$ 5,531 |
| Other Income | 2,318 | 1,380 |
| | ----- | ----- |
| Total Revenue | 7,382 | 6,911 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 22,578 | 22,682 |
| General and Administrative: | | |
| General Partner | 16,073 | 12,466 |
| Other | 11,097 | 9,204 |
| Amortization | 768 | 768 |
| | ----- | ----- |
| Total Expenses | 50,516 | 45,120 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (43,134) | (38,209) |
| Equity in Losses of Project Partnerships | (8,976) | (6,650) |
| | ----- | ----- |
| Net Loss | \$ (52,110) | \$ (44,859) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (51,589) | \$ (44,410) |
| General Partners | (521) | (449) |
| | ----- | ----- |
| | \$ (52,110) | \$ (44,859) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (5.17) | \$ (4.45) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 9,980 | 9,980 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 9 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 3,252 | \$ 3,429 |
| Other Income | 0 | 1,610 |
| | ----- | ----- |
| Total Revenue | 3,252 | 5,039 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 12,428 | 12,466 |
| General and Administrative: | | |
| General Partner | 8,971 | 6,957 |
| Other | 6,216 | 5,063 |
| Amortization | 771 | 771 |
| | ----- | ----- |
| Total Expenses | 28,386 | 25,257 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (25,134) | (20,218) |
| Equity in Losses of Project Partnerships | (43,687) | (43,797) |
| | ----- | ----- |
| Net Loss | \$ (68,821) | \$ (64,015) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (68,133) | \$ (63,375) |
| General Partners | (688) | (640) |
| | ----- | ----- |
| | \$ (68,821) | \$ (64,015) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (10.89) | \$ (10.13) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 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 SEPTEMBER 30,
(Unaudited)

