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AMENDED AND RESTATED

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2000

Department of the Treasury
Internal Revenue Service

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

Open to Public Inspection

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2000 calendar year, OR tax year period beginning **04/01**, 2000, and ending **03/31/2001**

- B Check if applicable:
- Change of address
 - Change of name
 - Initial return
 - Final return

C Name of organization
IN-Q-TEL, INC

Number and street (or P O box if mail is not delivered to street address) Room/suite
P.O. BOX 12407

City or town, state or country and ZIP code
ARLINGTON, VA 22219

D Employer identification number
52-2149962

E Telephone number
(703) 248-3000

F Check application pending

G Organization type (check only one) 501(c)(3) (insert no.) 527 OR 4947(a)(1)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

- Note: (H and I are not applicable to section 527 orgs.)
- H(a) Is this a group return for affiliates? Yes No
- H(b) If Yes, enter number of affiliates **N/A**
- H(c) Are all affiliates included? (If No, attach a list. See inst.) Yes No
- H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
- I Enter 4-digit group exemption no. (GEN) **N/A**
- L Check this box if the organization is not required to attach Schedule B (Form 990 or 990-EZ)

J Accounting method Cash Accrual Other (specify) **▶**

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16)

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a			
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c	27,855,619		
	d	Total (add lines 1a through 1c) (cash \$ 27,855,619 noncash \$ NONE)	1d		27,855,619	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4			
	5	Dividends and interest from securities	5			
	6a	Gross rents	6a			
	b	Less rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe ▶)	7				
8a	Gross amount from sales of assets other than inventory STMT 1A	(A) Securities	8a			
		(B) Other	8a	7,600		
		Less cost or other basis and sales expenses	8b	61,521		
		Gain or (loss) (attach schedule)	8c	-53,921		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		-53,921		
9	Special events and activities (attach schedule)					
a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a				
b	Less direct expenses other than fundraising expenses	9b				
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c				
10a	Gross sales of inventory less returns and allowances	10a				
		b	Less cost of goods sold	10b		
		c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
11	Other revenue (from Part VII, line 103)	11				
12	Total revenue (add lines 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		27,801,698		
Expenses	13	Program services (from line 2, column (B))	13		17,905,512	
	14	Management and general (from line 44, column (C))	14		6,958,685	
	15	Fundraising (from line 44, column (D))	15			
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses (add lines 16 and 44, column (A))	17		24,864,197	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		2,937,501	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		1,000,000	
	20	Other changes in net assets or fund balances (attach explanation) STMT 2	20		-1,290,000	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		2,647,501	

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For Paperwork Reduction Act Notice, see page 1 of the separate instructions

Form 990 (2000)

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 20.)

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc, 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions and meetings, 41 Interest, 42 Depreciation, depletion, etc, 43 Other expenses (itemize), 44 Total functional expenses.

Reporting of Joint Costs Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation? Yes [] No [X]
If "Yes" enter (i) the aggregate amount of these joint costs \$ N/A (ii) the amount allocated to Program services \$ N/A (iii) the amount allocated to Management and general \$ N/A and (iv) the amount allocated to Fundraising \$ N/A

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 23)

What is the organization's primary exempt purpose? SEE STATEMENT 4
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)
a SEE STATEMENT 4 (Grants and allocations \$) 17,905,512.
b (Grants and allocations \$)
c (Grants and allocations \$)
d (Grants and allocations \$)
e Other program services (attach schedule) (Grants and allocations \$)
f Total of Program Service Expenses (should equal line 44 column (B) Program services) 17,905,512.

Part IV Balance Sheets (See Specific Instructions on page 23)

