

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 X 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)
<b>ASSETS</b>		
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
	=====	=====
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
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 Equivalents	(25,383)	(61,247)
Cash and Cash Equivalents at Beginning of Year	343,873	390,008
	-----	-----
Cash and Cash Equivalents 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 Equivalents	(4,168)	(13,742)
Cash and Cash Equivalents at Beginning of Year	247,847	251,941
	-----	-----
Cash and Cash Equivalents 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 Equivalents	(2,594)	(30,914)
Cash and Cash Equivalents at Beginning of Year	247,638	264,198
	-----	-----
Cash and Cash Equivalents 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)

TOTAL SERIES 7 - 11 -----	<u>2004</u>	<u>2003</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
	-----	-----
Net Cash Used in Operating Activities	(139,376)	(240,313)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		
Partnerships	45,844	38,309
	-----	-----
Net Cash Provided by Investing Activities	45,844	38,309
	-----	-----
Decrease in Cash and Cash Equivalents	(93,532)	(202,004)
Cash and Cash Equivalents at Beginning of Year	1,462,159	1,616,838
	-----	-----
Cash and Cash Equivalents at End of Year	\$ 1,368,627	\$ 1,414,834
	=====	=====

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