| SERIES 10 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 3,326 | \$ 3,399 |
| Other Income | 700 | 0 |
| | ----- | ----- |
| Total Revenue | 4,026 | 3,399 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 8,472 | 8,503 |
| General and Administrative: | | |
| General Partner | 5,607 | 4,349 |
| Other | 4,211 | 3,319 |
| Amortization | 1,145 | 1,145 |
| | ----- | ----- |
| Total Expenses | 19,435 | 17,316 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (15,409) | (13,917) |
| Equity in Losses of Project Partnerships | (34,849) | (45,147) |
| | ----- | ----- |
| Net Loss | \$ (50,258) | \$ (59,064) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (49,756) | \$ (58,473) |
| General Partners | (502) | (591) |
| | ----- | ----- |
| | \$ (50,258) | \$ (59,064) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (9.87) | \$ (11.59) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 5,043 | 5,043 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 11 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 3,887 | \$ 4,005 |
| Other Income | 2,782 | 2,182 |
| | ----- | ----- |
| Total Revenue | 6,669 | 6,187 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 7,063 | 7,130 |
| General and Administrative: | | |
| General Partner | 4,485 | 3,479 |
| Other | 3,562 | 2,888 |
| Amortization | 1,683 | 1,683 |
| | ----- | ----- |
| Total Expenses | 16,793 | 15,180 |
| | ----- | ----- |
| Loss Before Equity in Losses Of Project Partnerships | (10,124) | (8,993) |
| Equity in Losses of Project Partnerships | (9,191) | (45,124) |
| | ----- | ----- |
| Net Loss | \$ (19,315) | \$ (54,117) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (19,122) | \$ (53,576) |
| General Partners | (193) | (541) |
| | ----- | ----- |
| | \$ (19,315) | \$ (54,117) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (3.73) | \$ (10.45) |
| | ===== | ===== |
| Number of Limited Partnership Units Outstanding | 5,127 | 5,127 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| TOTAL SERIES 7 - 11 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 21,082 | \$ 22,473 |
| Other Income | 15,815 | 5,172 |
| | ----- | ----- |
| Total Revenue | 36,897 | 27,645 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 72,228 | 72,552 |
| General and Administrative: | | |
| General Partner | 49,714 | 38,557 |
| Other | 35,098 | 28,295 |
| Amortization | 6,028 | 6,028 |
| | ----- | ----- |
| Total Expenses | 163,068 | 146,062 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (126,171) | (118,417) |
| Equity in Losses of Project Partnerships | (121,891) | (129,809) |
| | ----- | ----- |
| Net Loss | \$(248,062) | \$(248,226) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$(245,582) | \$(245,743) |
| General Partners | (2,480) | (2,483) |
| | ----- | ----- |
| | \$(248,062) | \$(248,226) |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 7 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| Revenues: | | |
| Interest Income | \$ 10,754 | \$ 12,309 |
| Other Income | 13,428 | 1,746 |
| | ----- | ----- |
| Total Revenue | 24,182 | 14,055 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 43,374 | 43,542 |
| General and Administrative: | | |
| General Partner | 27,116 | 32,211 |
| Other | 12,055 | 10,263 |
| Amortization | 3,322 | 3,322 |
| | ----- | ----- |
| Total Expenses | 85,867 | 89,338 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (61,685) | (75,283) |
| Equity in Losses of Project Partnerships | (66,585) | (29,091) |
| | ----- | ----- |
| Net Loss | \$ (128,270) | \$ (104,374) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (126,987) | \$ (103,330) |
| General Partners | (1,283) | (1,044) |
| | ----- | ----- |
| | \$ (128,270) | \$ (104,374) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (12.22) | \$ (9.94) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 10,395 | 10,395 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 8 | <u>2004</u> | <u>2003</u> |
|--|-------------|--------------|
| Revenues: | | |
| Interest Income | \$ 9,782 | \$ 11,200 |
| Other Income | 6,839 | 1,380 |
| | ----- | ----- |
| Total Revenue | 16,621 | 12,580 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 45,156 | 45,364 |
| General and Administrative: | | |
| General Partner | 29,897 | 35,514 |
| Other | 12,753 | 12,534 |
| Amortization | 1,536 | 1,536 |
| | ----- | ----- |
| Total Expenses | 89,342 | 94,948 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (72,721) | (82,368) |
| Equity in Losses of Project Partnerships | (25,410) | (27,258) |
| | ----- | ----- |
| Net Loss | \$ (98,131) | \$ (109,626) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (97,150) | \$ (108,530) |
| General Partners | (981) | (1,096) |
| | ----- | ----- |
| | \$ (98,131) | \$ (109,626) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (9.73) | \$ (10.87) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 9,980 | 9,980 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 9 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| Revenues: | | |
| Interest Income | \$ 6,279 | \$ 6,936 |
| Other Income | 2,438 | 2,438 |
| | ----- | ----- |
| Total Revenue | 8,717 | 9,374 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 24,856 | 24,932 |
| General and Administrative: | | |
| General Partner | 16,687 | 19,821 |
| Other | 7,248 | 6,274 |
| Amortization | 1,542 | 1,542 |
| | ----- | ----- |
| Total Expenses | 50,333 | 52,569 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (41,616) | (43,195) |
| Equity in Losses of Project Partnerships | (94,498) | (104,832) |
| | ----- | ----- |
| Net Loss | \$ (136,114) | \$ (148,027) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (134,753) | \$ (146,547) |
| General Partners | (1,361) | (1,480) |
| | ----- | ----- |
| | \$ (136,114) | \$ (148,027) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (21.55) | \$ (23.43) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 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 SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 10 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| Revenues: | | |
| Interest Income | \$ 6,374 | \$ 6,829 |
| Other Income | 2,080 | 0 |
| | ----- | ----- |
| Total Revenue | 8,454 | 6,829 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 16,944 | 17,006 |
| General and Administrative: | | |
| General Partner | 10,429 | 12,390 |
| Other | 5,091 | 4,184 |
| Amortization | 2,290 | 2,290 |
| | ----- | ----- |
| Total Expenses | 34,754 | 35,870 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (26,300) | (29,041) |
| Equity in Losses of Project Partnerships | (74,123) | (85,456) |
| | ----- | ----- |
| Net Loss | \$ (100,423) | \$ (114,497) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (99,419) | \$ (113,352) |
| General Partners | (1,004) | (1,145) |
| | ----- | ----- |
| | \$ (100,423) | \$ (114,497) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (19.71) | \$ (22.48) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 5,043 | 5,043 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 11 | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| Revenues: | | |
| Interest Income | \$ 7,512 | \$ 8,063 |
| Other Income | 2,782 | 2,182 |
| | ----- | ----- |
| Total Revenue | 10,294 | 10,245 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 14,126 | 14,260 |
| General and Administrative: | | |
| General Partner | 8,343 | 9,912 |
| Other | 4,352 | 3,693 |
| Amortization | 3,366 | 3,366 |
| | ----- | ----- |
| Total Expenses | 30,187 | 31,231 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (19,893) | (20,986) |
| Equity in Losses of Project Partnerships | (48,114) | (67,440) |
| | ----- | ----- |
| Net Loss | \$ (68,007) | \$ (88,426) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (67,327) | \$ (87,542) |
| General Partners | (680) | (884) |
| | ----- | ----- |
| | \$ (68,007) | \$ (88,426) |
| | ===== | ===== |
| Net Loss Per Number of Limited Partnership Units | \$ (13.13) | \$ (17.07) |
| Number of Limited Partnership Units Outstanding | ===== | ===== |
| | 5,127 | 5,127 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| TOTAL SERIES 7 - 11 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| Revenues: | | |
| Interest Income | \$ 40,701 | \$ 45,337 |
| Other Income | 27,567 | 7,746 |
| | ----- | ----- |
| Total Revenue | 68,268 | 53,083 |
| | ----- | ----- |
| Expenses: | | |
| Asset Management Fee-General Partner | 144,456 | 145,104 |
| General and Administrative: | | |
| General Partner | 92,472 | 109,848 |
| Other | 41,499 | 36,948 |
| Amortization | 12,056 | 12,056 |
| | ----- | ----- |
| Total Expenses | 290,483 | 303,956 |
| | ----- | ----- |
| Loss Before Equity in Losses of Project Partnerships | (222,215) | (250,873) |
| Equity in Losses of Project Partnerships | (308,730) | (314,077) |
| | ----- | ----- |
| Net Loss | \$ (530,945) | \$ (564,950) |
| | ===== | ===== |
| Allocation of Net Loss: | | |
| Limited Partners | \$ (525,636) | \$ (559,301) |
| General Partners | (5,309) | (5,649) |
| | ----- | ----- |
| | \$ (530,945) | \$ (564,950) |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| SERIES 7 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|-----------------------|
| Balance at March 31, 2003 | \$ 1,549,556 | \$ (76,548) | \$ 1,473,008 |
| Net Loss | (103,330) ----- | (1,044) ----- | (104,374) ----- |
| Balance at September 30, 2003 | \$ 1,446,226 ===== | \$ (77,592) ===== | \$ 1,368,634 ===== |
| Balance at March 31, 2004 | \$ 1,290,808 | \$ (79,162) | \$ 1,211,646 |
| Net Loss | (126,987) ----- | (1,283) ----- | (128,270) ----- |
| Balance at September 30, 2004 | \$ 1,163,821 ===== | \$ (80,445) ===== | \$ 1,083,376 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| SERIES 8 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|---------------------|
| Balance at March 31, 2003 | \$ 810,146 | \$ (80,327) | \$ 729,819 |
| Net Loss | (108,530) ----- | (1,096) ----- | (109,626) ----- |
| Balance at September 30, 2003 | \$ 701,616 ===== | \$ (81,423) ===== | \$ 620,193 ===== |
| Balance at March 31, 2004 | \$ 635,468 | \$ (82,091) | \$ 553,377 |
| Net Loss | (97,150) ----- | (981) ----- | (98,131) ----- |
| Balance at September 30, 2004 | \$ 538,318 ===== | \$ (83,072) ===== | \$ 455,246 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| SERIES 9 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|-----------------------|
| Balance at March 31, 2003 | \$ 1,364,080 | \$ (41,612) | \$ 1,322,468 |
| Net Loss | (146,547) ----- | (1,480) ----- | (148,027) ----- |
| Balance at September 30, 2003 | \$ 1,217,533 ===== | \$ (43,092) ===== | \$ 1,174,441 ===== |
| Balance at March 31, 2004 | \$ 1,055,258 | \$ (44,731) | \$ 1,010,527 |
| Net Loss | (134,753) ----- | (1,361) ----- | (136,114) ----- |
| Balance at September 30, 2004 | \$ 920,505 ===== | \$ (46,092) ===== | \$ 874,413 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| SERIES 10 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|-----------------------|
| Balance at March 31, 2003 | \$ 2,341,846 | \$ (20,971) | \$ 2,320,875 |
| Net Loss | (113,352) ----- | (1,145) ----- | (114,497) ----- |
| Balance at September 30, 2003 | \$ 2,228,494 ===== | \$ (22,116) ===== | \$ 2,206,378 ===== |
| Balance at March 31, 2004 | \$ 2,115,390 | \$ (23,258) | \$ 2,092,132 |
| Net Loss | (99,419) ----- | (1,004) ----- | (100,423) ----- |
| Balance at September 30, 2004 | \$ 2,015,971 ===== | \$ (24,262) ===== | \$ 1,991,709 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| SERIES 11 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|-----------------------|
| Balance at March 31, 2003 | \$ 3,344,393 | \$ (12,673) | \$ 3,331,720 |
| Net Loss | (87,542) ----- | (884) ----- | (88,426) ----- |
| Balance at September 30, 2003 | \$ 3,256,851 ===== | \$ (13,557) ===== | \$ 3,243,294 ===== |
| Balance at March 31, 2004 | \$ 3,202,252 | \$ (14,109) | \$ 3,188,143 |
| Net Loss | (67,327) ----- | (680) ----- | (68,007) ----- |
| Balance at September 30, 2004 | \$ 3,134,925 ===== | \$ (14,789) ===== | \$ 3,120,136 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

