

Form **990**

Return of Organization Exempt From Income Tax

(OMB No. 1545-0047)

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2001

Open to Public Inspection

Department of the Treasury
 Internal Revenue Service

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

A For the 2001 calendar year, or tax year beginning 04/01, 2001, and ending 03/31/2002

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input checked="" type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization IN-Q-TEL, INC Number and street (or P O box) Room/suite PO BOX 12407 City or town, state or country, and ZIP + 4 ARLINGTON, VA 22219	D Employer identification number 52-2149962 E Telephone number (703) 248-3000 F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

H and **I** are not applicable to section 527 organizations

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? Yes No (If No attach a list See instructions)

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

I Enter 4-digit GEN ▶ N/A

M Check if the organization is not required to attach Sch B (Form 990 990-EZ or 990-PF)

G Web site ▶ HTTP // IN-Q-TEL.ORG

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

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

L Gross receipts Add lines 6b 8b 9b and 10b to line 12 ▶ 30,826,087

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
		d	Total (add lines 1a through 1c) (cash \$ <u>30,988,071</u> noncash \$ <u>NONE</u>)	1d
		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
		6b	Less rental expenses	6b
	6c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	
	7	Other investment income (describe ▶ <u>STMT 2</u>)	7	
	8a	Gross amount from sales of assets other than inventory (A) Securities (B) Other	8a	
	8b	Less cost or other basis and sales expenses	8b	
	8c	Gain or (loss) (attach schedule)	8c	
	8d	Net gain or (loss) (combine line 8c columns (A) and (B))	8d	
	9	Special events and activities (attach schedule)		
	9a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	
	9b	Less direct expenses other than fundraising expenses	9b	
	9c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	
	10a	Gross sales of inventory, less returns and allowances	10a	
	10b	Less cost of goods sold	10b	
	10c	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 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	
	13	Program services (from line 44, column (B))	13	
	14	Management and general (from line 44 column (C))	14	
	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	
	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	
	19	Net assets or fund balances at beginning of year (from line 73 column (A))	19	
	20	Other changes in net assets or fund balances (attach explanation) <u>STMT 3</u>	20	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	

For Paperwork Reduction Act Notice, see the separate instructions

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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 21.)

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 not covered above, 44 Total functional expenses.

Joint Costs Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ (ii) the amount allocated to Program services \$ _____

(iii) the amount allocated to Management and general \$ _____ and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 24)

What is the organization's primary exempt purpose? STMT 5

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.)

Program Service Expenses (Required for 501(c)(3) and (4) orgs and 4947(a)(1) trusts but optional for others)

Table with 2 columns: Description, Program Service Expenses. Rows include: a SEE STATEMENT 5, b (Grants and allocations \$ 20,274,536), c (Grants and allocations \$), d (Grants and allocations \$), e Other program services, f Total of Program Service Expenses (should equal line 44, column (B), Program services) 20,274,536

Part IV Balance Sheets (See Specific Instructions on page 24)

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	STMT 1	20,174,359	46 19,431,368
	47a Accounts receivable	47a NONE		
	b Less allowance for doubtful accounts	47b	303,310	47c NONE
	48a Pledges receivable	48a		
	b Less allowance for doubtful accounts	48b		48c
	49 Grants receivable		3,270,000	49 9,440,000
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50
	51a Other notes and loans receivable (attach schedule)	STMT 6	51a 75,354	
	b Less allowance for doubtful accounts	51b		NONE 51c 75,354
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		448,930	53 315,962
	54 Investments - securities (attach schedule)	STMT 7 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,647,501	54 4,424,477
	55a Investments - land, buildings, and equipment basis	55a		
b Less accumulated depreciation (attach schedule)	55b		55c	
56 Investments - other (attach schedule)	STMT 8		NONE 56 36,498	
57a Land, buildings and equipment basis	57a	3,078,892		
b Less accumulated depreciation (attach schedule)	STMT 3A	57b 1,581,495	2,140,249 57c 1,497,397	
58 Other assets (describe <input type="checkbox"/> STMT 9)		51,893	58 29,562	
59 Total assets (add lines 45 through 58) (must equal line 74)		29,036,242	59 35,250,618	
Liabilities	60 Accounts payable and accrued expenses		4,356,190	60 5,329,820
	61 Grants payable			61
	62 Deferred revenue	STMT 1	22,032,551	62 25,258,305
	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 <input type="checkbox"/>)			65	
66 Total liabilities (add lines 60 through 65)		26,388,741	66 30,588,125	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted		2,647,501	67 4,662,493
	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)		2,647,501	73 4,662,493	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)		29,036,242	74 35,250,618	