Note		Where required attached schedules and amounts within the description column should be for end-of-year amounts only		(A) Beginning of year		(B) End of year	
Assets	45	Cash - non-interest-bearing			45		
	46	Savings and temporary cash investments		12,692,289.	46	20,174,359.	
	47a	47a	STMT 1 303,310.				
	b	47b	Less allowance for doubtful accounts	2,110,748.	47c	303,310.	
	48a	48a	Pledges receivable				
	b	48b	Less allowance for doubtful accounts		48c		
	49	Grants receivable			49	3,270,000.	
	50	Receivables from officers directors trustees, and key employees (attach schedule)			50		
	51a	51a	Other notes and loans receivable (attach schedule)				
	b	51b	Less allowance for doubtful accounts		51c		
	52	Inventories for sale or use			52		
	53	Prepaid expenses and deferred charges		193,294.	53	448,930.	
	54	Investments - securities (attach schedule) STMT 5 <input type="checkbox"/> Cost <input type="checkbox"/> FMV		1,000,000.	54	2,647,501.	
	Liabilities	55a	55a	Investments - land, buildings and equipment basis			
b		55b	Less accumulated depreciation (attach schedule)		55c		
56		Investments - other (attach schedule)			56		
57a		57a	Land, buildings, and equipment basis	2,885,137.			
b		57b	Less accumulated depreciation (attach schedule) STMT 2A	744,888	57c	2,140,249	
58		Other assets (describe ► SEE STATEMENT 6)		68,562.	58	51,893.	
59		Total assets (add lines 45 through 58) (must equal line 74)		16,684,932.	59	29,036,242.	
60		Accounts payable and accrued expenses		4,193,074.	60	4,356,190.	
61		Grants payable			61		
62		Deferred revenue		11,491,858.	62	22,032,551.	
Net Assets or Fund Balances	63	Loans from officers directors trustees and key employees (attach schedule)			63		
	64a	Tax exempt bond liabilities (attach schedule)			64a		
	b	Mortgages and other notes payable (attach schedule)			64b		
	65	Other liabilities (describe ►)			65		
	66	Total liabilities (add lines 60 through 65)		15,684,932.	66	26,388,741.	
	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74						
	67	Unrestricted		1,000,000.	67	2,647,501.	
	68	Temporarily restricted			68		
69	Permanently restricted			69			
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74							
70	Capital stock trust principal or current funds			70			
71	Paid-in or capital surplus or land, building, and equipment fund			71			
72	Retained earnings, endowment accumulated income, or other funds			72			
73	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72, column (A) must equal line 19 and column (B) must equal line 21)		1,000,000.	73	2,647,501.		
74	Total liabilities and net assets/fund balances (add lines 66 and 73)		16,684,932.	74	29,036,242.		

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See Specific Instructions on page 26)

Table with columns for question number, question text, and Yes/No columns. Includes questions 76 through 92 regarding organizational activities, financials, and tax status.

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 30)

Enter gross amounts unless otherwise indicated

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-53,921.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))				-53,921.	
105 Total (add line 104, columns (B), (D), and (E))					-53,921.

Note Line 105 plus line 1d Part I should equal the amount on line 12 Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 31)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	N/A

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 31)

(A) Name, address and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 31)

(a) Did the organization during the year, receive any funds directly or indirectly, to pay premiums on a personal benefit contract?

Yes No

(b) Did the organization during the year, pay premiums, directly or indirectly on a personal benefit contract?

Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. (Important: See General Instruction W on page 14.)

Signature of officer: Michael E. Tyrrell Date: 1/9/03 Type of print name and title: Michael E. Tyrrell, VP & CFO

Paid Preparer's Use Only

Preparer's signature: [Signature] Date: 8/11/03 Check if self-employed: Preparer's SSN or PTIN: 229-17-1756

Firm's name (or yours if self-employed) and address and ZIP code: PRICEWATERHOUSECOOPERS LLP
1301 K STREET NW, SUITE 800W
WASHINGTON, DC 20005-3333 EIN: 13-4008324 Phone no: 202-414-1000

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k)
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust
Supplementary Information - (See separate instructions.)

OMB No 1545-0047

2000

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

IN-Q-TEL, INC.

Employer identification number

52-2149962

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one If there are none, enter "None")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
SEE STATEMENTS 9 & 9A		400,899.	40,570.	1,720.
Total number of other employees paid over \$50,000 ▶	4			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 1 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
OPEN GIS CONSORTIUM, INC WAYLAND, MA	TECHNOLOGY PROGRAM DEVELOPMENT	2,400,000.
SCIENCE APPLICATIONS INTERNATIONAL SAN DIEGO, CA	TECHNOLOGY PROGRAM DEVELOPMENT	4,445,913.
BUSINESS PERFORMANCE MGMT, INC. CHEVY CHASE, MD	TECHNOLOGY PROGRAM MANAGEMENT	2,199,332.
TASC READING, MA	TECHNOLOGY PROGRAM DEVELOPMENT	1,300,244.
SYSTEM RESEARCH & APPLICATION CORP. FAIRFAX, VA	TECHNOLOGY PROGRAM DEVELOPMENT	1,702,000.
Total number of others receiving over \$50,000 for professional services ▶	3	