| TOTAL SERIES 7 - 11 | Limited Partners ----- | General Partners ----- | Total ----- |
|-------------------------------|------------------------------|------------------------------|-----------------------|
| Balance at March 31, 2003 | \$ 9,410,021 | \$ (232,131) | \$ 9,177,890 |
| Net Loss | (559,301) ----- | (5,649) ----- | (564,950) ----- |
| Balance at September 30, 2003 | \$ 8,850,720 ===== | \$ (237,780) ===== | \$ 8,612,940 ===== |
| Balance at March 31, 2004 | \$ 8,299,176 | \$ (243,351) | \$ 8,055,825 |
| Net Loss | (525,636) ----- | (5,309) ----- | (530,945) ----- |
| Balance at September 30, 2004 | \$ 7,773,540 ===== | \$ (248,660) ===== | \$ 7,524,880 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 7 ----- | <u>2004</u> | <u>2003</u> |
|--|------------------------------|------------------------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (128,270) | \$ (104,374) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Amortization | 3,322 | 3,322 |
| Accreted Interest Income on Investments in Securities | (9,867) | (11,451) |
| Equity in Losses of Project Partnerships | 66,585 | 29,091 |
| Distribution Included in Other Income | (13,178) | 0 |
| Changes in Operating Assets and Liabilities: | | |
| Increase in Payable to General Partners | 38,425 | 10,386 |
| Net Cash Used in Operating Activities | ----- (42,983) | ----- (73,026) |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project Partnerships | 17,600 | 11,779 |
| Net Cash Provided by Investing Activities | ----- 17,600 | ----- 11,779 |
| Decrease in Cash and Cash Equivalentents | ----- (25,383) | ----- (61,247) |
| Cash and Cash Equivalentents at Beginning of Year | 343,873 | 390,008 |
| Cash and Cash Equivalentents at End of Year | ----- \$ 318,490 ===== | ----- \$ 328,761 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 8 ----- | <u>2004</u> | <u>2003</u> |
|--|-------------|--------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (98,131) | \$ (109,626) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Amortization | 1,536 | 1,536 |
| Accreted Interest Income on Investments in Securities | (8,833) | (10,242) |
| Equity in Losses of Project Partnership | 25,410 | 27,258 |
| Distribution Included in Other Income | (6,839) | 0 |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | 0 | (24,220) |
| Increase in Payable to General Partners | 40,250 | 28,266 |
| | ----- | ----- |
| Net Cash Used in Operating Activities | (46,607) | (87,028) |
| | ----- | ----- |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project Partnerships | 6,834 | 7,286 |
| | ----- | ----- |
| Net Cash Provided by Investing Activities | 6,834 | 7,286 |
| | ----- | ----- |
| Decrease in Cash and Cash Equivalents | (39,773) | (79,742) |
| Cash and Cash Equivalents at Beginning of Year | 373,899 | 450,206 |
| | ----- | ----- |
| Cash and Cash Equivalents at End of Year | \$ 334,126 | \$ 370,464 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 9 ----- | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (136,114) | \$ (148,027) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Amortization | 1,542 | 1,542 |
| Accreted Interest Income on Investments In Securities | (5,644) | (6,359) |
| Equity in Losses of Project Partnerships | 94,498 | 104,832 |
| Distribution Included in Other Income | (2,438) | 0 |
| Changes in Operating Assets and Liabilities: | | |
| Decrease in Accounts Receivable | 600 | 0 |
| Increase in Payable to General Partners | 21,780 | 28,030 |
| | ----- | ----- |
| Net Cash Used in Operating Activities | (25,776) | (19,982) |
| | ----- | ----- |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project Partnerships | 4,162 | 3,623 |
| | ----- | ----- |
| Net Cash Provided by Investing Activities | 4,162 | 3,623 |
| | ----- | ----- |
| Decrease in Cash and Cash Equivalents | (21,614) | (16,359) |
| Cash and Cash Equivalents at Beginning of Year | 248,902 | 260,485 |
| | ----- | ----- |
| Cash and Cash Equivalents at End of Year | \$ 227,288 | \$ 244,126 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 10 ----- | <u>2004</u> | <u>2003</u> |
|---|--------------|--------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (100,423) | \$ (114,497) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Amortization | 2,290 | 2,290 |
| Accreted Interest Income on Investments in Securities | (5,723) | (6,249) |
| Equity in Losses of Project Partnerships | 74,123 | 85,456 |
| Distributions Included in Other Income | (2,080) | 0 |
| Changes in Operating Assets and Liabilities: Increase in Payable to General Partners | 15,916 | 6,026 |
| | ----- | ----- |
| Net Cash Used in Operating Activities | (15,897) | (26,974) |
| | ----- | ----- |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project Partnerships | 11,729 | 13,232 |
| | ----- | ----- |
| Net Cash Provided by Investing Activities | 11,729 | 13,232 |
| | ----- | ----- |
| Decrease in Cash and Cash Equivalentents | (4,168) | (13,742) |
| Cash and Cash Equivalentents at Beginning of Year | 247,847 | 251,941 |
| | ----- | ----- |
| Cash and Cash Equivalentents at End of Year | \$ 243,679 | \$ 238,199 |
| | ===== | ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| SERIES 11 ----- | <u>2004</u> | <u>2003</u> |
|--|------------------------------|------------------------------|
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (68,007) | \$ (88,426) |
| Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities: | | |
| Amortization | 3,366 | 3,366 |
| Accreted Interest Income on Investments in Securities | (6,863) | (7,475) |
| Equity in Losses of Project Partnerships | 48,114 | 67,440 |
| Distribution Included in Other Income | 2,782 | 0 |
| Changes in Operating Assets and Liabilities: | | |
| Decrease in Payable to General Partners | 12,495 | (8,208) |
| Net Cash Used in Operating Activities | ----- (8,113) | ----- (33,303) |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project Partnerships | 5,519 | 2,389 |
| Net Cash Provided by Investing Activities | ----- 5,519 | ----- 2,389 |
| Decrease in Cash and Cash Equivalentents | (2,594) | (30,914) |
| Cash and Cash Equivalentents at Beginning of Year | 247,638 | 264,198 |
| Cash and Cash Equivalentents at End of Year | ----- \$ 245,044 ===== | ----- \$ 233,284 ===== |

