

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2003-02-10** | Period of Report: **2002-12-31**  
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### FILER

#### **GATEWAY TAX CREDIT FUND III LTD**

CIK: **881716** | IRS No.: **593090386** | State of Incorporation: **FL** | Fiscal Year End: **0331**  
Type: **10-Q** | Act: **34** | File No.: **000-21762** | Film No.: **03546819**  
SIC: **6513** Operators of apartment buildings

Mailing Address  
880 CARILLON PKWY  
ST PETERSBURG FL 33716

Business Address  
880 CARILLON PKWY  
ST PETERSBURG FL 33716  
8004388088

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 DECEMBER 31, 2002

Commission File Number 0-21762

Gateway Tax Credit Fund III Ltd.

(Exact name of Registrant as specified in its charter)

Florida

59-3090386

(State or other jurisdiction of  
incorporation or organization)

( I.R.S. Employer No.)

880 Carillon Parkway, St. Petersburg, Florida

33716

(Address of principal executive offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: (727)567-3800

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 December 31, 2002</u>
Units of Limited Partnership Interest: \$1,000 per unit	33,799

DOCUMENTS INCORPORATED BY REFERENCE

PART I - Financial Information  
 Item 1. Financial Statements

GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

BALANCE SHEETS

	DECEMBER 31, 2002 ----- (Unaudited)	MARCH 31, 2002 ----- (Audited)
SERIES 7		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 313,065	\$ 384,626
Investments in Securities	63,648	60,470
	-----	-----
Total Current Assets	376,713	445,096
Investments in Securities	305,414	289,290
Investments in Project Partnerships, Net	1,295,772	1,436,847
	-----	-----
Total Assets	\$ 1,977,899	\$ 2,171,233
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 56,691	\$ 68,252
	-----	-----
Total Current Liabilities	56,691	68,252
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	420,863	396,917
	-----	-----
Partners' Equity:		
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 December 31, 2002 and March 31, 2002)	1,576,619	1,780,281
General Partners	(76,274)	(74,217)

Total Partners' Equity	1,500,345	1,706,064
Total Liabilities and Partners' Equity	\$ 1,977,899	\$ 2,171,233

See accompanying notes to financial statements.

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

SERIES 8	DECEMBER 31, 2002 ----- (Unaudited)	MARCH 31, 2002 ----- (Audited)
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 385,868	\$ 456,356
Investments in Securities	58,653	55,888
	-----	-----
Total Current Assets	444,521	512,244
Investments in Securities	290,192	275,718
Investments in Project Partnerships, Net	536,009	654,569
	-----	-----
Total Assets	\$ 1,270,722	\$ 1,442,531
	=====	=====
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
Current Liabilities:		
Payable to General Partners	\$ 49,374	\$ 60,485
	-----	-----
Total Current Liabilities	49,374	60,485
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	497,293	458,902
	-----	-----
Partners' Equity:		
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 December 31, 2002 and March 31, 2002)	804,440	1,001,538

General Partners	(80,385)	(78,394)
	-----	-----
Total Partners' Equity	724,055	923,144
	-----	-----
Total Liabilities and Partners' Equity	\$ 1,270,722	\$ 1,442,531
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

BALANCE SHEETS

SERIES 9	DECEMBER 31, 2002 ----- (Unaudited)	MARCH 31, 2002 ----- (Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 220,515	\$ 251,331
Investments in Securities	34,798	33,325
	-----	-----
Total Current Assets	255,313	284,656
Investments in Securities	200,631	191,591
Investments in Project Partnerships, Net	1,271,533	1,506,444
	-----	-----
Total Assets	\$ 1,727,477	\$ 1,982,691
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 27,580	\$ 34,316
	-----	-----
Total Current Liabilities	27,580	34,316
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	309,339	279,505
	-----	-----
Partners' Equity:		
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 December 31, 2002 and March 31, 2002)	1,431,489	1,707,018
General Partners	(40,931)	(38,148)
	-----	-----
Total Partners' Equity	1,390,558	1,668,870
	-----	-----
Total Liabilities and Partners' Equity	\$ 1,727,477	\$ 1,982,691
	=====	=====

See accompanying notes to financial statements.

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

	DECEMBER 31, 2002	MARCH 31, 2002
SERIES 10	-----	-----
	(Unaudited)	(Audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 222,033	\$ 252,149
Investments in Securities	26,980	25,668
	-----	-----
Total Current Assets	249,013	277,817
Investments in Securities	172,801	163,967
Investments in Project Partnerships, Net	2,089,015	2,232,728
	-----	-----
Total Assets	\$ 2,510,829	\$ 2,674,512
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 29,865	\$ 34,582
	-----	-----
Total Current Liabilities	29,865	34,582
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	80,025	72,361
	-----	-----
Partners' Equity:		
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 December 31, 2002 and March 31, 2002)	2,421,109	2,586,073
General Partners	(20,170)	(18,504)
	-----	-----
Total Partners' Equity	2,400,939	2,567,569
	-----	-----
Total Liabilities and Partners' Equity	\$ 2,510,829	\$ 2,674,512
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

BALANCE SHEETS

	DECEMBER 31, 2002 ----- (Unaudited)	MARCH 31, 2002 ----- (Audited)
SERIES 11		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 223,371	\$ 266,059
Investments in Securities	29,818	28,271
	-----	-----
Total Current Assets	253,189	294,330
Investments in Securities	195,088	184,577
Investments in Project Partnerships, Net	2,947,644	3,111,560
	-----	-----
Total Assets	\$ 3,395,921	\$ 3,590,467
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 28,830	\$ 34,342
	-----	-----
Total Current Liabilities	28,830	34,342
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	6,498	17,094
	-----	-----
Partners' Equity:		

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 December 31, 2002 and March 31, 2002)	3,372,977	3,549,631
General Partners	(12,384)	(10,600)
	-----	-----
Total Partners' Equity	3,360,593	3,539,031
	-----	-----
Total Liabilities and Partners' Equity	\$ 3,395,921	\$ 3,590,467
	=====	=====

See accompanying notes to financial statements.

