UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION FROM _______ TO ________

COMMISSION FILE NUMBER: 333-166195

SQN Alternative Investment Fund III L.P.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	27-2173346 (I.R.S. Employer ID No.)
100 Wall Street, 28th Floor New York, NY (Address of principal executive offices)	10005 (Zip code)

Issuer's telephone number: (212) 422-2166

110 William Street, 26th Floor, NY, NY 10038
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller Reporting Company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

At May 16, 2016, there were 27,721.10 units of the Registrant's limited partnership interests issued and outstanding.

SQN Alternative Investment Fund III L.P.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statement

SQN Alternative Investment Fund III L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Balance Sheets

	March 31, 2016	December 31, 2015
Assets	(Unaudited)	
Cash and cash equivalents	$ 494,414	$ 2,816,914
Accounts receivable	323,638	3,538
Investments in finance leases, net	991,487	1,660,512
Investments in equipment subject to operating leases, net	3,256,206	3,452,536
Residual value investments in equipment on lease	634,702	634,702
Convertible promissory note	1,311,429	1,320,000
Equipment notes receivable, including accrued interest of $309,497 and $255,082	3,553,445	3,561,570
Loan origination costs, net of accumulated amortization of $160,538 and $160,328	242	452
Due from Investment Manager	105,152	137,373
Initial direct costs, net of accumulated amortization of $418,381 and $415,661	50,787	53,507
Investment in participation interest	8,421,915	8,421,915
Other assets	1,633,087	1,485,800
Total Assets	$ 20,776,504	$ 23,548,819
Liabilities and Partners' Equity		
Liabilities:		
Non-recourse loans payable, including accrued interest of $116,660 and $32,011	$ 3,308,045	$ 3,223,396
Accounts payable and accrued expenses	58,145	85,462
Distributions payable to Limited Partners	-	2,633,505
Distributions payable to General Partner	127,573	127,573
Rental income received in advance	247,792	235,944
Deferred gain from investment	225,349	237,209
Security deposits payable	29,700	29,700
Total Liabilities	3,996,604	6,572,789
Commitments and contingencies	-	-
Partners' Equity (Deficit):		
Limited Partners	16,875,693	17,069,862
General Partner	(95,793)	(93,832)
Total Partners' Equity	16,779,900	16,976,030
Total Liabilities and Partners' Equity	$ 20,776,504	$ 23,548,819

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SQN Alternative Investment Fund III L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2016	**2015**
	(Unaudited)	(Unaudited)
Revenue:		
Rental income	$ 288,977	$ 733,469
Finance income	3,882	378,424
(Loss) gain on sale of assets	(211,102)	38,427
Investment income from participation interest and equity method investments	225,360	277,333
Interest income	97,307	179,421
Other income	-	9,902
Total Revenue	404,424	1,616,976
Expenses:		
Management fees - Investment Manager	141,677	141,677
Depreciation and amortization	199,051	196,250
Professional fees	41,285	28,783
Administration expense	6,435	5,608
Other expenses	19,973	2,809
Interest expense	84,649	231,602
Total Expenses	493,070	606,729
Foreign currency transaction losses	107,484	928,347
Net (loss) income	$ (196,130)	$ 81,900
Net (loss) income allocable to:		
Limited Partners	$ (194,169)	$ 81,081
General Partner	(1,961)	819
Net (loss) income	$ (196,130)	$ 81,900
Weighted average number of limited partnership interests outstanding	27,721.10	27,721.10
Net (loss) income attributable to Limited Partners per weighted average number of limited partnership interests outstanding	$ (7.00)	$ 2.92

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SQN Alternative Investment Fund III L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Statement of Changes in Partners' Equity
Three Months Ended March 31, 2016
(Unaudited)

	Limited Partnership Interests	Total Partners' Equity (Deficit)	General Partner	Limited Partners
Balance, January 1, 2016	27,721.10	$ 16,976,030	$ (93,832)	$ 17,069,862
Net loss	-	(196,130)	(1,961)	(194,169)
Balance, March 31, 2016	27,721.10	$ 16,779,900	$ (95,793)	$ 16,875,693

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SQN Alternative Investment Fund III L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31,	
	2016	**2015**
Cash flows from operating activities:		
Net (loss) income	$ (196,130)	$ 81,900
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Finance income	(3,882)	(378,424)
Accrued interest income	210	9,326
Investment income from equity method investment	-	(51,973)
Loss (gain) on sale of assets	211,102	(38,427)
Depreciation and amortization	199,050	196,250
Foreign currency transaction losses	103,833	919,394
Change in operating assets and liabilities:		
Accounts receivable	(301,630)	(346,499)
Accrued interest income received	-	113,155
Minimum rental payments received	39,514	472,807
Other assets	71,599	(51,672)
Accounts payable and accrued expenses	(27,317)	11,516
Deferred revenue	(11,860)	(11,860)
Accrued interest on notes and loans payable	23,216	(11,573)
Rental income received in advance	11,848	(118,313)
Net cash provided by operating activities	119,553	795,607
Cash flows from investing activities:		
Proceeds from sale of leased assets	150,660	1,395
Principal payments received on convertible notes	8,571	4,285
Net cash provided by investing activities	159,231	5,680
Cash flows from financing activities:		
Principal payments of loan payable	-	(453,068)
Cash paid for distributions to Limited Partners	(2,633,505)	-
Repayment of note from Investment Manager	32,221	29,167
Net cash used in financing activities	(2,601,284)	(423,901)
Net (decrease) increase in cash and cash equivalents	(2,322,500)	377,386
Cash and cash equivalents, beginning of year	2,816,914	333,039
Cash and cash equivalents, end of year	$ 494,414	$ 710,425

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

SQN Alternative Investment Fund III L.P. and Subsidiaries
(A Delaware Limited Partnership)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31,	
	2016	**2015**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ -	$ 243,175
Supplemental disclosure of non-cash investing and financing activities:		
Reclassification of investment in finance lease to accounts receivable	$ 227,824	$ -
Reclassification of other assets to equipment subject to operating leases	$ -	$ (2,500,000)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Organization and Nature of Operations

Organization - SQN Alternative Investment Fund III, L.P. (the "Partnership") was formed on March 10, 2010, as a Delaware limited partnership and is engaged in a single business segment, the ownership and investment in leased equipment, which includes: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. The Partnership will terminate no later than December 31, 2034.

Nature of Operations – The principal investment strategy of the Partnership is to invest in business-essential, revenue-producing (or cost-savings) equipment or other physical assets with high in-place value and long, relative to the investment term, economic life and project financings. The Partnership executes its investment strategy by making investments in equipment already subject to lease or originating equipment leases in such equipment, which will include: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset and project financings; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. From time to time, the Partnership may also purchase equipment and sell it directly to its leasing customers. The Partnership may use other investment structures that its Investment Manager believes will provide the Partnership with an appropriate level of security, collateralization, and flexibility to optimize its return on its investment while protecting against downside risk. In many cases, the structure will include the Partnership holding title to or a priority or controlling position in the equipment or other asset.

The General Partner of the Partnership is SQN AIF III GP, LLC (the "General Partner"), a wholly-owned subsidiary of the Partnership's Investment Manager, SQN Capital Management, LLC (the "Investment Manager"). Both the Partnership's General Partner and its Investment Manager are Delaware limited liability companies. The General Partner manages and controls the day to day activities and operations of the Partnership, pursuant to the terms of the Partnership Agreement. The General Partner paid an aggregate capital contribution of $100 for a 1% interest in the Partnership's income, losses and distributions. The Investment Manager makes all investment decisions and manages the investment portfolio of the Partnership. The General Partner or its affiliates purchased 100 limited partnership interests ("Units") for $100,000 on March 15, 2013.

On October 9, 2013, the Partnership formed a special purpose entity, SQN Delta, LLC ("Delta"), a limited liability company registered in the state of Delaware which is 100% owned by the Partnership. The sole purpose of Delta was to acquire an $8,540,000 interest in two newly commissioned shipping vessels under long-term charter contracts. The Partnership consolidates Delta into the condensed consolidated financial statements.