See accompanying notes to financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30,
(Unaudited)

| <u>TOTAL SERIES 7 - 11</u> | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| <u>-----</u> | | |
| Cash Flows from Operating Activities: | | |
| Net Loss | \$ (530,945) | \$ (564,950) |
| Adjustments to Reconcile Net Loss to Net Cash | | |
| Used in Operating Activities: | | |
| Amortization | 12,056 | 12,056 |
| Accreted Interest Income on Investments in | | |
| Securities | (36,930) | (41,776) |
| Equity in Losses of Project Partnerships | 308,730 | 314,077 |
| Distribution Included in Other Income | (21,753) | 0 |
| Changes in Operating Assets and Liabilities: | | |
| Increase in Accounts Receivable | 600 | (24,220) |
| Increase (Decrease) in Payable to General | | |
| Partners | 128,866 | 64,500 |
| | <u>-----</u> | <u>-----</u> |
| Net Cash Used in Operating Activities | (139,376) | (240,313) |
| | <u>-----</u> | <u>-----</u> |
| Cash Flows from Investing Activities: | | |
| Distributions Received from Project | | |
| Partnerships | 45,844 | 38,309 |
| | <u>-----</u> | <u>-----</u> |
| Net Cash Provided by Investing Activities | 45,844 | 38,309 |
| | <u>-----</u> | <u>-----</u> |
| Decrease in Cash and Cash Equivalents | (93,532) | (202,004) |
| Cash and Cash Equivalents at Beginning of Year | 1,462,159 | 1,616,838 |
| | <u>-----</u> | <u>-----</u> |
| Cash and Cash Equivalents at End of Year | \$ 1,368,627 | \$ 1,414,834 |
| | <u>=====</u> | <u>=====</u> |

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1 - ORGANIZATION:

Gateway Tax Credit Fund III Ltd. ("Gateway"), a Florida Limited Partnership, was formed October 17, 1991 under the laws of Florida. Gateway offered its limited partnership interests in Series. The first Series for Gateway is Series 7. Operations commenced on July 16, 1992 for Series 7, January 4, 1993 for Series 8, September 30, 1993 for Series 9, January 21, 1994 for Series 10 and April 29, 1994 for Series 11. Each Series invests, as a limited partner, in other limited partnerships ("Project Partnerships"), each of which owns and operates apartment complexes eligible for Low-Income Housing Tax Credits ("Tax Credits"), provided for in Section 42 of the Internal Revenue Code of 1986. Gateway will terminate on December 31, 2040 or sooner, in accordance with the terms of the Limited Partnership Agreement. As of September 30, 2004, 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. The Managing General Partner manages and controls the business of Gateway.

Gateway received capital contributions of \$10,395,000, \$9,980,000, \$6,254,000, \$5,043,000 and \$5,127,000 from the investor Limited Partners in Series 7, 8, 9, 10 and 11, respectively. Each Series will be treated as though it were a separate partnership, investing in a separate and distinct pool of Project Partnerships. Income or loss and all tax items from the Project Partnerships acquired by each Series will be specifically allocated among the limited partners of such Series.

Operating profits and losses, cash distributions from operations and Tax Credits from each Series are generally allocated 99% to the Limited Partners in that Series and 1% to the General Partners. Profit or loss and cash distributions from sales of property by each Series are allocated as formulated in the Limited Partnership Agreement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

Gateway utilizes an accrual basis of accounting whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

Gateway accounts for its investments as the limited partner in Project Partnerships ("Investments in Project Partnerships") using the equity method of accounting, because management believes that Gateway does not have a majority control of the major operating and financial policies of the Project Partnerships in which it invests, and reports the equity in losses of the Project Partnerships on a 3-month lag in the Statement of Operations.

Under the equity method, the Investments in Project Partnerships initially include:

- 1) Gateway's capital contribution,
- 2) Acquisition fees paid to the General Partner for services rendered in selecting properties for acquisition, and
- 3) Acquisition expenses including legal fees, travel and other miscellaneous costs relating to acquiring properties.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Quarterly the Investments in Project Partnerships are increased or decreased as follows:

- 1) Increased for equity in income or decreased for equity in losses of the Project Partnerships,
- 2) Decreased for cash distributions received from the Project Partnerships, and
- 3) Decreased for the amortization of the acquisition fees and expenses.

Amortization is calculated on a straight-line basis over 35 years, as this is the average estimated useful life of the underlying assets. The amortization is shown as amortization expense on the Statements of Operations.

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

Since Gateway invests as a limited partner, and therefore is not obligated to fund losses or make additional capital contributions, it does not recognize losses from individual Project Partnerships to the extent that these losses would reduce the investment in those Project Partnerships below zero. The suspended losses will be used to offset future income from the individual Project Partnerships.

Gateway reviews its investments in Project Partnerships to determine if there has been any permanent impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the investment, Gateway recognizes an impairment loss. No impairment loss has been recognized in the accompanying financial statements.

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. Gateway does not guarantee any of the mortgages or other debt of the Project Partnerships.

Cash and Cash Equivalents

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

Concentrations of Credit Risk

Financial instruments which potentially subject Gateway to concentrations of credit risk consist of cash investments in a money market mutual fund that is a wholly-owned subsidiary of Raymond James Financial, Inc.