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

	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
	(Unaudited)	(Audited)
TOTAL SERIES 7 - 11		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,364,852	\$ 1,610,521
Investments in Securities	213,897	203,622
	-----	-----
Total Current Assets	1,578,749	1,814,143
Investments in Securities	1,164,126	1,105,143
Investments in Project Partnerships, Net	8,139,973	8,942,148
	-----	-----
Total Assets	\$10,882,848	\$11,861,434
	=====	=====
LIABILITIES AND PARTNERS' EQUITY		
Current Liabilities:		
Payable to General Partners	\$ 192,340	\$ 231,977
	-----	-----
Total Current Liabilities	192,340	231,977
	-----	-----
Long-Term Liabilities:		
Payable to General Partners	1,314,018	1,224,779
	-----	-----



Partners' Equity:

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  
December 31, 2002 and March 31, 2002)

General Partners

Total Partners' Equity

Total Liabilities and Partners' Equity

9,606,634	10,624,541
(230,144)	(219,863)
-----	-----
9,376,490	10,404,678
-----	-----
\$10,882,848	\$11,861,434
=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 7	2002	2001
	----	----
Revenues:		
Interest Income	\$ 7,310	\$ 8,589
	-----	-----
Expenses:		
Asset Management Fee-General Partner	21,849	21,920
General and Administrative:		
General Partner	6,469	5,427
Other	2,093	1,718
Amortization	1,671	9,756
	-----	-----
Total Expenses	32,082	38,821
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(24,772)	(30,232)
Equity in Losses of Project Partnerships	(46,357)	(73,896)
	-----	-----
Net Loss	\$ (71,129)	\$ (104,128)
	=====	=====
Allocation of Net Loss:		

Limited Partners	\$ (70,418)	\$ (103,087)
General Partners	(711)	(1,041)
	-----	-----
	\$ (71,129)	\$ (104,128)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (6.77)	\$ (9.92)
	=====	=====
Number of Limited Partnership Units Outstanding	10,395	10,395
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 8	2002	2001
	----	----
Revenues:		
Interest Income	\$ 6,778	\$ 8,227
	-----	-----
Expenses:		
Asset Management Fee-General Partner	22,758	22,841
General and Administrative:		
General Partner	7,111	5,984
Other	3,864	1,798
Amortization	1,185	1,847
	-----	-----
Total Expenses	34,918	32,470
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(28,140)	(24,243)
Equity in Losses of Project Partnerships	(45,165)	(95,547)
	-----	-----
Net Loss	\$ (73,305)	\$ (119,790)
	=====	=====
Allocation of Net Loss:		

Limited Partners	\$ (72,572)	\$ (118,592)
General Partners	(733)	(1,198)
	-----	-----
	\$ (73,305)	\$ (119,790)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (7.27)	\$ (11.88)
	=====	=====
Number of Limited Partnership Units Outstanding	9,980	9,980
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 9	2002	2001
	----	----
Revenues:		
Interest Income	\$ 4,093	\$ 4,861
	-----	-----
Expenses:		
Asset Management Fee-General Partner	12,507	12,544
General and Administrative:		
General Partner	3,969	3,340
Other	1,654	1,099
Amortization	814	1,138
	-----	-----
Total Expenses	18,944	18,121
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(14,851)	(13,260)
Equity in Losses of Project Partnerships	(82,354)	(130,294)
	-----	-----
Net Loss	\$ (97,205)	\$ (143,554)
	=====	=====
Allocation of Net Loss:		

Limited Partners	\$ (96,233)	\$ (142,118)
General Partners	(972)	(1,436)
	-----	-----
	\$ (97,205)	\$ (143,554)
	=====	=====
Net Loss Per Number of Limited Partnership Units	\$ (15.39)	\$ (22.72)
	=====	=====
Number of Limited Partnership Units Outstanding	6,254	6,254
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 10	2002	2001
	----	----
Revenues:		
Interest Income	\$ 3,982	\$ 4,671
	-----	-----
Expenses:		
Asset Management Fee-General Partner	8,529	8,553
General and Administrative:		
General Partner	2,480	2,087
Other	1,071	881
Amortization	1,203	1,406
	-----	-----
Total Expenses	13,283	12,927
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(9,301)	(8,256)
Equity in Losses of Project Partnerships	(58,668)	(67,811)
	-----	-----
Net Gain / Loss	\$ (67,969)	\$ (76,067)
	=====	=====
Allocation of Net Gain / Loss:		

Limited Partners	\$ (67,289)	\$ (75,306)
General Partners	(680)	(761)
	-----	-----
	\$ (67,969)	\$ (76,067)
	=====	=====
Net Gain / Loss Per Number of Limited Partnership Units	\$ (13.34)	\$ (14.93)
	=====	=====
Number of Limited Partnership Units Outstanding	5,043	5,043
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 11	2002	2001
	----	----
Revenues:		
Interest Income	\$ 4,625	\$ 5,375
	-----	-----
Expenses:		
Asset Management Fee-General Partner	7,192	7,271
General and Administrative:		
General Partner	1,984	1,670
Other	864	894
Amortization	2,074	2,074
	-----	-----
Total Expenses	12,114	11,909
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(7,489)	(6,534)
Equity in Losses of Project Partnerships	(79,909)	(40,403)
	-----	-----
Net Gain / Loss	\$ (87,398)	\$ (46,937)
	=====	=====
Allocation of Net Gain / Loss:		

Limited Partners	\$ (86,524)	\$ (46,468)
General Partners	(874)	(469)
	-----	-----
	\$ (87,398)	\$ (46,937)
	=====	=====
Net Gain / Loss Per Number of Limited Partnership Units	\$ (16.88)	\$ (9.06)
	=====	=====
Number of Limited Partnership Units Outstanding	5,127	5,127
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