On June 19, 2013, the Partnership acquired the primary economic risks and rewards in a newly formed special purpose entity, SQN Bravo LLC ("Bravo"). The Partnership's Investment Manager evaluated this acquisition based on the following factors: (i) the Partnership was able to leverage its investments through debt at rates less than the corresponding leased equipment are earning and (ii) the Partnership was able to use the proceeds to make additional lease investments at higher rates. The Partnership consolidates Bravo into the condensed consolidated financial statements.

The Partnership will make, at the sole discretion of the Investment Manager, semi-annual cash distributions to each Limited Partner computed at 3% (pro-rated to the date of admission for each Limited Partner) of each Limited Partner's capital contribution, beginning six months after the Partnership's initial closing which occurred on May 2, 2011. The Partnership's income, losses and distributions are allocated 99% to the Limited Partners and 1% to the General Partner until the Limited Partners have received total distributions equal to each Limited Partner's capital contribution plus an 8%, compounded annually, cumulative return on each Limited Partners' capital contribution. After such time, income, losses and distributions will be allocated 80% to the Limited Partners and 20% to the General Partner.

The Partnership was declared effective by the Securities and Exchange Commission ("SEC") on March 17, 2011, which was the commencement date of the Offering Period. The Offering Period concluded on March 15, 2013. During the Offering Period, the Partnership admitted 375 Limited Partners, raised $27,861,100 in capital contributions, issued 27,861.10 Units at $1,000 per Unit and paid organizational and offering expenses totaling $999,119. During the Offering Period the Partnership paid $557,222 in distribution expenses to SQN Securities LLC, ("Securities") a majority-owned subsidiary of the Investment Manager. Securities was the sole selling agent for the Partnership's Units. A Limited Partner may not redeem their Units in the Partnership without the prior written consent of the General Partner. The General Partner has the sole discretion to approve or deny any redemption requested by a Limited Partner.

Due to the Partnership not achieving certain equity raising milestones during the Offering Period the Partnership's General Partner and/or its Investment Manager were required to reimburse a portion of the organizational and offering expenses incurred by the Partnership and reduce the management fee paid to the Investment Manager to such an amount over the Partnership's entire life that the total average management fee will not be greater than 2% per year of the aggregate offering proceeds (See note 3).

2. Summary of Significant Accounting Policies

Basis of Presentation – The condensed consolidated financial statements of SQN Alternative Investment Fund III, L.P. at March 31, 2016 and for the three months ended March 31, 2016 and 2015 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the rules and regulations of the SEC with respect to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements furnished reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The results reported in these condensed consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Partnership for the year ended December 31, 2015 and notes thereto contained in the Partnership's annual report on Form 10-K for the year ended December 31, 2015, as filed with the SEC on March 30, 2016.

Principles of Consolidation - The condensed consolidated financial statements include the accounts of the Partnership and its subsidiaries where the Partnership has the primary economic benefits of ownership. The Partnership's consolidation policy requires the consolidation of entities where a controlling financial interest is held as well as the consolidation of variable interest entities in which the Partnership has the primary economic benefits. All material intercompany balances and transactions are eliminated in consolidation.

Use of estimates – The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires the General Partner and Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates primarily include the determination of allowances for doubtful accounts, depreciation and amortization, impairment losses, estimated useful lives, and residual values. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Partnership considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds maintained in checking and money market accounts held at financial institutions.

The Partnership's cash and cash equivalents are held principally at one financial institution in the United States of America and at times the balances may exceed federally insured limits. The Partnership has placed these funds in an international financial institution in order to minimize risk relating to exceeding insured limits. The Partnership, through Summit Asset Management Limited, maintains an unrestricted bank account at a major financial institution in the United Kingdom for purposes of receiving payments and funding transactions in Pound Sterling. At March 31, 2016, the Partnership did not have any cash and cash equivalents held in a bank in the United Kingdom. At December 31, 2015, the Partnership had £45,405 ($67,209 applying exchange rates at December 31, 2015), respectively, of cash and cash equivalents held in two banks in the United Kingdom.

Credit Risk – In the normal course of business, the Partnership is exposed to credit risk. Credit risk is the risk that the Partnerships' counterparty to an agreement will at some point either have an inability or unwillingness to make contractually required payments. Concentrations of credit risk with respect to lessees are dispersed across different industry segments throughout the United Kingdom and the United States of America. Although the Partnership does not currently foresee a concentrated credit risk associated with these lessees, lease payments are dependent upon the financial stability of the industry segments in which they operate.

Asset Impairments – Assets in the Partnership's investment portfolio, which are considered long lived assets, are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. An impairment loss is recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. If there is an indication of impairment, the Partnership estimates the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. Future cash flows are the future cash in-flows expected to be generated by an asset less the future out-flows expected to be necessary to obtain those in-flows. If an impairment is determined to exist, the impairment loss is measured as the amount by which the carrying value of a long-lived asset exceeds its fair value and is recorded in the statement of operations in the period the determination is made. The events or changes in circumstances that generally indicate that an asset may be impaired are, (i) the estimated fair value of the underlying equipment is less than its carrying value, (ii) the lessee is experiencing financial difficulties and (iii) it does not appear likely that the estimated proceeds from the disposition of the asset will be sufficient to recover the carrying value of the asset. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents or receipts from the sale of the residual value investment, estimated downtime between re-leasing events, and the amount of re-leasing costs. The Investment Manager's review for impairment includes a consideration of the existence of impairment indicators, including third party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types, and the occurrence of significant adverse changes in general industry and market conditions that could affect the fair value of the asset.

Lease Classification and Revenue Recognition – The Partnership records revenue based upon the lease classification determined at the inception of the transaction and based upon the terms of the lease or when there are significant changes to the lease terms.

The Partnership leases equipment to third parties and each such lease may be classified as either a finance lease or an operating lease. Initial direct costs are capitalized and amortized over the term of the related lease for a finance lease. For an operating lease, initial direct costs are included as a component of the cost of the equipment and depreciated.

For finance leases, the Partnership records at lease inception the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment upon lease termination, the initial direct costs, if any, related to the lease and the related unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable plus the estimated unguaranteed residual value, minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

For operating leases, rental income is recognized on the straight line basis over the lease term. Billed and uncollected operating lease receivables will be included in accounts receivable. Accounts receivable are stated at their estimated net realizable value. Rental income received in advance is the difference between the timing of the cash payments and the income recognized on the straight line basis.

For leases subject to equipment notes receivable, specific payment terms were reached requiring payments which resulted in the recognition of interest income. This income is recognized over the course of the lease agreement.

The Investment Manager has an investment committee that approves each new equipment lease, financing transaction, and lease acquisition. As part of this process it determines the unguaranteed residual value, if any, to be used once the acquisition has been approved. The factors considered in determining the unguaranteed residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment being considered, how the equipment is integrated into the potential lessee's business, the length of the lease and the industry in which the potential lessee operates. Unguaranteed residual values are reviewed for impairment in accordance with the Partnership's policy relating to impairment review.

Finance Lease Receivables and Allowance for Doubtful Lease, Notes and Loan Accounts — In the normal course of business, the Partnership provides credit or financing to its customers, performs credit evaluations of these customers, and maintains reserves for potential credit losses. These credit or financing transactions are normally collateralized by the equipment being financed. In determining the amount of allowance for doubtful lease, note and loan accounts, the Investment Manager considers historical credit losses, the past due status of receivables, payment history, and other customer-specific information, including the value of the collateral. The past due status of a receivable is based on its contractual terms. Expected credit losses are recorded as an allowance for doubtful lease, note and loan accounts. Receivables are written off when the Investment Manager determines they are uncollectible. At March 31, 2016, an allowance for doubtful lease, notes and loan accounts is not currently provided since, in the opinion of the Investment Manager, all accounts recorded are deemed collectible.