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

Investment in Securities

Effective April 1, 1994, Gateway adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"). Under FAS 115, Gateway is required to categorize its debt securities as held-to-maturity, available-for-sale or trading securities, dependent upon Gateway's intent in holding the securities. Gateway's intent is to hold all of its debt securities (U. S. Treasury Security Strips) until maturity and to use these reserves to fund Gateway's ongoing operations. Interest income is recognized ratably on the U.S. Treasury Strips using the effective yield to maturity.

Income Taxes

No provision for income taxes has been made in these financial statements, as income taxes are a liability of the partners rather than of Gateway.

Reclassifications

For comparability, the 2002 and 2003 figures have been reclassified, where appropriate, to conform with the financial statement presentation used in 2004.

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 the Partnership's Form 10-K for the year ended March 31, 2004. In the opinion of management these financial statements include adjustments, consisting only of normal recurring adjustments, necessary to fairly summarize the Partnership'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.

Recent Accounting Pronouncements

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN46 must be applied for the first interim or annual period ending after December 15, 2004. The Partnership does not feel that there will be any effects on its results of operations as a result of the adoption of FIN46. Prior to the effective date of FIN 46, Gateway is required to disclose its maximum exposure to economic and financial statement losses as a result of its involvement with variable interest entities. Gateway's exposure to these losses is limited to its investment in the Project Partnerships which is \$6,876,956 at September 30, 2004.

NOTE 3 - INVESTMENT IN SECURITIES:

The September 30, 2004 Balance Sheet includes Investment in Securities consisting of U.S. Treasury Security Strips which represents their cost, plus accreted interest income of \$161,341 for Series 7, \$143,576 for Series 8, \$90,816 for Series 9, \$86,817 for Series 10 and \$101,296 for Series 11.

| | Estimated Market Value | Cost Plus Accreted Interest | Gross Unrealized Gains and (Losses) |
|-----------|---------------------------|--------------------------------|--|
| Series 7 | \$ 299,790 | \$ 275,382 | \$ 24,408 |
| Series 8 | 282,613 | 261,214 | 21,399 |
| Series 9 | 200,076 | 184,980 | 15,096 |
| Series 10 | 183,678 | 165,796 | 17,882 |
| Series 11 | 213,024 | 188,441 | 24,583 |

As of September 30, 2004, the cost and accreted interest of debt securities by contractual maturities is as follows:

| | Series 7 | Series 8 | Series 9 |
|--|------------|------------|------------|
| Due within 1 year | \$ 70,294 | \$ 65,450 | \$ 38,163 |
| After 1 year through 5 years | 205,088 | 195,764 | 146,817 |
| Total Amount Carried on Balance Sheet | \$ 275,382 | \$ 261,214 | \$ 184,980 |

| | Series 10 | Series 11 | Total |
|--|------------|------------|-------------|
| Due within 1 year | \$ 28,531 | \$ 33,167 | \$ 235,605 |
| After 1 year through 5 years | 137,265 | 155,274 | 840,208 |
| Total Amount Carried on Balance Sheet | \$ 165,796 | \$ 188,441 | \$1,075,813 |

NOTE 4 - RELATED PARTY TRANSACTIONS:

The Payable to General Partners primarily represents the asset management fees owed to the General Partners at the end of the period. It is unsecured, due on demand and, in accordance with the limited partnership agreement, non-interest bearing. Within the next 12 months, the Managing General Partner does not intend to demand payment on the portion of Asset Management Fees payable classified as long-term on the Balance Sheet.

For the six months ended September 30, 2004 and 2003 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 Statement of Operations.

NOTE 4 - RELATED PARTY TRANSACTIONS (Continued):

| | <u>2004</u> | <u>2003</u> |
|-----------|-------------|-------------|
| Series 7 | \$ 43,374 | \$ 43,542 |
| Series 8 | 45,156 | 45,364 |
| Series 9 | 24,856 | 24,932 |
| Series 10 | 16,944 | 17,006 |
| Series 11 | 14,126 | 14,260 |
| | ----- | ----- |
| Total | \$144,456 | \$145,104 |
| | ===== | ===== |

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

| | | |
|-----------|-----------|-----------|
| Series 7 | \$ 27,116 | \$ 32,211 |
| Series 8 | 29,897 | 35,514 |
| Series 9 | 16,687 | 19,821 |
| Series 10 | 10,429 | 12,390 |
| Series 11 | 8,343 | 9,912 |
| | ----- | ----- |
| Total | \$ 92,472 | \$109,848 |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of September 30, 2004, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 39 Project Partnerships which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

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

| SERIES 7 | SEPTEMBER 30, 2004 | MARCH 31, 2004 |
|---|-----------------------|-------------------|
| | ----- | ----- |
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$ 7,732,089 | \$ 7,732,089 |
| Cumulative equity in losses of Project Partnerships (1) | (7,059,105) | (6,992,520) |
| Cumulative distributions received from Project Partnerships | (222,839) | (218,417) |
| | ----- | ----- |
| Investment in Project Partnerships before adjustment | 450,145 | 521,152 |
| Excess of investment cost over the Underlying assets acquired: | | |
| Acquisition fees and expenses | 793,335 | 793,335 |
| Accumulated amortization of acquisition fees and expenses | (189,868) | (186,546) |
| | ----- | ----- |
| Investments in Project Partnerships | \$ 1,053,612 | \$ 1,127,941 |
| | ===== | ===== |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$3,721,844 for the period ended September 30, 2004 and cumulative suspended losses of \$3,469,144 for the year ended March 31, 2004 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2004, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 43 Project Partnerships which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

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

| SERIES 8 | SEPTEMBER 30, 2004 ----- | MARCH 31, 2004 ----- |
|---|--------------------------------|----------------------------|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$ 7,586,105 | \$ 7,586,105 |
| Cumulative equity in losses of Project Partnerships (1) | (7,368,770) | (7,343,360) |
| Cumulative distributions received from Project Partnerships | (163,823) | (163,828) |
| Investment in Project Partnerships before adjustment | 53,512 | 78,917 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 549,773 | 549,773 |
| Accumulated amortization of acquisition fees and expenses | (117,432) | (115,895) |
| Investments in Project Partnerships | \$ 485,853 ===== | \$ 512,795 ===== |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$4,345,880 for the period ended September 30, 2004 and cumulative suspended losses of \$4,002,763 for the year ended March 31, 2004 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2004, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 24 Project Partnerships which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