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 IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 26)

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total revenue, gains and other support per audited financial statements ▶	a	30,988,071
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$ _____		
(2)	Donated services and use of facilities \$ _____		
(3)	Recoveries of prior year grants \$ _____		
(4)	Other (specify) _____		
	_____ \$ _____		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	30,988,071
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b Form 990 \$ _____		
(2)	Other (specify) _____		
	_____ \$ -161,984		
	Add amounts on lines (1) and (2) ▶	d	-161,984
e	Total revenue per line 12 Form 990 (line c plus line d) ▶	e	30,826,087

a	Total expenses and losses per audited financial statements ▶	a	26,968,772
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities \$ _____		
(2)	Prior year adjustments reported on line 20 Form 990 \$ _____		
(3)	Losses reported on line 20 Form 990 \$ _____		
(4)	Other (specify) _____		
	_____ \$ _____		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	26,968,772
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b Form 990 \$ _____		
(2)	Other (specify) _____		
	_____ \$ _____		
	Add amounts on lines (1) and (2) ▶	d	
e	Total expenses per line 17 Form 990 (line c plus line d) ▶	e	26,968,772

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see Specific Instructions on page 26)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
SEE STATEMENTS 10A & 10B		3,021,131	110,289	125,708

75 Did any officer director, trustee or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
 If "Yes" attach schedule - see Specific Instructions on page 27

Part VI Other Information (See Specific Instructions on page 27)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes" attach a detailed description of each activity		X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes" attach a conformed copy of the changes		X
78 a Did the organization have unrelated business gross income of \$1 000 or more during the year covered by this return? b If "Yes" has it filed a tax return on Form 990-T for this year?		X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes" attach a statement		X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other exempt or nonexempt organization? b If "Yes" enter the name of the organization _____ and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		X
81 a Enter direct or indirect political expenditure See line 81 instructions	81 a	NONE
b Did the organization file Form 1120-POL for this year?	81 b	N/A
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82 a	N/A
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83 a	X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84 a	X
85 501(c)(4) (5), or (6) organizations a Were substantially all dues nondeductible by members? b Did the organization make only in-house lobbying expenditures of \$2 000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85 a	N/A
c Dues, assessments, and similar amounts from members	85 c	N/A
d Section 162(e) lobbying and political expenditures	85 d	N/A
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85 e	N/A
f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85 f	N/A
g Does the organization elect to pay the section 6033(e) tax on the amount in 85f?	85 g	N/A
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85 h	N/A
86 501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12 b Gross receipts, included on line 12 for public use of club facilities	86 a	N/A
87 501(c)(12) orgs Enter a Gross income from members or shareholders b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87 a	N/A
88 At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a 501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> NONE, section 4912 <input type="checkbox"/> NONE, section 4955 <input type="checkbox"/> NONE b 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes" attach a statement explaining each transaction c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/> NONE d Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/> NONE	89 a	NONE
90 a List the states with which a copy of this return is filed <input type="checkbox"/> CALIFORNIA b Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90 b	34
91 The books are in care of <input type="checkbox"/> IN-Q-TEL Telephone no <input type="checkbox"/> 703-248-3000 Located at <input type="checkbox"/> PO BOX 12407 ARLINGTON, VA ZIP + 4 <input type="checkbox"/> 22219		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 92 <input type="checkbox"/> N/A		

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)

Note: 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			18	-161,984	
100 Gain or (loss) from sales of assets other than inventory					
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))				-161,984	
105 Total (add line 104 columns (B), (D), and (E))					-161,984

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 32)

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 33)

(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 33)

(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.