Part III Statements About Activities

	Yes	No
1 During the year has the organization attempted to influence national state or local legislation including any attempt to influence public opinion on a legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	1	X
2 During the year has the organization either directly or indirectly engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary		
a Sale, exchange, or leasing of property?	2a	X
b Lending of money or other extension of credit?	2b	X
c Furnishing of goods, services, or facilities? SEE STATEMENT 7	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? FORM 990, PART V	2d	X
e Transfer of any part of its income or assets? If the answer to any question is "Yes" attach a detailed statement explaining the transactions	2e	X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.?	3	X
4a Do you have a section 403(b) annuity plan for your employees?	4a	X
b Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See page 2 of the instructions.)		

Part IV Reason for Non-Private Foundation Status (See pages 2 through 5 of the instructions)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i)
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 5.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii)
- 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v)
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6) if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

Part IVA Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting.

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 1999	(b) 1998	(c) 1997	(d) 1996	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	4,000,000.	22600000.	NONE	NONE	26600000.
16 Membership fees received					
17 Gross receipts from admissions merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose					
18 Gross income from interest dividends amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	282,242.	NONE			282,242.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	4,282,242	22600000	NONE	NONE	26882242.
24 Line 23 minus line 17	4,282,242.	22600000.	NONE	NONE	26882242.
25 Enter 1% of line 23	42,822	226,000	NONE	NONE	

26 Organizations described in lines 10 or 11	a Enter 2% of amount in column (e) line 24	▶ 26a	537,645.
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1996 through 1999 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts		▶ 26b	
c Total support for section 509(a)(1) test. Enter line 24 column (e)		▶ 26c	26882242.
d Add Amounts from column (e) for lines 18 282,242. 19 _____ 22 _____ 26b _____		▶ 26d	282,242.
e Public support (line 26c minus line 26d total)		▶ 26e	26600000.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		▶ 26f	98.9501 %

27 Organizations described on line 12	a For amounts included in lines 15, 16 and 17 that were received from a disqualified person attach a list (which is not open to public inspection) to show the name of and total amounts received in each year from each disqualified person. Enter the sum of such amounts for each year	(1999) _____ (1998) _____ (1997) _____ (1996) _____	NOT APPLICABLE
b For any amount included in line 17 that was received from a nondisqualified person attach a list to show the name of and amount received for each year that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000 (Include in the list organizations described in lines 5 through 11, as well as individuals.) After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year	(1999) _____ (1998) _____ (1997) _____ (1996) _____		
c Add Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____		▶ 27c	
d Add Line 27a total _____ and line 27b total _____		▶ 27d	
e Public support (line 27c total minus line 27d total)		▶ 27e	
f Total support for section 509(a)(2) test. Enter amount on line 23 column (e)		▶ 27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		▶ 27g	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		▶ 27h	%

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1996 through 1999 attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See page 5 of the instructions.)

Part V

Private School Questionnaire (See page 5 of the instructions)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

NOT APPLICABLE

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws other governing instrument or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If Yes, please describe if 'No,' please explain (If you need more space attach a separate statement) ----- ----- -----		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues brochures announcements, and other written communications to the public dealing with student admissions programs and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered 'No' to any of the above please explain (If you need more space attach a separate statement) ----- -----		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered 'Yes' to any of the above please explain (If you need more space attach a separate statement) ----- ----- -----		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered 'Yes' to either 34a or b please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975 2 C B 587, covering racial nondiscrimination? If No, attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 7 of the instructions)

(To be completed ONLY by an eligible organization that filed Form 5768)

NOT APPLICABLE

- Check here a if the organization belongs to an affiliated group
- Check here b if you checked "a" above and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	44	

Caution If there is an amount on either line 43 or line 44 you must file Form 4720

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below
See the instructions for lines 45 through 50 on page 9 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 9 of the instructions)

During the year did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (add lines c through h)

Yes	No	Amount
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	
<input type="checkbox"/>	X	