	2002	2001
	----	----
TOTAL SERIES 7 - 11		
Revenues:		
Interest Income	\$ 26,788	\$ 31,723
	-----	-----
Expenses:		
Asset Management Fee-General Partner	72,835	73,129
General and Administrative:		
General Partner	22,013	18,508
Other	9,546	6,390
Amortization	6,947	16,221
	-----	-----
Total Expenses	111,341	114,248
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(84,553)	(82,525)
Equity in Losses of Project Partnerships	(312,453)	(407,951)
	-----	-----
Net Loss	\$ (397,006)	\$ (490,476)
	=====	=====
Allocation of Net Loss:		

	\$ (393,036)	\$ (485,572)
Limited Partners	(3,970)	(4,904)
General Partners	-----	-----
	\$ (397,006)	\$ (490,476)
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 7	2002	2001
	----	----
Revenues:		
Interest Income	\$ 22,195	\$ 28,508
	-----	-----
Expenses:		
Asset Management Fee-General Partner	65,547	65,761
General and Administrative:		
General Partner	26,316	16,281
Other	13,051	11,946
Amortization	5,013	21,118
	-----	-----
Total Expenses	109,927	115,106
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(87,732)	(86,598)
Equity in Losses of Project Partnerships	(117,987)	(236,635)
	-----	-----
Net Loss	\$ (205,719)	\$ (323,233)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (203,662)	\$ (320,001)
General Partners	(2,057)	(3,232)
	-----	-----
	\$ (205,719)	\$ (323,233)
	=====	=====

Net Loss Per Number of Limited Partnership Units

	\$ (19.59)	\$ (30.78)
	=====	=====
Number of Limited Partnership Units Outstanding	10,395	10,395
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

	2002	2001
SERIES 8	----	----
Revenues:		
Interest Income	\$ 20,700	\$ 28,219
	-----	-----
Expenses:		
Asset Management Fee-General Partner	68,274	68,523
General and Administrative:		
General Partner	29,016	17,951
Other	16,026	12,885
Amortization	3,555	5,541
	-----	-----
Total Expenses	116,871	104,900
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(96,171)	(76,681)
Equity in Losses of Project Partnerships	(102,918)	(282,721)
	-----	-----
Net Loss	\$ (199,089)	\$ (359,402)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (197,098)	\$ (355,808)
General Partners	(1,991)	(3,594)
	-----	-----
	\$ (199,089)	\$ (359,402)
	=====	=====
Net Loss Per Number of Limited Partnership Units		



	\$ (19.75)	\$ (35.65)
	=====	=====
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 NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 9	2002	2001
	----	----
Revenues:		
Interest Income	\$ 12,447	\$ 16,373
	-----	-----
Expenses:		
Asset Management Fee-General Partner	37,521	37,633
General and Administrative:		
General Partner	16,195	10,019
Other	8,717	7,568
Amortization	2,442	3,414
	-----	-----
Total Expenses	64,875	58,634
	-----	-----
Loss Before Equity in Losses of Project Partnership	(52,428)	(42,261)
Equity in Losses of Project Partnerships	(225,884)	(296,352)
	-----	-----
Net Loss	\$ (278,312)	\$ (338,613)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (275,529)	\$ (335,227)
General Partners	(2,783)	(3,386)
	-----	-----
	\$ (278,312)	\$ (338,613)
	=====	=====
Net Loss Per Number of Limited Partnership Units		

	\$ (44.06)	\$ (53.60)
	=====	=====
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 NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 10	2002	2001
	----	----
Revenues:		
Interest Income	\$ 12,074	\$ 15,817
	-----	-----
Expenses:		
Asset Management Fee-General Partner	25,587	25,659
General and Administrative:		
General Partner	10,121	6,262
Other	5,817	5,267
Amortization	3,609	4,217
	-----	-----
Total Expenses	45,134	41,405
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(33,060)	(25,588)
Equity in Losses of Project Partnerships	(133,570)	(190,711)
	-----	-----
Net Loss	\$ (166,630)	\$ (216,299)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (164,964)	\$ (214,136)
General Partners	(1,666)	(2,163)
	-----	-----
	\$ (166,630)	\$ (216,299)
	=====	=====

Net Loss Per Number of Limited Partnership Units	\$ (32.71)	\$ (42.46)
	=====	=====
Number of Limited Partnership Units Outstanding	5,043	5,043
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 11	2002	2001
	----	----
Revenues:		
Interest Income	\$ 14,060	\$ 18,035
	-----	-----
Expenses:		
Asset Management Fee-General Partner	21,576	21,814
General and Administrative:		
General Partner	8,097	5,009
Other	5,103	4,700
Amortization	6,222	6,221
	-----	-----
Total Expenses	40,998	37,744
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(26,938)	(19,709)
Equity in Losses of Project Partnerships	(151,500)	(124,027)
	-----	-----
Net Loss	\$ (178,438)	\$ (143,736)
	=====	=====
Allocation of Net Loss:		
Limited Partners	\$ (176,654)	\$ (142,299)
General Partners	(1,784)	(1,437)
	-----	-----
	\$ (178,438)	\$ (143,736)
	=====	=====

Net Loss Per Number of Limited Partnership Units	\$ (34.46)	\$ (27.75)
	=====	=====
Number of Limited Partnership Units Outstanding	5,127	5,127
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

	2002	2001
	----	----
TOTAL SERIES 7 - 11		
Revenues:	\$ 81,476	\$ 106,952
Interest Income	-----	-----
Expenses:	218,505	219,390
Asset Management Fee-General Partner	89,745	55,522
General and Administrative:		
General Partner	48,714	42,366
Other	20,841	40,511
Amortization	-----	-----
Total Expenses	377,805	357,789
	-----	-----
Loss Before Equity in Losses of Project Partnerships	(296,329)	(250,837)
Equity in Losses of Project Partnerships	(731,859)	(1,130,446)
	-----	-----
Net Loss	\$ (1,028,188)	\$ (1,381,283)
	=====	=====
Allocation of Net Loss:	\$ (1,017,907)	\$ (1,367,471)
Limited Partners	(10,281)	(13,812)
General Partners	-----	-----
	\$ (1,028,188)	\$ (1,381,283)
	=====	=====

GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

SERIES 7	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2001	\$ 2,166,589	\$ (70,315)	\$ 2,096,274
Net Loss	(320,001) -----	(3,232) -----	(323,233) -----
Balance at December 31, 2001	\$ 1,846,588 =====	\$ (73,547) =====	\$ 1,773,041 =====
Balance at March 31, 2002	\$ 1,780,281	\$ (74,217)	\$ 1,706,064
Net Loss	(203,662) -----	(2,057) -----	(205,719) -----
Balance at December 31, 2002	\$ 1,576,619 =====	\$ (76,274) =====	\$ 1,500,345 =====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

SERIES 8	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2001	\$ 1,363,645	\$ (74,736)	\$ 1,288,909
Net Loss	(355,808) -----	(3,594) -----	(359,402) -----
Balance at December 31, 2001	\$ 1,007,837 =====	\$ (78,330) =====	\$ 929,507 =====
Balance at March 31, 2002	\$ 1,001,538	\$ (78,394)	\$ 923,144
Net Loss	(197,098) -----	(1,991) -----	(199,089) -----
Balance at December 31, 2002	\$ 804,440 =====	\$ (80,385) =====	\$ 724,055 =====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

SERIES 9	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2001	\$ 2,110,561	\$ (34,072)	\$ 2,076,489

Net Loss	(335,227)	(3,386)	(338,613)
	-----	-----	-----
Balance at December 31, 2001	\$ 1,775,334	\$ (37,458)	\$ 1,737,876
	=====	=====	=====
Balance at March 31, 2002	\$ 1,707,018	\$ (38,148)	\$ 1,668,870
Net Loss	(275,529)	(2,783)	(278,312)
	-----	-----	-----
Balance at December 31, 2002	\$ 1,431,489	\$ (40,931)	\$ 1,390,558
	=====	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

SERIES 10	Limited Partners	General Partners (Deficit)	Total
	-----	-----	-----
Balance at March 31, 2001	\$ 2,811,044	\$ (16,232)	\$ 2,794,812
Net Loss	(214,136)	(2,163)	(216,299)
	-----	-----	-----
Balance at December 31, 2001	\$ 2,596,908	\$ (18,395)	\$ 2,578,513
	=====	=====	=====
Balance at March 31, 2002	\$ 2,586,073	\$ (18,504)	\$ 2,567,569
Net Loss	(164,964)	(1,666)	(166,630)

	-----	-----	-----
Balance at December 31, 2002	\$ 2,421,109	\$ (20,170)	\$ 2,400,939
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

SERIES 11	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2001	\$ 3,756,773	\$ (8,508)	\$ 3,748,265
Net Loss	(142,299)	(1,437)	(143,736)
	-----	-----	-----
Balance at December 31, 2001	\$ 3,614,474	\$ (9,945)	\$ 3,604,529
	=====	=====	=====
Balance at March 31, 2002	\$ 3,549,631	\$ (10,600)	\$ 3,539,031
Net Loss	(176,654)	(1,784)	(178,438)
	-----	-----	-----
Balance at December 31, 2002	\$ 3,372,977	\$ (12,384)	\$ 3,360,593
	=====	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.



(A Florida Limited Partnership)

STATEMENTS OF PARTNERS' EQUITY (Deficit)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001:

(Unaudited)

TOTAL SERIES 7 - 11	Limited Partners -----	General Partners (Deficit) -----	Total -----
Balance at March 31, 2001	\$12,208,612	\$ (203,863)	\$12,004,749
Net Loss	(1,367,471)	(13,812)	(1,381,283)
	-----	-----	-----
Balance at December 31, 2001	\$10,841,141	\$ (217,675)	\$10,623,466
	=====	=====	=====
Balance at March 31, 2002	\$10,624,541	\$ (219,863)	\$10,404,678
Net Loss	(1,017,907)	(10,281)	(1,028,188)
	-----	-----	-----
Balance at December 31, 2002	\$ 9,606,634	\$ (230,144)	\$9,376,490
	=====	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 7 -----	2002 ----	2001 ----
-------------------	--------------	--------------

Cash Flows from Operating Activities:		
Net Loss	\$ (205,719)	\$ (323,233)
Adjustments to Reconcile Net Loss to		
Net Cash Used in Operating Activities:		
Amortization	5,013	21,118
Accreted Interest Income on Investments	(19,302)	(20,857)
in Securities	117,987	236,635
Equity in Losses of Project Partnerships		
Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	12,385	18,418
	-----	-----
Net Cash Used in Operating Activities	(89,636)	(67,919)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		
Partnerships	18,075	21,068
	-----	-----
Net Cash Provided by Investing		
Activities	18,075	21,068
	-----	-----
Decrease in Cash and Cash Equivalents	(71,561)	(46,851)
Cash and Cash Equivalents at Beginning		
of Period	384,626	353,838
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 313,065	\$ 306,987
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 8	2002	2001
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (199,089)	\$ (359,402)
Adjustments to Reconcile Net Loss to		
Net Cash Used in Operating Activities:		