Equipment Notes Receivable — Equipment notes receivable are reported in the condensed consolidated financial statements as the outstanding principal balance net of any unamortized deferred fees, premiums or discounts on purchased loans. Costs to originate loans, if any, are reported as other assets in the condensed consolidated financial statements. Income is recognized over the life of the note agreement. On certain equipment notes receivable, specific payment terms were reached requiring prepayments which resulted in the recognition of unearned interest income. Unearned income, discounts and premiums, if any, are amortized to interest income in the condensed consolidated statements of operations using the effective interest rate method. Equipment notes receivable are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, the Investment Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days. Based upon the Investment Manager's judgment, accounts may be placed in a non-accrual status. Accounts on a non-accrual status are only returned to an accrual status when the account has been brought current and the Partnership believes recovery of the remaining unpaid receivable is probable. Revenue on non-accrual accounts is recognized only when cash has been received.

Initial Direct Costs — The Partnership capitalizes initial direct costs associated with the origination and funding of lease assets. These costs are amortized on a lease by lease basis over the actual contract term of each lease using the effective interest rate method for finance leases and the straight-line method for operating leases. Upon disposal of the underlying lease assets, both the initial direct costs and the associated accumulated amortization are relieved. Costs related to leases that are not consummated are not eligible for capitalization as initial direct costs and are expensed as incurred as acquisition expense.

Cost Method — The Partnership records its investment in participation interests at cost. Under the cost method of accounting for investments, dividends are the basis for recognition by an investor of earnings from an investment. The Partnership recognizes as income dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition. The net accumulated earnings of the investee subsequent to the date of investment are recognized by the Partnership only to the extent distributed by the investee as dividends. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as a reduction of the cost of the investment.

Income Taxes — As a partnership, no provision for income taxes is recorded since the liability for such taxes is that of each of the Partners rather than the Partnership. The Partnership's income tax returns are subject to examination by the federal and state taxing authorities, and changes, if any, could adjust the individual income tax of the Partners.

Per Share Data — Net income or loss attributable to Limited Partners per weighted average number of limited partnership interests outstanding is calculated as follows; the net income or loss allocable to the Limited Partners divided by the weighted average number of limited partnership interests outstanding during the period.

Foreign Currency Transactions — The Partnership has designated the United States of America dollar as the functional currency for the Partnership's investments denominated in foreign currencies. Accordingly, certain assets and liabilities are translated at either the reporting period exchange rates or the historical exchange rates, revenues and expenses are translated at the average rate of exchange for the period, and all transaction gains or losses are reflected in the period's results of operations.

Depreciation — The Partnership records depreciation expense on equipment when the lease is classified as an operating lease. In order to calculate depreciation, the Partnership first determines the depreciable equipment cost, which is the cost less the estimated residual value. The estimated residual value is the estimate of the value of the equipment at lease termination. Depreciation expense is recorded by applying the straight-line method of depreciation to the depreciable equipment cost over the lease term which varies from one to five years.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities (Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842): Amendments to Leases Analysis), effective for fiscal years beginning after December 15, 2018 and interim periods within those years and early adoption is permitted. The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of this guidance on its condensed consolidated financial statements.

In February 2015, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis), effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current U.S. GAAP by reducing the number of consolidation models. The Partnership is currently evaluating the impact of this guidance on its condensed consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying condensed consolidated financial statements.

3. Related Party Transactions

The General Partner is responsible for the day-to-day operations and management of the Partnership and the Investment Manager makes all investment decisions and manages the investment portfolio of the Partnership.

On March 15, 2013, the Partnership recorded a due from Investment Manager in the amount of $441,897 for organizational and offering expenses that exceeded 2% of the total equity raised, which bears interest at 10% per year, has monthly principal and interest payments of $11,767 and terminates December 2016. The interest rate was determined based upon a recent transaction with an unrelated third party which was completed on February 28, 2013 and included an interest rate of 10%. Under the terms of the Offering Agreement, the Partnership's Investment Manager was not required to reimburse the Partnership with interest. At March 31, 2016 and December 31, 2015, the Partnership has a remaining balance on the note receivable from its Investment Manager of $105,152 and $137,373, respectively, which is included in the condensed consolidated balance sheets.

For the three months ended March 31, 2016 and 2015, the Partnership paid the Investment Manager $141,677 which is included in Management fees – Investment Manager in the condensed consolidated statements of operations.

The General Partner has a 1% interest in the profits, losses and distributions of the Partnership. In addition, the General Partner has a promotional interest in the Partnership equal to 20% of all distributed cash available for distribution, after the Partnership has provided an 8% cumulative return, compounded annually, to the Limited Partners on their capital contributions.

On January 19, 2015, the Investment Manager, through a wholly-owned subsidiary, entered into an agreement to acquire the leasing division of Summit Asset Management Limited ("Summit Asset Management"). Upon the acquisition, the Origination and Servicing Agreement between the Investment Manager and Summit Asset Management was terminated. From January 1, 2015, all activities of Summit Asset Management are conducted under SQN Capital Management (UK) Limited ("SQN UK"). Where Summit Asset Management was previously the servicer on transactions sold to the Partnership, SQN UK will now act as servicer.

4. SQN Bravo LLC

On June 19, 2013, the Partnership sold certain assets along with their related rental streams to a newly formed special purpose entity, SQN Bravo LLC. On the same date, the Partnership made an equity investment in Bravo. The Partnership's Investment Manager determined that this was in the Partnership's best interests due to the following factors: (i) the Partnership was able to leverage investments through debt at rates less than the corresponding leased equipment were earning and (ii) the Partnership was able to use the proceeds to make additional lease investments at higher rates of return.

On June 19, 2013, Bravo obtained financing as follows; (i) a non-recourse loan payable for $5,860,085 and (ii) an equity investment from the Partnership of $3,906,724. SQN Alternative Investment Fund II, LLC (" SQN Fund II"), a private equipment leasing fund managed by the Partnership's Investment Manager also sold a seasoned portfolio of leased equipment to Bravo. The portfolio purchased from SQN Fund II was valued at the time of purchase based on discounted cash flows for the revenue streams at a predetermined rate and the residual values of the underlying assets were supported by third party appraisers. Bravo purchased the following general types of leased assets: (i) $632,284 in finance leases (See Note 5), (ii) $1,937,636 in equipment subject to operating leases (See Note 6) and (iii) $2,500,000 in residual value investments in equipment on lease. In addition, the Partnership sold various leased assets with a net book value of $4,137,073 to Bravo. During the year ended December 31, 2014, the Partnership increased its equity investment in Bravo to a total of $7,509,808, comprised of $3,217,293 for equipment lease transactions and $470,000 for equipment notes receivable. During the year ended December 31, 2015, the Partnership received approximately $5,166,320 in cash from Bravo. During the three months ended March 31, 2016, the Partnership received approximately $508,606 in cash from Bravo. As of the March 31, 2016, the total investment in Bravo was $1,834,882.

As a result of the equity purchase noted above, on June 19, 2013, the Partnership acquired the primary economic risks and rewards in Bravo and accordingly, the Partnership consolidates Bravo into its financial statements and results of operations.

5. Investments in Finance Leases

At March 31, 2016 and December 31, 2015, net investments in finance leases consisted of the following:

	March 31, 2016	December 31, 2015
	(unaudited)	
Minimum rents receivable	$ 987,219	$ 1,617,366
Estimated unguaranteed residual value	8,493	51,498
Unearned income	(4,225)	(8,352)
	$ 991,487	$ 1,660,512

Anaerobic Digestion Plant

An anaerobic digestion plant is a series of processes in which microorganisms breakdown biodegradable materials and produce a biogas which can be used to generate electricity. During the period, the Partnership granted a rental holiday to BioWayste upon their request in order to allow the company to fund some modifications to the system that will ultimately improve the efficiency and energy production and therefore increase revenue and the amount of government subsidies in which the Partnership has a 25% share. During the three months ended March 31, 2016, Bravo sold this finance lease to a third party. The third party paid cash proceeds of £109,000 ($150,660 applying exchange rate of 1.3822 at February 29, 2016), which is net of a value added tax of £21,800, ($30,132 applying exchange rate of 1.3822 at February 29, 2016). The Partnership reclassified $227,824 to accounts receivable for expected VAT refunds. The net book value of this finance lease at the time of sale was $580,648, which resulted in the Partnership recognizing a U.S. GAAP loss of $202,164.