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

FOR THE TAX YEAR ENDED MARCH 31, 2001

FORM 990, PART IV, LINES 46 & 62

FOR THE REPORTING PERIOD ENDING MARCH 31, 2001, THE TAXPAYER WAS OBLIGATED TO UTILIZE ALL INTEREST EARNED ON CASH RECEIVED UNDER CONTRACT WITH THE CENTRAL INTELLIGENCE AGENCY FOR THE SUPPORT OF SCIENTIFIC RESEARCH OR EDUCATION IN PURSUIT OF THE TAXPAYER'S MISSION INTEREST IN THE AMOUNT OF \$1,181,312 WAS RECEIVED DURING THE REPORTING PERIOD AND HAS BEEN INCLUDED AS DEFERRED REVENUE ON THE BALANCE SHEET

FORM 990, PART I, LINE 8 - GAIN ON SALE OF SECURITIES & OTHER ASSETS

<u>Description</u>	<u>Cost</u>	<u>A/D</u>	<u>Cash Proceeds</u>	<u>Gain/ (Loss)</u>
OFFICE CUBICLES	\$ 66,669	\$ 7,582	\$ 6,000	\$ (53,087)
OFFICE FURNITURE	\$ 2,733	\$ 299	\$ 1,600	\$ (834)
	<u>\$ 69,402</u>	<u>\$ 7,881</u>	<u>\$ 7,600</u>	<u>\$ (53,921)</u>

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
UNREALIZED LOSS	1,290,000.
TOTAL	----- 1,290,000. =====

FORM 990, PART II, LINE 42 (DEPRECIATION) & LINE 57 (FIXED ASSETS)

COMPUTER EQUIPMENT	1,064,213
FURNITURE AND FIXTURES	234,756
LEASEHOLD IMPROVEMENTS	1,219,725
OFFICE EQUIPMENT	366,443
TOTAL	<u>2,885,137</u>
LESS ACCUMULATED DEPRECIATION	<u>(744,888)</u>
	<u>2,140,249</u>
DEPRECIATION EXPENSE	<u>582,404</u>

Depreciation is calculated for each asset using the straight-line method over the assets' useful lives.

FORM 990, PART II, LINE 43 - OTHER EXPENSES

DESCRIPTION	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL
DUES AND SUBSCRIPTIONS	18,036	3,810	14,226
PROFESSIONAL FEES	15207242	13872578	1,334,664
RECRUITING, HR, PLACEMENT FEES	284,612	25,000	259,612
INSURANCE	310,922	9,944	300,978
MISCELLANEOUS	9,623.	294	9,329
TEMPORARY HELP	4,153	1,456	2,697
LICENSES AND PERMITS	57,078	10,031	47,047
RESEARCH MATERIALS	39,543.	33,418	6,125
TOTALS	15931209	13956531.	1,974,678

March 31, 2001

Form 990, Part III, Statement of Program Service Accomplishments

In-Q-Tel, Inc is a private, independent non-profit 501(c)(3) corporation funded by the U S Central Intelligence Agency (CIA) Launched in February 1999¹, its mission is to identify and deliver cutting edge technologies that solve some of the most difficult problems facing the U S Intelligence Community (IC) In particular, In-Q-Tel's goal is to increase the CIA's access to new commercial technologies that have the potential to assist its critical national security missions

Identify new sources of technology in support of its mission: Working from a dynamic strategic blueprint that defines CIA's critical technology needs, In-Q-Tel reaches out to a wide variety of technology innovators, many of whom have traditionally not done business with the government In-Q-Tel engages with entrepreneurs, established companies, researchers, universities and venture capitalists to gain early access to new technology solutions and new ideas, and ultimately to deliver technologies that provide superior capabilities to the CIA

Leverage commercial technology in support of its mission: To achieve its goals, In-Q-Tel forges strategic relationships with innovative companies by using product development funding as well as approaches typically identified with the venture capital community, including equity investments By engaging at a strategic level as an investor In-Q-Tel gains early access to emerging technologies, and creates incentives for companies to put their best talent against solving the problems of the CIA and the IC Through work programs and market guidance, In-Q-Tel fosters the development of commercially viable technologies that also address critical mission challenges of the IC And by leveraging larger third party commercial investments, In-Q-Tel is able to *accelerate the development of needed technology, and ultimately reduce the overall cost to the CIA*

Through In-Q-Tel, and its ability to leverage commercial resources and markets, new technology solutions of value to the CIA can be fostered without the CIA funding the entire cost of developing, monitoring and updating the technology By engaging in these activities, In-Q-Tel is working to lessen the burdens of government by enabling the CIA to access, in a rapid and cost effective manner, cutting edge technology solutions today and in the future