Signature of officer: Michael E. Tyrrell Date: 9/08/03

Type or 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:

Firm's name (or yours if self-employed) address and ZIP + 4: PRICEWATERHOUSECOOPERS LLP
1301 K STREET, NW, 800W
WASHINGTON, DC 20005 20005

Preparer's SSN or PTIN (See Gen. Inst. V): 229-17-1756
 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

2001

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
<u>SEE STATEMENT 12 & 10B</u>		1,061,349	84,570	2,412
Total number of other employees paid over \$50,000 ▶	27			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 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
<u>STRATIFY, INC</u> <u>MOUNTAIN VIEW, CA</u>	TECHNOLOGY PROGRAM DEVELOPMENT	2,133,178
<u>SCIENCE APPLICATIONS INTERNATIONAL</u> <u>SAN DIEGO, CA</u>	TECHNOLOGY PROGRAM DEVELOPMENT	1,137,775
<u>ZAPLET, INC</u> <u>REDWOOD SHORES, CA</u>	TECHNOLOGY PROGRAM DEVELOPMENT	1,933,284
<u>SHER ASSOCIATES</u> <u>ROUND HILL, VA</u>	TECHNOLOGY PROGRAM MGMT. / SECURITY CONSULTING	895,712
<u>ARNOLD & PORTER</u> <u>WASHINGTON, DC</u>	LEGAL	789,277
Total number of others receiving over \$50,000 for professional services ▶	28	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ

Schedule A (Form 990 or 990-EZ) 2001

Part III Statements About Activities (See page 2 of the instructions)

	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 legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amount on line 38, Part VI-A or line 1 or Part VI-B) 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.		X
2 During the year has the organization either directly or indirectly engaged in any of the following acts with any substantial contributors, 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? (If the answer to any question is "Yes" attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?	X	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? FORM 990, PART V	X	
e Transfer of any part of its income or assets?		X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)		X
4 Do you have a section 403(b) annuity plan for your employees?		X

STMT 11

Note: 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.

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 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.)
- 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.)
- 11 a 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.)
- 11 b 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 6 of the instructions.)

Part IV-A 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) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28)	36,100,000	4,000,000	22,600,000	NONE	62,700,000
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related 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	1,181,312	282,242	NONE	NONE	1,463,554
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	37,281,312	4,282,242	22,600,000	NONE	64,163,554
24 Line 23 minus line 17	37,281,312	4,282,242	22,600,000	NONE	64,163,554
25 Enter 1% of line 23	372,813	42,822	226,000	NONE	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e) line 24				▶ 26a 1,283,271
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.					▶ 26b
c Total support for section 509(a)(1) test. Enter line 24 column (e).					▶ 26c 64163554
d Add Amounts from column (e) for lines 18 1,463,554 19 _____ 22 _____ 26b _____					▶ 26d 1,463,554
e Public support (line 26c minus line 26d total)					▶ 26e 62700000
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					▶ 26f 97.7190 %
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of and total amounts received in each year from each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year.				
(2000) _____ (1999) _____ (1998) <u>NOT APPLICABLE</u> (1997) _____					
b For any amount included in line 17 that was received from each person (other than "disqualified persons") prepare a list for your records 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.) Do not file this list with your return. 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.					
(2000) _____ (1999) _____ (1998) _____ (1997) _____					
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 1997 through 2000, prepare a list for your records to show for each year the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 7 of the instructions)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

Table with 3 columns: Question Number, Question Text, and Yes/No columns. Rows include questions 29 through 35 regarding racial nondiscrimination policies, financial aid, and organizational compliance.

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed ONLY by an eligible organization that filed Form 5768) NOT APPLICABLE

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

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred)			
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 11 of the instructions)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(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 12 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	Yes	No	Amount
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h)		X	
c Media advertisements		X	
d Mailings to members legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (add lines c through h)			

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

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of

- (i) Cash
(ii) Other assets

b Other transactions

- (i) Sales or exchanges of assets with a noncharitable exempt organization
(ii) Purchases of assets from a noncharitable exempt organization
(iii) Rental of facilities, equipment, or other assets
(iv) Reimbursement arrangements
(v) Loans or loan guarantees
(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

Table with 3 columns: Question, Yes, No. Rows include 51a(i), a(ii), b(i), b(ii), b(iii), b(iv), b(v), b(vi), and c.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. First row contains 'N/A'.