Bottle Recycling and Extrusion Production Line

On June 29, 2011, the Partnership entered into a Participation Agreement (the "Agreement") for an ownership interest in a Hire Purchase Agreement (the "HP Agreement"). The HP Agreement is between an independent United Kingdom leasing entity and the lessee of a bottle recycling and extrusion line located in the United Kingdom. The Partnership made it's initial payment under the Agreement on June 29, 2011 totaling £1,100,000 and made it's final payment on October 13, 2011 totaling £730,000.

Under the terms of the HP Agreement there is both an initial rental period and a fixed rental period. The initial rental period ran through June 30, 2012 at which time the fixed rental period began. The fixed rental period is for a term of 60 months and the Partnership receives monthly payments of £41,021. At lease termination the lessee has an option to purchase the leased equipment at a fixed price. The Partnership's portion of the proceeds will be £253,821. The Partnership paid initial direct costs as follows: (i) on November 30, 2011, the Partnership paid £9,125 and (ii) on July 15, 2011, the Partnership paid £45,775 related to the acquisition of this leased equipment. As result of the dramatic decline in oil prices, a key component in the production of plastics, the lessee has suffered a significant downturn in its business and profitability as the price of recycled plastics no longer presented an attractive alternative to new plastic products. During the year ended December 31, 2015, the Investment Manager determined that collecting the total outstanding balance of this finance lease is unlikely and has therefore written down the value of this finance lease by £817,348 ($1,209,838 using exchange rate of 1.4802 on December 31, 2015). At March 31, 2016, there were no significant changes to this lease.

At March 31, 2016, the aggregate amounts of future minimum lease payments receivable are as follows:

	Lease Payment Currencies		
Years Ending March 31,	U.S. Dollars	British Pounds (1)	Total
2017	$ —	$ 532,930	$ 532,930
2018	—	454,289	454,289
	$ —	$ 987,219	$ 987,219

(1) Converted to U.S. Dollars at March 31, 2016 exchange rate of 1.4368.

For the three months ended March 31, 2016 and 2015, the Partnership incurred a foreign currency transaction loss on its various investments in finance leases of $52,745 and $678,966, respectively. All amounts are included in foreign currency transaction losses in the condensed consolidated statements of operations.

6. Investment in Equipment Subject to Operating Leases

At March 31, 2016 and December 31, 2015, investments in equipment subject to operating leases consisted of the following:

	March 31, 2016	December 31, 2015
Aircraft rotables	$ 339,700	$ 339,700
Computer equipment	59,186	59,186
Modular accommodations	2,928,049	2,928,049
Plastic bulk storage containers	1,469,030	1,469,030
	4,795,965	4,795,965
Accumulated depreciation	(1,539,759)	(1,343,429)
	$ 3,256,206	$ 3,452,536

Depreciation expense was $196,330 and $193,155 for the three months ended March 31, 2016 and 2015, respectively.

Modular Accommodations

In January 2015, Bravo reclassified three leases from other assets to operating leases upon the final execution of lease renewals and the receipt of lease payments associated with such renewals. These leases are for modular accommodations configured as healthcare centers in the United Kingdom that Bravo purchased for £1,582,278 ($2,500,000 applying the exchange rate used in the agreement). One of the leases has a month to month lease term and monthly payments of £17,295. The second lease had a remaining term of 60 months and monthly payments of £6,760. The third lease also had a remaining term of 60 months and monthly payments of £12,917. These leases generated approximately $158,000 of rental income for the three months ended March 31, 2016. At March 31, 2016, there were no significant changes to these leases.

Aircraft Rotables

On June 19, 2013, Bravo purchased a lease for a 90% ownership interest in aircraft rotables located in Australia from SQN Fund II for $310,000, which included the assumption by Bravo of a security deposit of $29,700. The lease expired on February 15, 2015 and required monthly rental payments of $3,777. At lease expiration, the lessee extended the lease on the same terms for another four years through February 15, 2019. The lease generated approximately $11,300 in rental income for the three months ended March 31, 2016. At March 31, 2016, there were no significant changes to this lease.

As part of this transaction Bravo became a party to a participation agreement and a service agreement with a third party (the “Participant”). Under the participation agreement, the Participant acquired a 10% ownership interest by providing 10% of the financing for this transaction. Under the service agreement, the Participant will receive 5% of the gross payments from the lessee. The Participant will provide program management services and inventory tracking and monitoring services for all of the aircraft rotable parts. Bravo is required to remit the Participant’s portion of both the participation agreement and service agreement from the gross payments from the lessee within 10 days of receipt from the lessee.

Reusable Plastic Bulk Storage Containers - Participation

On March 30, 2012, the Partnership entered into an agreement to purchase from an entity controlled by a third party (the "Selling Entity"), an 18.08% residual value interest in a pool of intermediate bulk agricultural containers located in the United States of America for $1,367,173. The initial lease term expired June 29, 2013, at which point the lessee of the containers entered into a 3 year extension agreement. The terms of the lease require three annual payments in the amount of approximately $471,000 ($2,610,000 multiplied by Partnership's interest). On June 23, 2014, the Partnership purchased an additional approximate 1.67% of the residual value interest from the Selling Entity for $101,858. The transaction increased the Partnership's interest in this investment to approximately 19.75%. The lease generated approximately $118,000 of rental income for the three months ended March 31, 2016. At March 31, 2016, there were no significant changes to this lease.

Subsequent to the extension of the lease, the Partnership entered into a transaction to sell the rights to the receivable to another third party for $1,406,604. The Partnership is also required to make a one-time payment to the buyer in the amount of $139,216 after the lease expires. The Partnership continues to own the underlying assets and is entitled to any residual value on this investment subject to an existing remarketing agreement.

At March 31, 2016, the aggregate amounts of future minimum lease payments receivable are as follows:

	Lease Payment Currencies		
Year Ending March 31,	U.S. Dollars	British Pounds (1)	Total
2017	$ 302,260	$ 339,263	$ 641,523
2018	45,072	339,263	384,335
2019	41,316	339,263	380,579
2020	—	129,914	129,914
	$ 388,648	$ 1,147,703	$ 1,536,351

(1) Converted to U.S. Dollars at March 31, 2016 exchange rate of 1.4368.

7. Residual Value Investments in Equipment on Lease

Gamma Knife Suite

On October 30, 2012, the Partnership entered into a Participation Agreement with a third party to acquire a 99.99% residual interest in a gamma knife suite located in the United Kingdom for £379,620. The Partnership paid initial direct costs, which have been included in the cost of the residual value asset, of £15,185.

8. Convertible Promissory Note

On February 27, 2013, the Partnership entered into a Subscription and Securities Purchase Agreement to purchase a portion of a $3,500,000 Convertible Promissory Note ("Promissory Note"). On February 28, 2013, the Partnership purchased a Promissory Note with a principal amount of $1,500,000. The Promissory Note bears simple interest at 10% per year which is payable quarterly, in arrears, beginning June 30, 2013. The entire principal balance is due and payable on March 31, 2018. The Promissory Note is collateralized by the shares of the borrower and by an investment portfolio consisting of among other assets, equipment leases, direct hard assets and infrastructure investments. The Promissory Note is convertible, at the Partnership's option, into units of the borrower, as defined in the agreements.