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

| SERIES 9 | SEPTEMBER 30, 2004 ----- | MARCH 31, 2004 ----- |
|---|--------------------------------|----------------------------|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$ 4,914,116 | \$ 4,914,116 |
| Cumulative equity in losses of Project Partnerships (1) | (4,095,186) | (4,000,688) |
| Cumulative distributions received from Project Partnerships | (135,400) | (133,676) |
| Investment in Project Partnerships before Adjustment | 683,530 | 779,752 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 244,087 | 244,087 |
| Accumulated amortization of acquisition fees and expenses | (58,341) | (56,799) |
| Investments in Project Partnerships | \$ 869,276 ===== | \$ 967,040 ===== |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$1,334,053 for the period ended September 30, 2004 and cumulative suspended losses of \$1,226,519 for the year ended March 31, 2004 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2004, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 15 Project Partnerships which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

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

| SERIES 10 | SEPTEMBER 30, 2004 ----- | MARCH 31, 2004 ----- |
|---|--------------------------------|----------------------------|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$ 3,914,672 | \$ 3,914,672 |
| Cumulative equity in losses of Project Partnerships (1) | (2,147,893) | (2,073,769) |
| Cumulative distributions received from Project Partnerships | (177,355) | (167,705) |
| Investment in Project Partnerships before Adjustment | 1,589,424 | 1,673,198 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 196,738 | 196,738 |
| Accumulated amortization of acquisition fees and expenses | (56,751) | (54,461) |
| Investments in Project Partnerships | \$ 1,729,411 ===== | \$ 1,815,475 ===== |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$148,158 for the period ended September 30, 2004 and cumulative suspended losses of \$132,431 for the year ended March 31, 2004 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of September 30, 2004, the Partnership had acquired a 99% interest in the profits, losses and tax credits as a limited partner in 12 Project Partnerships which own and operate government assisted multi-family housing complexes. Cash flows from operations are allocated according to each Partnership agreement. Upon dissolution proceeds will be distributed according to each Partnership agreement.

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

| SERIES 11 | SEPTEMBER 30, 2004 ----- | MARCH 31, 2004 ----- |
|---|--------------------------------|----------------------------|
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$ 4,128,042 | \$ 4,128,042 |
| Cumulative equity in losses of Project Partnerships | (1,443,109) | (1,394,995) |
| Cumulative distributions received from Project Partnerships | (157,610) | (149,310) |
| Investment in Project Partnerships before Adjustment | 2,527,323 | 2,583,737 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 290,335 | 290,335 |
| Accumulated amortization of acquisition fees and expenses | (78,026) | (74,660) |
| Investments in Project Partnerships | \$ 2,739,632 ===== | \$ 2,799,412 ===== |

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$261,114 for the period September 30, 2004 and cumulative suspended losses of \$208,165 for the year ended March 31, 2004 are not included.