Amortization	3,555	5,541
Accreted Interest Income on Investments in Securities	(17,239)	(18,624)
Equity in Losses of Project Partnership	102,918	282,721
Changes in Operating Assets and Liabilities: Increase in Payable to General Partners	27,280	23,284
	-----	-----
Net Cash Used in Operating Activities	(82,575)	(66,480)
	-----	-----
Cash Flows from Investing Activities: Distributions Received from Project Partnerships	12,087	7,175
	-----	-----
Net Cash Provided by Investing Activities	12,087	7,175
	-----	-----
Decrease in Cash and Cash Equivalents	(70,488)	(59,305)
Cash and Cash Equivalents at Beginning of Period	456,356	447,343
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 385,868	\$ 388,038
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 9	2002	2001
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (278,312)	\$ (338,613)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	2,442	3,414
Accreted Interest Income on Investments in Securities	(10,513)	(11,293)
Equity in Losses of Project Partnerships	225,884	296,352

Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	23,098	19,615
	-----	-----
Net Cash Used in Operating Activities	(37,401)	(30,525)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	6,585	8,174
	-----	-----
Net Cash Provided by Investing Activities	6,585	8,174
	-----	-----
Decrease in Cash and Cash Equivalents	(30,816)	(22,351)
Cash and Cash Equivalents at Beginning of Period	251,331	232,688
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 220,515	\$ 210,337
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 10	2002	2001
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (166,630)	\$ (216,299)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	3,609	4,217
Accreted Interest Income on Investments in Securities	(10,146)	(10,693)
Equity in Losses of Project Partnerships	133,570	190,711
Changes in Operating Assets and Liabilities:		
Increase (Decrease) in Payable to General Partners	2,947	(889)
	-----	-----

Net Cash Used in Operating Activities	(36,650)	(32,953)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	6,534	6,334
	-----	-----
Net Cash Provided by Investing Activities	6,534	6,334
	-----	-----
Decrease in Cash and Cash Equivalents	(30,116)	(26,619)
Cash and Cash Equivalents at Beginning of Period	252,149	236,522
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 222,033	\$ 209,903
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

SERIES 11	2002	2001
-----	-----	-----
Cash Flows from Operating Activities:		
Net Loss	\$ (178,438)	\$ (143,736)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	6,222	6,221
Accreted Interest Income on Investments in Securities	(12,058)	(12,622)
Equity in Losses of Project Partnerships	151,500	124,027
Changes in Operating Assets and Liabilities:		
Decrease in Payable to General Partners	(16,108)	(9,654)
	-----	-----
Net Cash Used in Operating Activities	(48,882)	(35,764)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project		

Partnerships	6,194	13,143
	-----	-----
Net Cash Provided by Investing Activities	6,194	13,143
	-----	-----
Decrease in Cash and Cash Equivalents	(42,688)	(22,621)
Cash and Cash Equivalents at Beginning of Period	266,059	244,339
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 223,371	\$ 221,718
	=====	=====

See accompanying notes to financial statements.

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GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED DECEMBER 31,

(Unaudited)

TOTAL SERIES 7 - 11	2002	2001
-----	----	----
Cash Flows from Operating Activities:		
Net Loss	\$ (1,028,188)	\$ (1,381,283)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Amortization	20,841	40,511
Accreted Interest Income on Investments in Securities	(69,258)	(74,089)
Equity in Losses of Project Partnerships	731,859	1,130,446
Changes in Operating Assets and Liabilities:		
Increase in Payable to General Partners	49,602	50,774
	-----	-----
Net Cash Used in Operating Activities	(295,144)	(233,641)
	-----	-----
Cash Flows from Investing Activities:		
Distributions Received from Project Partnerships	49,475	55,894
	-----	-----
Net Cash Provided by Investing Activities	49,475	55,894

	-----	-----
Decrease in Cash and Cash Equivalents	(245,669)	(177,747)
Cash and Cash Equivalents at Beginning of Period	1,610,521	1,514,730
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 1,364,852	\$ 1,336,983
	=====	=====

See accompanying notes to financial statements.

GATEWAY TAX CREDIT FUND III LTD.

(A Florida Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

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 December 31, 2002, 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.

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 investment in the 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.

#### 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.

#### 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.

#### Receivable from Project Partnerships

Receivable from Project Partnerships represents amounts due from the Project Partnerships due to a change in the amount Gateway agreed to pay the Project Partnerships and is secured with cash in restricted escrow accounts.

#### Offering and Commission Costs

Offering and commission costs are charged against Limited Partners' Equity upon admission of Limited Partners.

#### 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.

#### 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, 2002. 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.

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#### NOTE 3 - INVESTMENT IN SECURITIES:

The December 31, 2002 Balance Sheet includes Investment in Securities consisting of U.S. Treasury Security Strips which represents their cost, plus accreted interest income of \$192,950 for Series 7, \$169,483 for Series 8, \$100,542 for Series 9, \$91,282 for Series 10 and \$105,714 for Series 11.

	Estimated Market Value -----	Cost Plus Accreted Interest -----	Gross Unrealized Gains and (Losses) -----
Series 7	\$ 419,308	\$ 369,062	\$ 50,246
Series 8	392,845	348,845	44,000
Series 9	263,206	235,429	27,777
Series 10	229,782	199,781	30,001
Series 11	264,763	224,906	39,857

As of December 31, 2002, the cost and accreted interest of debt securities by contractual maturities is as follows:

	Series 7 -----	Series 8 -----	Series 9 -----
Due within 1 year	\$ 63,648	\$ 58,653	\$ 34,798
After 1 year through 5 years	246,550	232,935	136,202
After 5 years through 10 years	58,864 -----	57,257 -----	64,429 -----
Total Amount Carried on Balance Sheet	\$ 369,062 =====	\$ 348,845 =====	\$ 235,429 =====

	Series 10 -----	Series 11 -----	Total -----
Due within 1 year	\$ 26,980	\$ 29,818	\$ 213,897
After 1 year through 5 years	100,959	115,555	832,201
After 5 years through 10 years	71,842 -----	79,533 -----	331,925 -----
Total Amount Carried on Balance Sheet	\$ 199,781 =====	\$ 224,906 =====	\$1,378,023 =====

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.