9. Equipment Notes Receivable

At March 31, 2016 and December 31, 2015, investments in equipment notes receivable, including accrued interest, consisted of the following:

Equipment Description	Maturity Date	Interest Rate	March 31, 2016	December 31, 2015
Hydro-electric generating plant - NI	12/31/16	12.00%	$ 2,378,445	$ 2,386,570
Manufacturing equipment and inventory		12.00%	1,175,000	1,175,000
			$ 3,553,445	$ 3,561,570

Hydro-electric Generating Plant – Northern Ireland

On April 4, 2013, the Partnership entered into an equipment note receivable (the "Note") for £1,440,000 with a special purpose entity controlled by a third party. This special purpose entity was organized to provide financing for a hydro-electric generating plant located in Northern Ireland. The plant serves as collateral for the Note. The Note accrues interest at 12.0% per year with the interest payable quarterly in arrears. The proceeds from the Note were used for the purchase of a hydro-electric generating plant located in Northern Ireland. The entire principal balance and unpaid interest may be repaid, at any time, along with a redemption fee, as defined in the Note. The borrower's parent company has guaranteed the full amount of the Note.

Manufacturing Equipment and Inventory

On January 24, 2014, Bravo entered into a participation agreement with a lender to purchase manufacturing equipment and inventory. Bravo lent $1,175,000 to a third party under a note receivable agreement on March 4, 2014. The interest on the note was charged at a rate of 12% per annum and interest was payable in twelve monthly installments of $11,750 each. The note matured on March 4, 2015 and the principal balance due was payable in one lump sum. The borrower was unable to remit the lump sum payment and has requested a forbearance until March 31, 2016. The note is secured by the equipment and inventory of the borrower. The note is on non-accrual status as a result of non-payment. Based on a third party appraisal of the collateral value of the equipment, the Investment Manager believes that there is sufficient collateral value to cover the outstanding balance of the note receivable. Additionally, the equipment is under the control of a related party of the Partnership. Bravo borrowed $705,000 from the lender which accrues interest at 7.75% and is repayable with the proceeds from the investments.

10. Investment in Participation Interests

On October 9, 2013, the Partnership formed Delta, which is 100% owned by the Partnership. The sole purpose of Delta was to acquire an $8,540,000 interest in two, less than 1 year old, bulk carrier vessels. Each vessel is subject to an initial 6 year charter of which approximately 4 years remain. In accordance with the participation agreement, Delta has the right to force a sale of the vessels at any time the sale proceeds would be sufficient to provide Delta with a 14% internal rate of return on an unleveraged basis. The Partnership incurred $4,200,000 of debt relating to the transaction, accruing interest at 10.9% per annum with maturity in December 2020. The debt will be repaid with cash flows generated from the underlying assets acquired.

The investment is accounted for using the cost method whereas the Partnership will recognize as income, dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions of cost of the investment. In conjunction with this transaction, the Partnership recorded a purchase discount of $340,000, which was recorded as a deferred gain on the accompanying condensed consolidated financial statements. The gain will be amortized over the expected term of the investment and will be recorded as income.

11. Other Assets

Other assets primarily include approximately $674,000 of several leases that were transferred from operating leases due to expiration of lease terms. In addition, in December 2013 the Partnership funded £500,000 to an escrow account for a lease that has not been executed as of March 31, 2016.

12. Non-recourse Loans Payable

In September 2013, the Partnership sold the receivable related to the three year lease extension entered into by the lessee of reusable plastic storage containers in which the Partnership had an 18.08% participation interest. The net proceeds to the Partnership on the non-recourse sale of receivables were approximately $1,400,000. The receivable related to the note sale accrues interest at 8.5% per annum with an expected maturity date of July 31, 2016. The outstanding principal balance together with accrued interest at March 31, 2016 and December 31, 2015 was $147,334 and $146,306, respectively.

On October 29, 2013, Delta borrowed $4,200,000 in the form of a senior participation from the same third party lender as disclosed in the Bravo loan above. The loan accrues interest at 10.9% per annum. The debt will be repaid with cash flows generated from the underlying assets acquired. The senior participant, as collateral, has a first priority security interest in all of the leased assets acquired by Delta as well as a senior participation interest in the proceeds from the leased assets, while the Partnership has a junior participation interest until the loan is repaid in full. The outstanding principal balance at March 31, 2016 and December 31, 2015 was $3,077,090 and $3,077,090, respectively.

13. Fair Value of Financial Instruments

The Partnership's carrying value of cash and cash equivalents, and its financial instruments approximate fair value.

The Partnership's carrying values and approximate fair values of its financial instruments were as follows:

	March 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Convertible promissory note	$ 1,311,429	$ 1,311,429	$ 1,320,000	$ 1,320,000
Equipment notes receivable	$ 3,243,948	$ 3,243,948	$ 3,306,488	$ 3,306,488
Liabilities:				
Loans payable	$ 3,191,385	$ 3,191,385	$ 3,191,385	$ 3,191,385

As of March 31, 2016, the Partnership evaluated the carrying values of its financial instruments and they approximate fair values.

14. Business Concentrations

For the three months ended March 31, 2016, the Partnership had two lessees which accounted for approximately 88% and 12% of the Partnership's income derived from finance leases. For the three months ended March 31, 2015, the Partnership had two lessees which accounted for approximately 73% and 20% of the Partnership's income derived from finance leases. For the three months ended March 31, 2016, the Partnership had two lessees which accounted for approximately 55% and 41% of the Partnership's rental income derived from operating leases. For the three months ended March 31, 2015, the Partnership had two lessees which accounted for approximately 77% and 16% of the Partnership's rental income derived from operating leases. For the three months ended March 31, 2016, the Partnership had two loans which accounted for approximately 63% and 34% the Partnership's interest income. For the three months ended March 31, 2015, the Partnership had two loans which accounted for approximately 35% and 33% the Partnership's interest income.

At March 31, 2016, the Partnership had one lessee which accounted for approximately 98% of the Partnership's investment in finance leases. At March 31, 2015, the Partnership had two lessees which accounted for approximately 72% and 20% of the Partnership's investment in finance leases. At March 31, 2016, the Partnership had two lessees which accounted for approximately 76% and 16% of the Partnership's investment in operating leases. At March 31, 2015, the Partnership had two lessees which accounted for approximately 64% and 24% of the Partnership's investment in operating leases. At March 31, 2016, the Partnership had one lessee which accounted for 100% of the Partnership's investment in residual value leases. At March 31, 2015, the Partnership had one lessee which accounted for 100% of the Partnership's investment in residual value leases. At March 31, 2016, the Partnership had two lessees which accounted for approximately 67% and 33% of the Partnership's investment in equipment notes receivable. At March 31, 2015, the Partnership had three lessees which accounted for approximately 40%, 38% and 22% of the Partnership's investment in equipment notes receivable.

At March 31, 2016 and 2015, the Partnership's convertible promissory note receivable was from a single debtor and the Partnership's equipment notes receivable was from two and from three debtors, respectively.

As of March 31, 2016 and December 31, 2015, the outstanding loans payable of $3,308,045 and $3,223,396 were from one lender.