Assistance in delivering technology solutions In-Q-Tel works directly with the In-Q-Tel Interface Center (QIC), a CIA office staffed by senior CIA personnel, which is responsible for transferring solutions into the CIA In-Q-Tel supports the QIC with subject matter expertise, technical assistance, solution transfers of technologies and technical trend assessments

Program Accomplishments

On March 31, 2001, In-Q-Tel completed its first full year of operations, identifying and delivering new technologies to support the critical missions of the CIA and Intelligence Community

During this period, In-Q-Tel, of the \$27,855,619 in revenue (ref Part I, line 1d), \$20,843,013 was expended on programs to identify, develop and deliver technologies to its customer

In furtherance of its exempt purposes, In-Q-Tel achieved the following

- 1) **Identified new sources of technology in support of its mission**
 - a Access to new technology As of March 31, 2001, In-Q-Tel has attracted and reviewed more than 640 business plans from technology companies, expanding CIA and the IC's visibility and access to new sources of technology innovation

¹ In-Q-Tel was first incorporated on February 17 1999 under the name "Peleus Inc" In July 1999 its name was changed to "In-Q-It Inc" and in January 2000 its name was changed to "In-Q Tel Inc"

- b Outreach In-Q-Tel conducted a wide ranging outreach program which included expanding its network of venture capital firms, targeted media coverage, participation in conferences, and maintaining a public web site
- c Technology Market Assessment In-Q-Tel executed comprehensive technology baseline research to provide a platform for technology sourcing, evaluation and investment Focused on key areas of technology interest as identified by the QIC and the Annual Problem Set, these studies also provide the CIA insight into commercial market developments, trends and opportunities to help assist in technology strategy and planning

2) Leveraged commercial technology in support of its mission:

- In-Q-Tel added 10 new technology companies to its portfolio of solution providers, increasing the total number to 14 These companies offer new technology capabilities focused on areas of interest to In-Q-Tel and funded strategic technology development projects and work

FORM 990, PART IV - INVESTMENTS - SECURITIES
=====

DESCRIPTION	ENDING BOOK VALUE
-----	-----
PREFERRED STOCK	2,460,001.
WARRANTS	187,500.
TOTALS	----- 2,647,501. =====

FORM 990, PART IV - OTHER ASSETS
=====

DESCRIPTION -----	ENDING BOOK VALUE -----
SECURITY DEPOSITS	51,893.

TOTALS	51,893.
	=====

SCHEDULE A, PART III - EXPLANATION FOR LINE 2C

=====

THE ORGANIZATION HAS ENTERED INTO SEVERAL CONTRACTS WITH OTHER ENTITIES WITH WHICH VARIOUS TRUSTEES ARE RELATED SUCH TRUSTEES RECUSED THEMSELVES FROM DECISIONS CONCERNING ANY ENTITIY WITH WHICH THEY ARE RELATED TO ENSURE THAT ALL CONTRACTS WERE NEGOTIATED ON AN ARM'S LENGTH BASIS AND APPROVED BY DISINTERESTED TRUSTEES.

Form 990 Part V List of Officers Directors Trustees and Key Employees

Name and Address	Title and average hours per week devoted to position	Compensation				Total Compensation	Contributions to employee benefit plans & deferred compensation (3)	Expense account and other allowances	
		Wages	Performance Bonus (1)	Trustee Fees (2)				Housing (4)	Other (5)
				1999	2000				
G. Louie c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	CEO & President 40 Hrs/Wk	312 250	34 808	N/A	N/A	N/A	16 771	80 000	2 940
S. Mendel c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Executive Vice President 30 Hrs/Wk	195 781	None	N/A	N/A	N/A	15 534	None	None
M. Seelbach c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President 40 Hrs/Wk	176 433	None	N/A	N/A	N/A	14 520	None	None
E. Kaufmann c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President 40 Hrs/Wk	137 894	None	N/A	N/A	N/A	15 418	None	None
M. Tyrrell c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	CFO & Vice President Finance 40 Hrs/Wk	67 346	None	N/A	N/A	N/A	4 213	None	313
L. Gerstemeier c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	CFO & Vice President 40 Hrs/Wk	67 056	7 442	N/A	N/A	N/A	4 544	None	548
R. Richard c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Chief Operating Officer 40 Hrs/Wk	28 846	None	N/A	N/A	N/A	1 537	None	275
B. Adams c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President Legal Affairs 5 Hrs/Wk	None	None	N/A	N/A	N/A	None	None	None
C. Hillier c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Chief Strategic Officer 40 Hrs/Wk	124 654	10 177	N/A	N/A	N/A	12 942	None	1 832
A. Hillier c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Interim Chief Operating Officer 40 Hrs/Wk	117 654	None	N/A	N/A	N/A	7 235	None	None
D. Hrynkiwki c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Assoc Vice President Technology 40 Hrs/Wk	104 148	None	N/A	N/A	N/A	2 346	None	None