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

| TOTAL SERIES 7 - 11 | SEPTEMBER 30, 2004 | MARCH 31, 2004 |
|---|-----------------------|-------------------|
| | ----- | ----- |
| Capital Contributions to Project Partnerships and purchase price paid for limited partner interests in Project Partnerships | \$28,275,024 | \$28,275,024 |
| Cumulative equity in losses of Project Partnerships | (22,114,063) | (21,805,332) |
| Cumulative distributions received from Project Partnerships | (857,027) | (832,936) |
| | ----- | ----- |
| Investment in Project Partnerships before Adjustment | 5,303,934 | 5,636,756 |
| Excess of investment cost over the underlying assets acquired: | | |
| Acquisition fees and expenses | 2,074,268 | 2,074,268 |
| Accumulated amortization of acquisition fees and expenses | (500,418) | (488,361) |
| | ----- | ----- |
| Investments in Project Partnerships | \$ 6,877,784 | \$ 7,222,663 |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| SERIES 7 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 3,880,430 | \$ 3,792,773 |
| Investment properties, net | 29,195,293 | 30,453,032 |
| Other assets | 16,088 | 36,719 |
| | ----- | ----- |
| Total assets | \$33,091,811 | \$34,282,524 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 745,095 | \$ 930,433 |
| Long-term debt | 36,002,235 | 36,063,490 |
| | ----- | ----- |
| Total liabilities | 36,747,330 | 36,993,923 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | (3,397,229) | (2,497,089) |
| General Partners | (258,290) | (214,310) |
| | ----- | ----- |
| Total Partners' equity | (3,655,519) | (2,711,399) |
| | ----- | ----- |
| Total liabilities and partners' equity | \$33,091,811 | \$34,282,524 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 2,404,550 | \$ 2,342,748 |
| Expenses: | | |
| Operating expenses | 1,589,638 | 1,595,498 |
| Interest expense | 404,128 | 411,025 |
| Depreciation and amortization | 733,294 | 733,295 |
| | ----- | ----- |
| Total expenses | 2,727,060 | 2,739,818 |
| | ----- | ----- |
| Net loss | \$ (322,510) | \$ (397,070) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (3,224) | \$ (3,971) |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (319,286) | \$ (393,099) |
| Suspended losses | 252,701 | 364,008 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (66,585) | \$ (29,091) |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| SERIES 8 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 3,577,759 | \$ 3,417,570 |
| Investment properties, net | 30,543,911 | 32,057,942 |
| Other assets | 50,918 | 58,975 |
| | ----- | ----- |
| Total assets | \$34,172,588 | \$35,534,487 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 1,006,202 | \$ 1,168,934 |
| Long-term debt | 37,949,865 | 38,086,148 |
| | ----- | ----- |
| Total liabilities | 38,956,067 | 39,255,082 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | (4,130,794) | (3,204,063) |
| General Partners | (652,685) | (516,532) |
| | ----- | ----- |
| Total Partners' equity (deficit) | (4,783,479) | (3,720,595) |
| | ----- | ----- |
| Total liabilities and partners' equity | \$34,172,588 | \$35,534,487 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 2,392,253 | \$ 2,280,662 |
| Expenses: | | |
| Operating expenses | 1,544,127 | 1,502,289 |
| Interest expense | 432,489 | 427,220 |
| Depreciation and amortization | 789,013 | 789,045 |
| | ----- | ----- |
| Total expenses | 2,765,629 | 2,718,554 |
| | ----- | ----- |
| Net loss | \$ (373,376) | \$ (437,892) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (3,733) | \$ 6,110 |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (368,527) | \$ (444,002) |
| Suspended losses | 343,117 | 416,744 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (25,410) | \$ (27,258) |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| SERIES 9 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 1,935,761 | \$ 1,756,014 |
| Investment properties, net | 17,516,051 | 18,304,773 |
| Other assets | 8,464 | 5,505 |
| | ----- | ----- |
| Total assets | \$19,460,276 | \$20,066,292 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 280,662 | \$ 308,114 |
| Long-term debt | 20,142,793 | 20,187,089 |
| | ----- | ----- |
| Total liabilities | 20,423,455 | 20,495,203 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | (687,262) | (185,823) |
| General Partners | (275,917) | (243,088) |
| | ----- | ----- |
| Total Partners' equity | (963,179) | (428,911) |
| | ----- | ----- |
| Total liabilities and partners' equity | \$19,460,276 | \$20,066,292 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 1,227,211 | \$ 1,171,410 |
| Expenses: | | |
| Operating expenses | 786,241 | 772,720 |
| Interest expense | 228,778 | 230,695 |
| Depreciation and amortization | 416,266 | 416,334 |
| | ----- | ----- |
| Total expenses | 1,431,285 | 1,419,749 |
| | ----- | ----- |
| Net loss | \$ (204,074) | \$ (248,339) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (2,042) | \$ (2,483) |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (202,032) | \$ (245,856) |
| Suspended losses | 107,534 | 141,024 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (94,498) | \$ (104,832) |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| SERIES 10 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 1,749,959 | \$ 1,639,388 |
| Investment properties, net | 12,788,556 | 13,229,648 |
| Other assets | 7,703 | 9,361 |
| | ----- | ----- |
| Total assets | \$14,546,218 | \$14,878,397 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 273,142 | \$ 295,866 |
| Long-term debt | 13,161,837 | 13,195,207 |
| | ----- | ----- |
| Total liabilities | 13,434,979 | 13,491,073 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | 1,448,209 | 1,677,882 |
| General Partners | (336,970) | (290,558) |
| | ----- | ----- |
| Total Partners' equity | 1,111,239 | 1,387,324 |
| | ----- | ----- |
| Total liabilities and partners' equity | \$14,546,218 | \$14,878,397 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 826,044 | \$ 794,970 |
| Expenses: | | |
| Operating expenses | 542,063 | 514,299 |
| Interest expense | 126,900 | 128,764 |
| Depreciation and amortization | 248,219 | 248,219 |
| | ----- | ----- |
| Total expenses | 917,182 | 891,282 |
| | ----- | ----- |
| Net loss | \$ (91,138) | \$ (96,312) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (1,288) | \$ (1,450) |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (89,850) | \$ (94,862) |
| Suspended losses | 15,727 | 9,406 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (74,123) | \$ (85,456) |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| SERIES 11 | <u>2004</u> | <u>2003</u> |
|--|--------------|--------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 1,281,519 | \$ 1,275,159 |
| Investment properties, net | 11,011,838 | 11,451,098 |
| Other assets | 60,575 | 123,167 |
| | ----- | ----- |
| Total assets | \$12,353,932 | \$12,849,424 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 207,060 | \$ 392,609 |
| Long-term debt | 10,099,725 | 10,128,122 |
| | ----- | ----- |
| Total liabilities | 10,306,785 | 10,520,731 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | 2,280,923 | 2,533,890 |
| General Partners | (233,776) | (205,197) |
| | ----- | ----- |
| Total Partners' equity | 2,047,147 | 2,328,693 |
| | ----- | ----- |
| Total liabilities and partners' equity | \$12,353,932 | \$12,849,424 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 776,346 | \$ 753,239 |
| Expenses: | | |
| Operating expenses | 514,295 | 516,409 |
| Interest expense | 115,566 | 116,902 |
| Depreciation and amortization | 257,676 | 257,676 |
| | ----- | ----- |
| Total expenses | 887,537 | 890,987 |
| | ----- | ----- |
| Net loss | \$ (111,191) | \$ (137,748) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (7,129) | \$ (7,168) |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (104,062) | \$ (130,580) |
| Suspended losses | 55,948 | 63,140 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (48,114) | \$ (67,440) |
| | ===== | ===== |

NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

In accordance with the Partnership's policy of presenting the financial information of the Project Partnerships on a three month lag, below is the summarized financial information for the Series' Project Partnerships as of June 30, of each year:

| TOTAL SERIES 7 - 11 | <u>2004</u> | <u>2003</u> |
|--|----------------|----------------|
| SUMMARIZED BALANCE SHEETS | | |
| Assets: | | |
| Current assets | \$ 12,425,428 | \$ 11,880,904 |
| Investment properties, net | 101,055,649 | 105,496,493 |
| Other assets | 143,748 | 233,727 |
| | ----- | ----- |
| Total assets | \$113,624,825 | \$117,611,124 |
| | ===== | ===== |
| Liabilities and Partners' Equity: | | |
| Current liabilities | \$ 2,512,161 | \$ 3,095,956 |
| Long-term debt | 117,356,455 | 117,660,056 |
| | ----- | ----- |
| Total liabilities | 119,868,616 | 120,756,012 |
| | ----- | ----- |
| Partners' equity (deficit) | | |
| Limited Partner | (4,486,153) | (1,675,203) |
| General Partners | (1,757,638) | (1,469,685) |
| | ----- | ----- |
| Total Partners' equity | (6,243,791) | (3,144,888) |
| | ----- | ----- |
| Total liabilities and partners' equity | \$113,624,825 | \$117,611,124 |
| | ===== | ===== |
| SUMMARIZED STATEMENTS OF OPERATIONS | | |
| Rental and other income | \$ 7,626,404 | \$ 7,343,029 |
| Expenses: | | |
| Operating expenses | 4,976,364 | 4,901,215 |
| Interest expense | 1,307,861 | 1,314,606 |
| Depreciation and amortization | 2,444,468 | 2,444,569 |
| | ----- | ----- |
| Total expenses | 8,728,693 | 8,660,390 |
| | ----- | ----- |
| Net loss | \$ (1,102,289) | \$ (1,317,361) |
| | ===== | ===== |
| Other partners' share of net loss | \$ (17,416) | \$ (8,962) |
| | ===== | ===== |
| Partnerships' share of net loss | \$ (1,083,757) | \$ (1,308,399) |
| Suspended losses | 775,027 | 994,322 |
| | ----- | ----- |
| Equity in Losses of Project Partnerships | \$ (308,730) | \$ (314,077) |
| | ===== | ===== |

Item 4. Controls and Procedures:

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations, Liquidity and Capital Resources

The proceeds from Limited Partner investors' capital contributions available for investment are used to acquire interests in Project Partnerships.