15. Geographic Information

Geographic information for revenue for the three months ended March 31, 2016 and 2015 was as follows:

	Three Months Ended March 31, 2016			
Revenue:	United States	Europe	Australia	Total
Rental income	$ 119,572	$ 158,138	$ 11,267	$ 288,977
Finance income	$ —	$ 3,882	$ —	$ 3,882
Loss on sale of assets	$ (8,938)	$ (202,164)	$ —	$ (211,102)
Investment income	$ —	$ 225,360	$ —	$ 225,360
Interest income	$ 97,302	$ —	$ —	$ 97,302

	Three Months Ended March 31, 2015			
Revenue:	United States	Europe	Australia	Total
Rental income	$ 119,083	$ 603,119	$ 11,267	$ 733,469
Finance income	$ —	$ 378,424	$ —	$ 378,424
Gain on sale of assets	$ 19,935	$ 18,492	$ —	$ 38,427
Investment income	$ 51,973	$ 225,360	$ —	$ 277,333
Interest income	$ 179,421	$ —	$ —	$ 179,421

Geographic information for long-lived assets at March 31, 2016 and December 31, 2015 was as follows:

	March 31, 2016			
Long-lived assets:	United States	Europe	Australia	Total
Investment in finance leases, net	$ —	$ 991,487	$ —	$ 991,487
Investments in equipment subject to operating leases, net	$ 512,245	$ 2,485,789	$ 258,172	$ 3,256,206
Residual value investment in equipment on lease	$ —	$ 634,702	$ —	$ 634,702
Convertible promissory note	$ 1,311,429	$ —	$ —	$ 1,311,429
Equipment notes receivable, including accrued interest	$ 1,175,000	$ 2,378,445	$ —	$ 3,553,445

	December 31, 2015			
Long-lived assets:	United States	Europe	Australia	Total
Investment in finance leases, net	$ —	$ 1,660,512	$ —	$ 1,660,512
Investments in equipment subject to operating leases, net	$ 609,931	$ 2,574,242	$ 268,363	$ 3,452,536
Residual value investment in equipment on lease	$ —	$ 634,702	$ —	$ 634,702
Convertible promissory note	$ 1,320,000	$ —	$ —	$ 1,320,000
Equipment notes receivable, including accrued interest	$ 1,175,000	$ 2,386,570	$ —	$ 3,561,570

16. Subsequent Events

The Partnership has evaluated subsequent events through the date these condensed consolidated financial statements were issued.

Item 2. General Partner's Discussion and Analysis of Financial Condition and Results of Operations

As used in this Quarterly Report on Form 10-Q, references to "we," "us," "our" or similar terms include SQN Alternative Investment Fund III L.P, SQN Bravo LLC and SQN Delta LLC, our subsidiaries.

The following is a discussion of our current consolidated financial position and results of operations. This discussion should be read together with our Annual Report on Form 10-K, filed on March 30, 2016. This discussion should also be read in conjunction with the disclosures below regarding "Forward-Looking Statements" and the "Risk Factors" set forth in Item 1A of Part II of this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Certain statements within this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). These statements are being made pursuant to the PSLRA, with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA, and, other than as required by law, we assume no obligation to update or supplement such statements. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. You can identify these statements by the use of words such as "may," "will," "could," "anticipate," "believe," "estimate," "expect," "intend," "predict," "continue," "further," "seek," "plan," or "project" and variations of these words or comparable words or phrases of similar meaning. These forward-looking statements reflect our current beliefs and expectations with respect to future events and are based on assumptions and are subject to risks and uncertainties and other factors outside our control that may cause actual results to differ materially from those projected. We undertake no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Overview

We are a Delaware limited partnership formed on March 10, 2010. We operate a fund in which the capital invested by our Limited Partners is pooled together. This pool of capital is then used to invest in business-essential, revenue-producing (or cost-saving) equipment and other physical assets with substantial economic lives and, in many cases, associated revenue streams. The pooled capital contributions are also used to pay fees and expenses associated with our organization and to fund a capital reserve.

Our principal investment strategy is to invest in business-essential, revenue-producing (or cost-savings) equipment with high in-place value and long, relative to the investment term, economic life. We expect to achieve our investment strategy by making investments in equipment already subject to lease or originating equipment leases in such equipment, which will include: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. From time to time, we may also purchase equipment and sell it directly to our leasing customers.

Many of our investments are, and we anticipate will continue to be, structured as full payout or operating leases. Full payout leases generally are leases under which the rent over the initial term of the lease will return our invested capital plus an appropriate return without consideration of the residual value, and where the lessee may acquire the equipment or other assets at the expiration of the lease term. Operating leases generally are leases under which the aggregate non-cancelable rental payments during the original term of the lease, on a net present value basis, are not sufficient to recover the purchase price of the equipment or other assets leased under the lease.

We commenced our Operating Period on June 29, 2011 with our first equipment transaction. During the Operating Period, we invested most of the net offering proceeds in items of equipment that are subject to leases, equipment financing transactions, and residual ownership rights in leased equipment. After the net offering proceeds were invested, additional investments were made with the cash proceeds generated from our initial investments, to the extent that cash was not needed for expenses, reserves, or distributions to Limited Partners. The investment in additional equipment in this manner is called "reinvestment." After the termination of our Operating Period, we will sell our assets in the ordinary course of business, a time frame called the Liquidation Period. The Liquidation Period started on June 29, 2014 and is expected to last approximately four years, unless it is extended, at the sole discretion of our General Partner for a maximum of two one-year extensions.

Critical Accounting Policies

An understanding of our critical accounting policies is necessary to understand our condensed consolidated financial results. The preparation of condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires our General Partner and our Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates primarily include the determination of allowance for doubtful lease, notes and loan accounts, depreciation and amortization, impairment losses and the estimated useful lives and residual values of the leased equipment we acquire. Actual results could differ from those estimates.

Lease Classification and Revenue Recognition

Each equipment lease we enter into is classified as either a finance lease or an operating lease, which is determined at lease inception based upon the terms of each lease, or when there are significant changes to the lease terms. We capitalize initial direct costs associated with the origination and funding of lease assets. Initial direct costs include both internal costs (e.g., labor and overhead) and external broker fees incurred with the origination. Costs related to leases that are not consummated are not eligible for capitalization as initial direct costs and are expensed as incurred as acquisition expense. For a finance lease, initial direct costs are capitalized and amortized over the lease term using the effective interest rate method. For an operating lease, the initial direct costs are included as a component of the cost of the equipment and depreciated over the lease term.

For finance leases, we record, at lease inception, the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease, if any, and the related unearned income. Unearned income represents the difference between the sum of the minimum lease payments receivable, plus the estimated unguaranteed residual value, minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

For operating leases, rental income is recognized on a straight-line basis over the lease term. Billed operating lease receivables are included in accounts receivable until collected. Accounts receivable are stated at their estimated net realizable value. Rental income received in advance is the difference between the timing of the receivables billed and the income recognized on a straight-line basis.

For leases subject to equipment notes receivable, specific payment terms were reached requiring payments which resulted in the recognition of interest income. This income is recognized over the course of the lease agreement.

Our Investment Manager has an investment committee that approves each new equipment lease and other financing transaction. As part of its process, the investment committee determines the residual value, if any, to be used once the investment has been approved. The factors considered in determining the residual value include, but are not limited to, the creditworthiness of the potential lessee, the type of equipment considered, how the equipment is integrated into the potential lessee's business, the length of the lease and the industry in which the potential lessee operates. Residual values are reviewed for impairment in accordance with our impairment review policy.

The residual value assumes, among other things, that the asset is utilized normally in an open, unrestricted and stable market. Short-term fluctuations in the marketplace are disregarded and it is assumed that there is no necessity either to dispose of a significant number of the assets, if held in quantity, simultaneously or to dispose of the asset quickly. The residual value is calculated using information from various external sources, such as trade publications, auction data, equipment dealers, wholesalers and industry experts, as well as inspection of the physical asset and other economic indicators.

Asset Impairments

The significant assets in our investment portfolio are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. If there is an indication of impairment, we estimate the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. Future cash flows are the future cash inflows expected to be generated by an asset less the future out-flows expected to be necessary to obtain those inflows. If an impairment is determined to exist, it is recorded in the statement of operations in the period the determination is made. The events or changes in circumstances that generally indicate that an asset may be impaired are, (i) the estimated fair value of the underlying equipment is less than its carrying value, (ii) the lessee is experiencing financial difficulties and (iii) it does not appear likely that the estimated proceeds from the disposition of the asset will be sufficient to satisfy the residual value in the asset. The preparation of the undiscounted cash flows requires the use of assumptions and estimates, including the level of future rents or receipts from the sale of the residual value investment, estimated downtime between re-leasing events, and the amount of re-leasing costs. The Investment Manager’s review for impairment will include a consideration of the existence of impairment indicators, including third party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types, and the occurrence of significant adverse changes in general industry and market conditions that could affect the fair value of the asset.