(1) Bonus period February 1999 to December 1999, prorated for length of service
(2) See Statement 9A (Board of Trustee Compensation)
(3) See Statement 9A (Benefits) for description of benefit plans included in this column
(4) For living expenses incurred in support of In-Q Tel's bi-coastal operations
(5) Commuter benefits See Statement 9A (Benefits)

Form 990 Part V List of Officers, Directors Trustees and Key Employees (continued)

Name and Address	Title and average hours per week devoted to position	Wages	Performance Bonus (1)	Compensation			Total Compensation	Contributions to employee benefit plans & deferred compensation (3)	Expense account and other allowances						
				1999	2000	2001			Housing (4)	Other (5)					
L. Aull c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Chairman Board of Trustees & Committee Chairman 15 Hrs/Quarter	N/A	N/A	16 548	40 000	10 000	66 548	N/A	N/A	N/A					
P. Kaminski c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Vice President 15 Hrs/Quarter	N/A	N/A	32 363	37 500	9 375	79 238	N/A	N/A	N/A					
N. Augustine c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Secretary 15 Hrs/Quarter	N/A	N/A	Waived	Waived	Waived	Waived	N/A	N/A	N/A					
J. Kim c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Treasurer 15 Hrs/Quarter	N/A	N/A	Waived	Waived	Waived	Waived	N/A	N/A	N/A					
M. Crow c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice Chairman Board of Trustees 15 Hrs/Quarter	N/A	N/A	32 363	37 500	9 375	79 238	N/A	N/A	N/A					
J. Seely Brown c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	17 452	35 000	8 750	61 202	N/A	N/A	N/A					
S. Friedman c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Assistant Treasurer 15 Hrs/Quarter	N/A	N/A	Waived	Waived	Waived	Waived	N/A	N/A	N/A					
A. Mandi c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	Waived	Waived	Waived	Waived	N/A	N/A	N/A					
J. McMahon c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	Waived	Waived	Waived	Waived	N/A	N/A	N/A					
W. Perry c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	30 205	35 000	8 750	73 955	N/A	N/A	N/A					
Total							1 332 062	52 427	128 931	185 000	48 250	1 744 670	95 090	60 000	5 908

(1) Bonus period February 1999 to December 1999 prorated for length of service
 (2) See Statement 9A (Board of Trustee Compensation)
 (3) See Statement 9A (Benefits) for description of benefit plans included in this column
 (4) For living expenses incurred in support of In Q Tel's bi-coastal operations
 (5) Commuter benefits See Statement 9A (Benefits)

FORM 990. Schedule A, Part I - Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

Name and Address	Title and average hours per week devoted to position	Compensation			Contributions to employee benefit plans & deferred compensation (1)	Expense account and other allowances (2)
		Wages	Bonus	Total Compensation		
T Quan c/o In-Q-Tel, Inc PO Box 12407 Arlington, VA 22219	Senior Analyst 40 Hrs/Wk	111,433	825	112,258	10,056	None
J Lambert c/o In-Q-Tel, Inc PO Box 12407 Arlington VA 22219	Dir of Technology Infrastructure 40 Hrs/Wk	85,427	None	85,427	10,469	641
C Roesch c/o In-Q-Tel, Inc PO Box 12407 Arlington VA 22219	Assoc Vice President, Technology 40 Hrs/Wk	72,977	None	72,977	3,607	None
S Parafina c/o In-Q-Tel Inc PO Box 12407 Arlington, VA 22219	Senior Program Manager 40 Hrs/Wk	68,529	None	68,529	7,408	89
L Roderiques c/o In-Q-Tel Inc PO Box 12407 Arlington VA 22219	Human Resources Manager 40 Hrs/Wk	61,708	None	61,708	9,030	990
	Total	400,074	825	400,899	40,570	1,720