The Payable to Project Partnerships represents unpaid capital contributions to the Project Partnerships and will be paid after certain performance criteria are met. Such contributions are in turn payable to the general partners of the Project Partnerships.

For the nine months ended December 31, 2002 and 2001 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.

	2002 -----	2001 -----
Series 7	\$ 65,547	\$ 65,761
Series 8	68,274	68,523
Series 9	37,521	37,633

Series 10	25,587	25,659
Series 11	21,576	21,814
	-----	-----
Total	\$218,505	\$219,390
	=====	=====

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	\$ 26,316	\$ 16,281
Series 8	29,016	17,951
Series 9	16,195	10,019
Series 10	10,121	6,262
Series 11	8,097	5,009
	-----	-----
Total	\$ 89,745	\$ 55,522
	=====	=====

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS:

As of December 31, 2002, 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	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
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)	(6,843,112)	(6,725,125)
Cumulative distributions received from Project Partnerships	(208,308)	(190,234)
	-----	-----
Investment in Project Partnerships before adjustment	680,669	816,730
Excess of investment cost over the underlying assets acquired:		

Acquisition fees and expenses	793,335	793,335
Accumulated amortization of acquisition fees and expenses	(178,232)	(173,218)
	-----	-----
Investments in Project Partnerships	\$ 1,295,772	\$ 1,436,847
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$2,416,936 for the period ended December 31, 2002 and cumulative suspended losses of \$1,932,905 for the year ended March 31, 2002 are not included.

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of December 31, 2002, 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	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
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)	(7,324,013)	(7,221,095)
Cumulative distributions received from Project Partnerships	(164,215)	(152,130)
	-----	-----
Investment in Project Partnerships before adjustment	97,877	212,880
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	549,773	549,773

Accumulated amortization of acquisition fees and expenses	(111,641)	(108,084)
	-----	-----
Investments in Project Partnerships	\$ 536,009	\$ 654,569
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$2,744,625 for the period ended December 31, 2002 and cumulative suspended losses of \$2,199,653 for the year ended March 31, 2002 are not included.

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of December 31, 2002, 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	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
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)	(3,716,511)	(3,490,627)
Cumulative distributions received from Project Partnerships	(117,256)	(110,670)
	-----	-----
Investment in Project Partnerships before adjustment	1,080,349	1,312,819
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	244,087	244,087
Accumulated amortization of acquisition		

fees and expenses	(52,903)	(50,462)
	-----	-----
Investments in Project Partnerships	\$ 1,271,533	\$ 1,506,444
	=====	=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$782,288 for the period ended December 31, 2002 and cumulative suspended losses of \$579,368 for the year ended March 31, 2002 are not included.

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of December 31, 2002, 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	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
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)	(1,829,939)	(1,696,369)
Cumulative distributions received from Project Partnerships	(143,776)	(137,244)
	-----	-----
Investment in Project Partnerships before adjustment	1,940,957	2,081,059
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	196,738	196,738
Accumulated amortization of acquisition fees and expenses	(48,680)	(45,069)

Investments in Project Partnerships

-----  
\$ 2,089,015    \$ 2,232,728  
=====

(1) In accordance with the Partnership's accounting policy to not carry Investments in Project Partnerships below zero, cumulative suspended losses of \$99,548 for the period ended December 31, 2002 and cumulative suspended losses of \$60,069 for the year ended March 31, 2002 are not included.

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

As of December 31, 2002, 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	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
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	(1,275,030)	(1,123,530)
Cumulative distributions received from Project Partnerships	(129,843)	(123,651)
	-----	-----
Investment in Project Partnerships before adjustment	2,723,169	2,880,861
Excess of investment cost over the underlying assets acquired:		
Acquisition fees and expenses	290,335	290,335
Accumulated amortization of acquisition fees and expenses	(65,860)	(59,636)
	-----	-----



Investments in Project Partnerships	\$ 2,947,644	\$ 3,111,560
	=====	=====

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NOTE 5 - INVESTMENTS IN PROJECT PARTNERSHIPS (continued):

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

	DECEMBER 31, 2002	MARCH 31, 2002
	-----	-----
TOTAL SERIES 7 - 11		
Capital Contributions to Project Partner- ships and purchase price paid for limited partner interests in Project Partnerships	\$28,275,024	\$28,275,024
Cumulative equity in losses of Project Partnerships	(20,988,605)	(20,256,746)
Cumulative distributions received from Project Partnerships	(763,398)	(713,929)
	-----	-----
Investment in Project Partnerships before adjustment	6,523,021	7,304,349
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	(457,316)	(436,469)
	-----	-----
Investments in Project Partnerships	\$ 8,139,973	\$ 8,942,148
	=====	=====

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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 September 30, of each year:

SERIES 7

2002

2001

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SUMMARIZED BALANCE SHEETS

Assets:

Current assets	\$ 3,744,201	\$ 3,511,102
Investment properties, net	31,376,417	32,702,296
Other assets	11,522	15,858
	-----	-----
Total assets	\$35,132,140	\$36,229,256
	=====	=====

Liabilities and Partners' Equity:

Current liabilities	\$ 788,127	\$ 795,416
Long-term debt	36,330,807	36,417,355
	-----	-----
Total liabilities	37,118,934	37,212,771
	-----	-----

Partners' equity (deficit)

Limited Partner	(1,815,165)	(863,067)
General Partners	(171,629)	(120,448)
	-----	-----
Total Partners' equity	(1,986,794)	(983,515)
	-----	-----

Total liabilities and partners' equity	\$35,132,140	\$36,229,256
	=====	=====

SUMMARIZED STATEMENTS OF OPERATIONS

Rental and other income	\$ 3,351,365	\$ 3,232,386
	-----	-----
Expenses:		
Operating expenses	2,236,027	2,230,697
Interest expense	629,966	623,343
Depreciation and amortization	1,093,472	1,099,942
	-----	-----
Total expenses	3,959,465	3,953,982
	-----	-----
Net loss	\$ (608,100)	\$ (721,596)
	=====	=====