Equipment Notes Receivable

Equipment notes receivable are reported in our condensed consolidated balance sheets as the outstanding principal balance net of any unamortized deferred fees, premiums or discounts on purchased loans. Costs to originate loans, if any, are reported as other assets in our condensed consolidated balance sheets. Income is recognized over the life of the note agreement. On certain equipment notes receivable, specific payment terms were reached requiring prepayments which resulted in the recognition of unearned interest income. Unearned income, discounts and premiums, if any, are amortized to interest income in the condensed consolidated statements of operations using the effective interest rate method. Equipment notes receivable are generally placed in a non-accrual status when payments are more than 90 days past due. Additionally, the Investment Manager periodically reviews the creditworthiness of companies with payments outstanding less than 90 days. Based upon the Investment Manager’s judgment, accounts may be placed in a non-accrual status with any accrued and uncollected revenue being reversed. Accounts on a non-accrual status are only returned to an accrual status when the account has been brought current and we believe recovery of the remaining unpaid receivable is probable. Revenue on non-accrual accounts is recognized only when cash has been received.

Cost method of accounting

We record our investment in participation interests at cost. Under the cost method of accounting for investments, dividends are the basis for recognition by an investor of earnings from an investment. We recognize as income dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition. The net accumulated earnings of the investee subsequent to the date of investment are recognized by us only to the extent distributed by the investee as dividends. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as a reduction of the cost of the investment.

Depreciation

We record depreciation expense on equipment when the lease is classified as an operating lease. In order to calculate depreciation, we first determine the depreciable equipment cost, which is the cost less the estimated residual value. The estimated residual value is our estimate of the value of the equipment at lease termination. Depreciation expense is recorded by applying the straight-line method of depreciation to the depreciable equipment cost over the lease term.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities (Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842): Amendments to Leases Analysis), effective for fiscal years beginning after December 15, 2018 and interim periods within those years and early adoption is permitted. The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2015, the Financial Accounting Standards Board ("FASB") issued new guidance to improve consolidation guidance for legal entities ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis), effective for fiscal years beginning after December 15, 2015 and interim periods within those years and early adoption is permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current U.S. GAAP by reducing the number of consolidation models. The Partnership is currently evaluating the impact of this guidance on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

Results of Operations for the three months ended March 31, 2016 (the "2016 Quarter") compared to the three months ended March 31, 2015 (the "2015 Quarter")

Our revenue for the 2016 Quarter compared to the 2015 Quarter is summarized as follows:

	Three Months Ended March 31,	
	2016	2015
Revenue:		
Rental income	$ 288,977	$ 733,469
Finance income	3,882	378,424
(Loss) gain on sale of assets	(211,102)	38,427
Investment income	225,360	277,333
Interest income	97,307	179,421
Other income	—	9,902
Total Revenue	$ 404,424	$ 1,616,976

For the 2016 Quarter we earned total revenue of $404,424 which is a decrease of approximately $1,213,000 from our 2015 Quarter. The decrease in total revenue was due to a decrease in rental income of approximately $445,000, a decrease in finance income of approximately $375,000, a decrease in income from investments of approximately $52,000, a decrease in gain on sale of assets of approximately $250,000 and a decrease in interest income of approximately $82,000. The decrease in total revenue is primarily due to the sale of our assets as we are in our Liquidation Period.

For the 2015 Quarter we earned total revenue of $1,616,976 which is an increase of approximately $542,000 from our 2014 Quarter. The increase in total revenue was due to an increase in rental income of approximately $531,000, an increase of finance income of approximately $141,000, an increase in income from investments of approximately $21,000 and an increase in gain on sale of assets of approximately $52,000 offset by a decrease in interest income of approximately $213,000. The increase in rental income is primarily due to the reclassification of the leases for modular accommodations from other assets to operating leases. The increase in income from investments is a result of the income we earned from our investments in participation interests related to Delta and our investments in Echo and Echo II.

Our expenses for the 2016 *Quarter compared to the 2015 Quarter are summarized as follows:*

	Three Months Ended March 31,	
	2016	**2015**
Expenses:		
Management fees - Investment Manager	$ 141,677	$ 141,677
Depreciation and amortization	199,051	196,250
Professional fees	41,285	28,783
Administration expense	6,435	5,608
Other expenses	19,973	2,809
Interest expense	84,649	231,602
Total Expenses	$ 493,070	$ 606,729
Foreign currency transaction losses	$ 107,484	$ 928,347

During the 2016 Quarter, we incurred total expenses of $493,070 versus total expenses of $606,729 for the 2015 Quarter. The primary reason for the decrease of approximately $114,000 from the 2015 Quarter was due to the decrease in interest expense from the 2015 Quarter due to paydowns of loan principal on the non-recourse loans payable.

For the 2016 Quarter we generated foreign currency transaction losses of $107,484, which were incurred as follows: (i) approximately $104,000 was related directly to our equipment leasing transactions or project financings in the United Kingdom and (ii) the remaining balance was related to foreign exchange fluctuation changes in our cash accounts located in the United Kingdom. The exchange rate between the British Pound and the United States of America dollar decreased approximately 2.9% during the 2016 Quarter. For the 2015 Quarter, we generated foreign currency transaction losses of $928,347, which were incurred as follows: (i) approximately $910,000 was related directly to our equipment leasing transactions or project financings in the United Kingdom and (ii) the remaining balance was related to foreign exchange fluctuation changes in our cash accounts located in the United Kingdom. The exchange rate between the British Pound and the United States of America dollar decreased approximately 4.5% during the 2015 Quarter. We do not currently, and we have no plans in the future, to hedge our British Pound Sterling exposure. We expect to have gains and losses relating to our investments denominated in foreign currencies and the swings may be large from year to year. We do not hedge our foreign currency exposures and may not hedge such exposures in the future.

Net Income

As a result of the factors discussed above we generated a net loss for the 2016 Quarter of $196,130 compared to net income for the 2015 Quarter of $81,900.

Liquidity and Capital Resources

Sources and Uses of Cash

	Three Months Ended March 31,	
	2016	2015
Cash provided by (used in):		
Operating activities	$ 119,553	$ 795,607
Investing activities	$ 159,231	$ 5,680
Financing activities	$ (2,601,284)	$ (423,901)

Sources of Liquidity

We are currently in our Liquidation Period. The Liquidation Period is the time-frame in which we sell equipment under lease in the normal course of business. During this time period we anticipate that a substantial portion of our cash outflows will be from operating activities and the majority of our cash inflows are expected to be from operating and investing activities. We believe that the cash inflows will be sufficient to finance our liquidity requirements for the foreseeable future, including semi-annual distributions to our Limited Partners, general and administrative expenses, interest on the Partnership's, Bravo's and Delta's non-recourse loans payable and fees paid to our Investment Manager.

Operating Activities

During 2016, we generated cash inflows from operating activities of $119,553. This was principally due to cash collections from rental payments from both our finance and operating leases as well as interest income on the equipment notes receivable. We received cash of approximately $39,000 from our finance leases during the 2016 Period. The majority of our leases are payable in British Pound Sterling, therefore future cash inflows will be affected by the foreign currency exchange rates at the time we receive these payments. Additionally, we had a non-cash increase of approximately $514,000 which represented depreciation and amortization, loss on sale of assets, and unrealized foreign currency transaction losses. We anticipate that we will continue to generate net cash inflows from operations but we may experience swings due mostly to changes in the foreign currency transaction gains or losses from year to year.