(1) See Statement 9A (Benefits) for description of benefit plans included in this column

(2) Commuter benefits See Statement 9A (Benefits)



For the Tax Year Ending March, 31, 2001**Form 990, Part V and Schedule A, Part I – Compensation of Officers, Trustees, Key Employees and Five Highest Paid Employees**

In-Q-Tel's mission is to deliver leading-edge information technologies to the CIA and the Intelligence Community by investing in technologies that are beneficial to the security of the United States. In order to effectively perform this job, In-Q-Tel hires employees with highly differentiated skills and credentials. In-Q-Tel must attract, retain and reward employees (based on performance) from the industries and talent pools aligned with the mission of In-Q-Tel. This requires a mix of employees from the private equity, financial services, high technology and general industry markets. Compensation programs and policies necessarily are modeled after those found in these markets. The highly specialized talents necessary to meet the needs of the business are typically not found in other not-for-profit organizations.

As a non-profit 501(c)(3) organization, In-Q-Tel is responsible under Internal Revenue Code of 1986, as amended ("Code")¹, to pay reasonable compensation to In-Q-Tel's employees and to avoid any "excess benefit transactions"

In fulfilling its obligations under the Code, the compensation plan was developed to pay appropriately and in doing so incentivize employees to perform to achieve mission goals. The Human Resources and Compensation Committee of the Board of Trustees is responsible for the ongoing oversight over the administration of compensation at In-Q-Tel.

Compensation Programs

In-Q-Tel's compensation as reported for this Reporting Period consisted of

- Base Salary (annual increases are based on survey market data and individual performance)
- Annual Incentive Program (based solely on performance)

In addition, during this Reporting Period, In-Q-Tel was in the final stages of the development of a long-term employee investment program, on an after-tax basis, to be competitive with industries where we compete for talent. The initial implementation of such plan will occur in a subsequent Reporting Period.

¹ As provided under section 4958 of the Code

Base Salary

Base salary is determined based on relevant market data in appropriate industries and reviewed by independent outside consultants

Annual Incentive Plan

Purpose: The annual incentive plan is based solely on performance. It is designed to focus, motivate and reward In-Q-Tel employees for the achievement of specific annual goals and outcomes that advance the success of In-Q-Tel in carrying out its mission for the CIA and the Intelligence Community

Employees have a "target" bonus based on market survey data for comparable positions in comparable industries. An employee's annual incentive is tied to performance and is based on an annual "Performance Score" which rates In-Q-Tel's overall performance, and a scoring of the individual's performance.

In-Q-Tel's score is based on the Company's achievements during the relevant fiscal year as determined by the Board of Trustees and advised by an annual review provided by the CIA's In-Q-Tel Interface Center. Individual scores are recommended by the employee's manager, and approved by Human Resources and the President/CEO (in the case of the President/CEO, by the Board of Trustees).

Benefits

The Company offers medical insurance, life insurance, short and long-term disability, a 401(k) safe harbor plan and commuter benefits.

Board of Trustees Compensation

Trustees fees paid in this Reporting Period were paid pursuant to a plan approved by a Committee of Trustees (whose members have waived compensation), with advice of outside compensation consultants and legal counsel as to reasonableness. In addition to the members of the committee, several other Trustees have waived compensation.

t

For **8868**

(December 2000)

Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1708

► File a separate application for each return

• If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form)

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041

Type or print	Name of Exempt Organization IN-Q-TEL, INC.	Employer identification number 52-2149962
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a PO box, see instructions 555 12TH STREET, NW, SUITE 300	
	City, town or post office state, and ZIP code. For a foreign address, see instructions WASHINGTON, D.C. 20004	

Check type of return to be filed (file a separate application for each return):

- | | | |
|----------------------------------------------|------------------------------------------------------------------|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover

- 1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until NOVEMBER 15, 20 01, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- calendar year 20 ____ or
- tax year beginning APRIL 1, 20 00, and ending MARCH 31, 20 01

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ N/A

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ N/A

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions \$ 0

Signature and Verification

Under penalties of perjury I declare that I have examined this form including accompanying schedules and statements and to the best of my knowledge and belief it is true correct, and complete and that I am authorized to prepare this form

Signature ► Bala J... Title ► CPA Date ► 8/13/01

For Paperwork Reduction Act Notice, see instruction

Form 8868 (12-2000)