Other partners' share of net loss	\$ (6,081)	\$ (7,216)
	=====	=====

Partnerships' share of net loss	\$ (602,019)	\$ (714,380)
Suspended losses	484,032	477,745
	-----	-----

Equity in Losses of Project Partnerships	\$ (117,987)	\$ (236,635)
	=====	=====

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 September 30, of each year:

SERIES 8	2002 ----	2001 ----
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 3,385,652	\$ 3,137,355
Investment properties, net	33,106,083	34,515,530
Other assets	28,300	34,059
	-----	-----
Total assets	\$36,520,035	\$37,686,944
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 1,120,369	\$ 1,135,324
Long-term debt	38,315,190	38,438,530
	-----	-----
Total liabilities	39,435,559	39,573,854
	-----	-----
Partners' equity (deficit)		
Limited Partner	(2,438,650)	(1,439,175)
General Partners	(476,874)	(447,735)
	-----	-----
Total Partners' equity	(2,915,524)	(1,886,910)
	-----	-----
Total liabilities and partners' equity	\$36,520,035	\$37,686,944
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 3,353,502	\$ 3,274,411
	-----	-----
Expenses:		
Operating expenses	2,200,750	2,202,053
Interest expense	667,457	675,559
Depreciation and amortization	1,141,649	1,183,520
	-----	-----
Total expenses	4,009,856	4,061,132
	-----	-----
Net loss	\$ (656,354)	\$ (786,721)
	=====	=====
Other partners' share of net loss	\$ (8,463)	\$ (12,892)
	=====	=====
Partnerships' share of net loss	\$ (647,891)	\$ (773,829)
Suspended losses	544,973	491,108
	-----	-----

Equity in Losses of Project Partnerships	\$ (102,918)	\$ (282,721)
	=====	=====

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 September 30, of each year:

SERIES 9	2002	2001
	----	----
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 1,780,557	\$ 1,820,210
Investment properties, net	18,828,554	19,569,320
Other assets	7,839	7,823
	-----	-----
Total assets	\$20,616,950	\$21,397,353
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 240,529	\$ 284,807
Long-term debt	20,315,565	20,368,291
	-----	-----
Total liabilities	20,556,094	20,653,098
	-----	-----
Partners' equity (deficit)		
Limited Partner	270,613	928,025
General Partners	(209,757)	(183,770)
	-----	-----
Total Partners' equity	60,856	744,255
	-----	-----
Total liabilities and partners' equity	\$20,616,950	\$21,397,353
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 1,661,674	\$ 1,641,453
Expenses:		
Operating expenses	1,126,737	1,112,654
Interest expense	352,549	351,301
Depreciation and amortization	615,523	624,500
	-----	-----
Total expenses	2,094,809	2,088,455

Net loss	\$ (433,135)	\$ (447,002)
Other partners' share of net loss	\$ (4,331)	\$ (4,471)
Partnerships' share of net loss	\$ (428,804)	\$ (442,531)
Suspended losses	202,920	146,179
Equity in Losses of Project Partnerships	\$ (225,884)	\$ (296,352)

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 September 30, of each year:

SERIES 10	2002	2001
	----	----
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 1,561,259	\$ 1,506,060
Investment properties, net	13,529,695	13,954,594
Other assets	2,948	4,009
Total assets	\$15,093,902	\$15,464,663
Liabilities and Partners' Equity:		
Current liabilities	\$ 193,159	\$ 267,489
Long-term debt	13,284,180	13,320,516
Total liabilities	13,477,339	13,588,005
Partners' equity (deficit)		
Limited Partner	1,859,069	2,103,842
General Partners	(242,506)	(227,184)
Total Partners' equity	1,616,563	1,876,658
Total liabilities and partners' equity	\$15,093,902	\$15,464,663

SUMMARIZED STATEMENTS OF OPERATIONS

Rental and other income	\$ 1,131,933	\$ 1,107,895
Expenses:		
Operating expenses	753,376	733,421
Interest expense	195,442	196,040
Depreciation and amortization	358,779	372,413
Total expenses	1,307,597	1,301,874
Net loss	\$ (175,664)	\$ (193,979)
Other partners' share of net loss	\$ (2,616)	\$ (3,268)
Partnerships' share of net loss	\$ (173,048)	\$ (190,711)
Suspended losses	39,478	0
Equity in Losses of Project Partnerships	\$ (133,570)	\$ (190,711)

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 September 30, of each year:

SERIES 11	2002	2001
	----	----
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 1,285,272	\$ 1,346,521
Investment properties, net	11,746,898	12,238,538
Other assets	60,071	1,857
Total assets	\$13,092,241	\$13,586,916
Liabilities and Partners' Equity:		
Current liabilities	\$ 171,088	\$ 210,768
Long-term debt	10,349,141	10,504,711
Total liabilities	10,520,229	10,715,479

Partners' equity (deficit)		
Limited Partner	2,738,686	2,974,963
General Partners	(166,674)	(103,526)
	-----	-----
Total Partners' equity	2,572,012	2,871,437
	-----	-----
Total liabilities and partners' equity	\$13,092,241	\$13,586,916
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 1,118,361	\$ 1,128,592
	-----	-----
Expenses:		
Operating expenses	702,492	697,878
Interest expense	184,830	184,542
Depreciation and amortization	392,591	386,900
	-----	-----
Total expenses	1,279,913	1,269,320
	-----	-----
Net loss	\$ (161,552)	\$ (140,728)
	=====	=====
Other partners' share of net loss	\$ (10,052)	\$ (16,701)
	=====	=====
Partnerships' share of net loss	\$ (151,500)	\$ (124,027)
Suspended losses	0	0
	-----	-----
Equity in Losses of Project Partnerships	\$ (151,500)	\$ (124,027)
	=====	=====

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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 September 30, of each year:

TOTAL SERIES 7 - 11	2002	2001
	----	----
SUMMARIZED BALANCE SHEETS		
Assets:		
Current assets	\$ 11,756,941	\$ 11,321,248
Investment properties, net	108,587,647	112,980,278
Other assets	110,680	63,606
	-----	-----

Total assets	\$120,455,268	\$124,365,132
	=====	=====
Liabilities and Partners' Equity:		
Current liabilities	\$ 2,513,272	\$ 2,693,804
Long-term debt	118,594,883	119,049,403
	-----	-----
Total liabilities	121,108,155	121,743,207
	-----	-----
Partners' equity (deficit)		
Limited Partner	614,553	3,704,588
General Partners	(1,267,440)	(1,082,663)
	-----	-----
Total Partners' equity	(652,887)	2,621,925
	-----	-----
Total liabilities and partners' equity	\$120,455,268	\$124,365,132
	=====	=====
SUMMARIZED STATEMENTS OF OPERATIONS		
Rental and other income	\$ 10,616,835	\$ 10,384,737
	-----	-----
Expenses:		
Operating expenses	7,019,382	6,976,703
Interest expense	2,030,244	2,030,785
Depreciation and amortization	3,602,014	3,667,275
	-----	-----
Total expenses	12,651,640	12,674,763
	-----	-----
Net loss	\$ (2,034,805)	\$ (2,290,026)
	=====	=====
Other partners' share of net loss	\$ (31,543)	\$ (44,548)
	=====	=====
Partnerships' share of net loss	\$ (2,003,262)	\$ (2,245,478)
Suspended losses	1,271,403	1,115,032
	-----	-----
Equity in Losses of Project Partnerships	\$ (731,859)	\$ (1,130,446)
	=====	=====

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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 and 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

As disclosed on the statement of operations for each Series, except as described below, interest income is comparable for the nine and three months ended December 31, 2002 and December 31, 2001. The General and Administrative expenses - General Partner and General and Administrative expenses - Other for the three and nine months ended December 31, 2002 are comparable to December 31, 2001. There were no unusual variations in the operating results between these two periods.

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 nine months ended December 31, 2002 decreased from \$236,635 for the nine months ended December 31, 2001 to \$117,987 as a result of an increase in rental revenue. 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 December 31, 2002, the Series had \$313,065 of short-term investments (Cash and Cash Equivalents). It also had \$369,062 in Zero Coupon Treasuries with annual maturities providing \$64,000 in fiscal year 2003 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 \$205,719 for the nine months ended December 31, 2002. However, after adjusting for Equity in Losses of Project Partnerships of \$117,987 and the changes in operating assets and liabilities, net cash used in operating activities was \$89,636. Cash provided by investing activities totaled \$18,075 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 nine months ended December 31, 2002 decreased from \$282,721 for the nine months ended December 31, 2001 to \$102,918 as a result of an increase in rental revenue. At December 31, 2002, the Series had \$385,868 of short-term investments (Cash and Cash Equivalents). It also had \$348,845 in Zero Coupon Treasuries with annual maturities providing \$59,000 in fiscal year 2003 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 \$199,089 for the nine months ended December 31, 2002. However, after adjusting for Equity in Losses of Project Partnerships of \$102,918 and the changes in operating assets and liabilities, net cash used in operating activities was \$82,575. Cash provided by investing activities totaled \$12,087, 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 nine months ended December 31, 2002 decreased from \$296,352 for the nine months ended December 31, 2001 to \$225,884 as a result of an increase in rental revenue. At December 31, 2002, the Series had \$220,515 of short-term investments (Cash and Cash Equivalents). It also had \$235,429 in Zero Coupon Treasuries with annual maturities providing \$35,000 in fiscal year 2003 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 \$278,312 for the nine months ended December 31, 2002. However, after adjusting for Equity in Losses of Project Partnerships of \$225,884 and the changes in operating assets and liabilities, net cash used in operating activities was \$37,401. Cash provided by investing activities totaled \$6,585, 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 nine months ended December 31, 2002 decreased from \$190,711 for the nine months ended December 31, 2001 to \$133,570 as a result of an increase in rental revenue due to higher occupancy. At December 31, 2002,

the Series had \$222,033 of short-term investments (Cash and Cash Equivalents). It also had \$199,781 in Zero Coupon Treasuries with annual maturities providing \$27,000 in fiscal year 2003 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 \$166,630 for the nine months ended December 31, 2002. However, after adjusting for Equity in Losses of Project Partnerships of \$133,570 and the changes in operating assets and liabilities, net cash used in operating activities was \$36,650. Cash provided by investing activities totaled \$6,534, 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 nine months ended December 31, 2002 increased from \$124,027 for the nine months ended December 31, 2001 to \$151,500 as a result of an increase in operating expenses due to a rise in maintenance costs in 2002. At December 31, 2002, the Series had \$223,371 of short-term investments (Cash and Cash Equivalents). It also had \$224,906 in Zero Coupon Treasuries with annual maturities providing \$30,000 in fiscal year 2003 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 \$178,438 for the nine months ended December 31, 2002. However, after adjusting for Equity in Losses of Project Partnerships of \$151,500 and the changes in operating assets and liabilities, net cash used in operating activities was \$48,882. Cash provided by investing activities totaled \$6,194, consisting of cash distributions from Project Partnerships. There were no unusual events or trends to describe.

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## 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: February 10, 2003 By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

Date: February 10, 2003 By: /s/ Sandra L. Furey  
Sandra L. Furey  
Secretary and Treasurer

Date: February 10, 2003 By: /s/ Carol Georges  
Carol Georges  
Vice President and Director of Accounting

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## **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: February 10, 2003      By: /s/ Ronald M. Diner  
Ronald M. Diner  
President

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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: February 10, 2003 By: /s/ Carol Georges

Carol Georges  
Vice President and Director of Accounting  
Secretary and Treasurer