During 2015, we generated cash inflows from operating activities of $795,607. This was principally due to cash collections from rental payments from both our finance and operating leases as well as interest income on the equipment notes receivable. We received cash of approximately $473,000 from our finance leases and cash of approximately $113,000 from our equipment notes receivable during the 2015 Period. The majority of our leases are payable in British Pound Sterling, therefore future cash inflows will be affected by the foreign currency exchange rates at the time we receive these payments. The cash inflows were offset by various non-cash deductions which totaled approximately $430,000 and consisted of finance income and investment income. These non-cash deductions were offset by a non-cash increase of approximately $1,125,000 which represented depreciation and amortization, accrued interest income, and unrealized foreign currency transaction losses. We anticipate that we will continue to generate net cash inflows from operations but we may experience swings due mostly to changes in the foreign currency transaction gains or losses from year to year.

Investing Activities

Cash provided by investing activities for the 2016 Quarter was $159,231. We received proceeds of approximately $151,000 from the sale of leased assets and approximately $8,600 for principal payments received on convertible notes. We anticipate generating cash inflows during the Liquidation Period as we sell our various equipment leases.

Cash provided by investing activities for the 2015 Quarter was $5,680. We received proceeds of approximately $1,400 from the sale of leased assets and approximately $4,300 for principal payments received on convertible notes. We anticipate generating cash inflows during the Liquidation Period as we sell our various equipment leases.

Financings and Borrowings

Cash used in financing activities was $2,601,284 for the 2016 Quarter. During the 2016 Quarter, we collected approximately $32,000 from a note receivable with our Investment Manager. Offsetting this increase was cash outflows of approximately $2,634,000 for distributions to our Limited Partners.

Cash used in financing activities was $423,901 for the 2015 Quarter. During the 2015 Quarter, we collected approximately $29,000 from a note receivable with our Investment Manager. Offsetting this increase was cash outflows of approximately $453,000 for principal payments on the loans payable.

Distributions

We make, at the sole discretion of our Investment Manager and contingent upon the availability of funds, semi-annual cash distributions to each Limited Partner computed at 3% (pro-rated to the date of admission for each Limited Partner) of each Limited Partner’s capital contribution which began six months after our initial closing, which occurred on May 2, 2011. We expect to make distributions to our Limited Partners through the Operating Period. During the three months ended March 31, 2016, we did not make any distributions to our Limited Partners. We did not make a cash distribution to the General Partner during the three months ended March 31, 2016; however, we accrued approximately $127,600 for distributions due to the General Partner at March 31, 2016. Although the timing of distributions may become irregular, we intend to follow the semi-annual distribution schedule at the targeted distribution rate provided the cash from operations can sustain the distributions.

Commitments and Contingencies and Off-Balance Sheet Transactions

Commitment and Contingencies

Our income, losses and distributions are allocated 99% to our Limited Partners and 1% to our General Partner until the Limited Partners have received total distributions equal to each Limited Partner’s capital contribution plus an 8%, compounded annually, cumulative return on each Limited Partner’s capital contribution. After such time, income, losses and distributions will be allocated 80% to our Limited Partners and 20% to our General Partner.

We enter into contracts that contain a variety of indemnifications. Our maximum exposure under these arrangements is not known.

In the normal course of business, we enter into contracts of various types, including lease contracts, contracts for the sale or purchase of lease assets, and management contracts. It is prevalent industry practice for most contracts of any significant value to include provisions that each of the contracting parties, in addition to assuming liability for breaches of the representations, warranties, and covenants that are part of the underlying contractual obligations, to also assume an obligation to indemnify and hold the other contractual party harmless for such breaches, and for harm caused by such party’s gross negligence and willful misconduct, including, in certain instances, certain costs and expenses arising from the contract. Generally, to the extent these contracts are performed in the ordinary course of business under the reasonable business judgment of our General Partner and our Investment Manager, no liability will arise as a result of these provisions. Our General Partner and our Investment Manager knows of no facts or circumstances that would make our contractual commitments outside standard mutual covenants applicable to commercial transactions between businesses. Accordingly, we believe that these indemnification obligations are made in the ordinary course of business as part of standard commercial and industry practice, and that any potential liability under our similar commitments is remote. Should any such indemnification obligation become payable, we would separately record and/or disclose such liability in accordance with accounting principles generally accepted in the United States of America.

Off-Balance Sheet Transactions

None.

Contractual Obligations

We make, at the sole discretion of our Investment Manager and contingent upon the availability of funds, semi-annual cash distributions to each limited partner computed at 3% (pro-rated to the date of admission for each limited partner) of each limited partner's capital contribution which began six months after our initial closing, which occurred on May 2, 2011. We expect to make distributions to our Limited Partners through the Liquidation Period.

Subsequent Events

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There are no material changes to the disclosures related to these items since we filed our Annual Report on Form 10-K dated December 31, 2015.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, our General Partner and Investment Manager carried out an evaluation, under the supervision and with the participation of the management of our General Partner and Investment Manager, including its Chief Executive Officer, of the effectiveness of the design and operation of our General Partner's and Investment Manager's disclosure controls and procedures as of the end of the period covered by this Report pursuant to the Securities Exchange Act of 1934. Based on the foregoing evaluation, the Chief Executive Officer concluded that our General Partner's and Investment Manager's disclosure controls and procedures were effective.

In designing and evaluating our General Partner's and Investment Manager's disclosure controls and procedures, our General Partner and Investment Manager recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our General Partner's and Investment Manager's disclosure controls and procedures have been designed to meet reasonable assurance standards. Disclosure controls and procedures cannot detect or prevent all error and fraud. Some inherent limitations in disclosure controls and procedures include costs of implementation, faulty decision-making, simple error and mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all anticipated and unanticipated future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with established policies or procedures.

Evaluation of internal control over financial reporting

Our General Partner is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our General Partner and our Investment Manager have assessed the effectiveness of their internal control over financial reporting as of March 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control—Integrated Framework."

Based on their assessment, our General Partner and our Investment Manager believe that, as of March 31, 2016, its internal control over financial reporting is effective.

Changes in internal control over financial reporting

There were no additional material changes in our General Partner's or our Investment Manager's internal control over financial reporting during the quarter ended March 31, 2016, that materially affected, or are reasonably likely to materially affect, their internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not aware of any material legal proceedings that are currently pending against us or against any of our assets.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K dated December 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Our Registration Statement on Form S-1, as amended, was declared effective by the SEC on March 17, 2011. Our Offering Period commenced on March 17, 2011 and ended on March 15, 2013. During the Offering Period, we admitted a total of 375 investors as Limited Partners, including a $100,000 investment on March 15, 2013 by the Investment Manager, received total capital contributions of $27,861,100 and issued a total of 27,861.10 Units.

During the Offering Period we paid organizational and offering expenses totaling $999,119 and distribution expense to SQN Securities, LLC totaling $555,222. Due to our not achieving certain equity raising milestones during the Offering Period our General Partner and/or the Investment Manager are required to reimburse us organizational and offering expenses of $441,897. At March 15, 2013, organizational and offering expenses were limited to $557,222 or 2% of total equity raised.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safely Disclosures

Not applicable.

Item 5. Other Information

Item 6. Exhibits

31.1 Certification of President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Accounting Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of President and Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Accounting Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 Interactive Data Files

SIGNATURES

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

File No. 333-166195
SQN AIF III GP, LLC
General Partner of the Registrant

May 16, 2016

/s/ *Jeremiah Silkowski*

Jeremiah Silkowski
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.1

CERTIFICATION

I, Jeremiah Silkowski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SQN Alternative Investment Fund III L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2016

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Claudine Aquillon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SQN Alternative Investment Fund III L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2016

/s/ Claudine Aquillon

Claudine Aquillon
Chief Accounting Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SQN Alternative Investment Fund III L.P. (the "Company") on Form 10-Q for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the undersigned, Jeremiah Silkowski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: May 16, 2016

/s/ Jeremiah Silkowski

Jeremiah Silkowski
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SQN Alternative Investment Fund III L.P. (the “Company”) on Form 10-Q for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, the undersigned, Claudine Aquillon, Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: May 16, 2016

/s/ Claudine Aquillon

Claudine Aquillon
Chief Accounting Officer
(Principal Financial Officer)