As disclosed on the statement of operations for each Series, interest income is comparable for the six and three months ended September 30, 2004 and September 30, 2003. The General and Administrative expenses - General Partner is also comparable for the six and three months ended September 30, 2004 and September 30, 2003.

The capital resources of each Series are used to pay General and Administrative operating costs including personnel, supplies, data processing, travel and legal and accounting associated with the administration and monitoring of Gateway and the Project Partnerships. The capital resources are also used to pay the Asset Management Fee due the Managing General Partner, but only to the extent that Gateway's remaining resources are sufficient to fund Gateway's ongoing needs. (Payment of any Asset Management Fee unpaid at the time Gateway sells its interests in the Project Partnerships is subordinated to the investors' return of their original capital contribution.)

The sources of funds to pay the operating costs of each Series are short-term investments and interest earned thereon, the maturity of U.S. Treasury Security Strips ("Zero Coupon Treasuries") which were purchased with funds set aside for this purpose, and cash distributed to the Series from the operations of the Project Partnerships.

Series 7 - Gateway closed this series on October 16, 1992 after receiving \$10,395,000 from 635 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2004 increased from \$29,091 for the six months ended September 30, 2003 to \$66,585 primarily due to a decrease in suspended losses. 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. As a result, management expects that this Series, as well as those described below, will report its equity in Project Partnerships as a loss for tax and financial reporting purposes. Overall, management believes the Project Partnerships are operating as expected and are generating tax credits which meet projections.

At September 30, 2004, the Series had \$318,490 of short-term investments (Cash and Cash Equivalents). It also had \$275,382 in Zero Coupon Treasuries with annual maturities providing \$72,000 in fiscal year 2005 increasing to \$86,000 in fiscal year 2008. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$128,270 for the six months ended September 30, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$66,585 and the changes in operating assets and liabilities, net cash used in operating activities was \$42,983. Cash provided by investing activities totaled \$17,600 consisting of cash distributions from the Project Partnerships. There were no unusual events or trends to describe.

Series 8 - Gateway closed this Series on September 28, 1993 after receiving \$9,980,000 from 664 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2004 decreased slightly from \$27,258 for the six months ended September 30, 2003 to \$25,410.

At September 30, 2004, the Series had \$334,126 of short-term investments (Cash and Cash Equivalents). It also had \$261,214 in Zero Coupon Treasuries with annual maturities providing \$67,000 in fiscal year 2005 increasing to \$82,000 in fiscal year 2008. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$98,131 for the six months ended September 30, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$25,410 and the changes in operating assets and liabilities, net cash used in operating activities was \$46,607. Cash provided by investing activities totaled \$6,834, consisting of cash distributions from the Project Partnerships. There were no unusual events or trends to describe.

Series 9 - Gateway closed this Series on December 31, 1993 after receiving \$6,254,000 from 406 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2004 decreased from \$104,832 for the six months ended September 30, 2003 to \$94,498 as a result of an increase in rental revenue.

At September 30, 2004, the Series had \$227,288 of short-term investments (Cash and Cash Equivalents). It also had \$184,980 in Zero Coupon Treasuries with annual maturities providing \$39,000 in fiscal year 2005 increasing to \$47,000 in fiscal year 2009. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$136,114 for the six months ended September 30, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$94,498 and the changes in operating assets and liabilities, net cash used in operating activities was \$25,776. Cash provided by investing activities totaled \$4,162, consisting of cash distributions from the Project Partnerships. There were no unusual events or trends to describe.

Series 10 - Gateway closed this Series on January 21, 1994 after receiving \$5,043,000 from 325 Limited Partner investors. Equity in Losses of Project Partnerships for the six months ended September 30, 2004 decreased from \$85,456 for the six months ended September 30, 2003 to \$74,123 primarily due to a decrease in interest expense.

At September 30, 2004, the Series had \$243,679 of short-term investments (Cash and Cash Equivalents). It also had \$165,796 in Zero Coupon Treasuries with annual maturities providing \$28,000 in fiscal year 2005 increasing to \$40,000 in fiscal year 2010. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$100,423 for the six months ended September 30, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$74,123 and the changes in

operating assets and liabilities, net cash used in operating activities was \$15,897. Cash provided by investing activities totaled \$11,729, consisting of cash distributions from the Project Partnerships. There were no unusual events or trends to describe.

Series 11 - Gateway closed this Series on April 29, 1994 after receiving \$5,127,000 from 330 Limited investors. Equity in losses of Project Partnerships for the six months ended September 30, 2004 decreased from \$67,440 for the six months ended September 30, 2003 to \$48,114 primarily due to an increase in rental revenue combined with a decrease in other operating costs.

At September 30, 2004, the Series had \$245,044 of short-term investments (Cash and Cash Equivalents). It also had \$188,441 in Zero Coupon Treasuries with annual maturities providing \$34,000 in fiscal year 2005 increasing to \$44,000 in fiscal year 2010. Management believes the sources of funds are sufficient to meet current and ongoing operating costs for the foreseeable future, and to pay part of the Asset Management Fee.

As disclosed on the statement of cash flows, the Series had a net loss of \$68,007 for the six months ended September 30, 2004. However, after adjusting for Equity in Losses of Project Partnerships of \$48,114 and the changes in operating assets and liabilities, net cash used in operating activities was \$8,113. Cash provided by investing activities totaled \$5,519, consisting of cash distributions from Project Partnerships. There were no unusual events or trends to describe.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

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

Date: November 15, 2004

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

Date: November 15, 2004

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

Date: November 15, 2004

By: /s/ Carol Georges
Carol Georges
Vice President and Director of Accounting

CERTIFICATIONS*

I, Ron Diner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gateway Tax Credit Fund III, Ltd.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information include in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 15, 2004

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

I, Carol Georges, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gateway Tax Credit Fund III, Ltd.;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information include in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 15, 2004

By: /s/ Carol Georges
Carol Georges
Vice President and Director of Accounting