52a Is the organization directly or indirectly affiliated with or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. First row contains 'N/A'.

FOR THE TAX YEAR ENDED MARCH 31, 2002

FORM 990, PART IV, LINES 46 & 62

FOR THE REPORTING PERIOD ENDING MARCH 31, 2002, 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 \$772,171 WAS RECEIVED DURING THE REPORTING PERIOD AND HAS BEEN INCLUDED AS DEFERRED REVENUE ON THE BALANCE SHEET

FORM 990, PART I - OTHER INVESTMENT INCOME
=====

DESCRIPTION

AMOUNT

LOSS ON EQUITY INVESTMENT IN IN-Q-TEL
EMPLOYEE FUND, LLC

-161,984.

TOTAL

-161,984.
=====

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES

=====

DESCRIPTION	AMOUNT
-----	-----
UNREALIZED LOSS	1,842,323
TOTAL	----- 1,842,323. =====

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

COMPUTER EQUIPMENT	1,145,654
FURNITURE AND FIXTURES	234,756
LEASEHOLD IMPROVEMENTS	1,328,807
OFFICE EQUIPMENT	369,675
TOTAL	<u>3,078,892</u>
LESS ACCUMULATED DEPRECIATION	<u>(1,581,495)</u>
	<u>1,497,397</u>
DEPRECIATION EXPENSE	<u>836,607</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	8,489.	4,198	4,291.
PROFESSIONAL FEES	10479989.	10343466.	136,523.
RECRUITING, HR, PLACEMENT FEES	290,571.		290,571.
INSURANCE	328,078.	16,785	311,293.
MISCELLANEOUS	5,035	-5.	5,040
TEMPORARY HELP	20,011.		20,011.
LICENSES AND PERMITS	75,761		75,761.
RESEARCH MATERIALS	206,392.	194,029.	12,363.
PROJECT EXPENSE	3,119,790.	3,119,790	
TOTALS	14534116	13678263	855,853

March 31, 2002

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: 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 leveraging of 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

As of March 31, 2002, In-Q-Tel completed more than two and a half years in full operation, identifying and delivering new technologies in support of its mission

During this reporting period, in response to the events of September 11, 2001, In-Q-Tel initiated or accelerated several specific technology projects to support mission activities for CIA and another IC organization In addition, In-Q-Tel's outreach to new sources of technology yielded approximately 1000 business plans for the period from September 11, 2001 through March 31, 2002, more than the number of plans received from inception to September 11, 2001 As an indicator of the reach of In-Q-Tel's effort, In-Q-Tel estimates that more than 75% of the companies submitting proposals had not done business with government before

During the reporting period, of the \$30,988,071 in revenue (ref Part I, line 1d), \$23,893,835 was focused on programs to identify, develop and deliver technologies to its customer

¹In-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 "

In furtherance of its exempt purposes, In-Q-Tel's achievements included the following

- 1) **Identified new sources of technology in support of its mission**
 - a Access to new technology Since inception, In-Q-Tel has attracted and reviewed approximately 1900 business plans from technology companies
 - b Outreach In-Q-Tel continued to build its outreach program which consists of networking with venture capital funds and public/private research institutions, as well as targeted media coverage and speaking events, and a public web site
Outreach accomplishments include
 - In-Q-Tel expanded its technology outreach network to include more than 200 venture funds, 31 corporations and 16 research initiatives
 - c Technology Market Assessment In-Q-Tel executed comprehensive technology baseline research to provide a platform for technology sourcing, evaluation and investment and provided insight into commercial market developments, trends and opportunities
 - d Academic Outreach To enhance In-Q-Tel's access to technologies developed in academia, In-Q-Tel initiated a program that identifies important technologies from the world's leading academic centers that can then be transferred into companies for commercial development and to the CIA and other members of the Intelligence Community
- 2) **Leveraged commercial technology to foster solutions in support of its mission**
 - a In-Q-Tel added 11 new technology companies to its portfolio of solution providers, increasing the total number of active companies to 21 These companies offer new technology capabilities in areas of In-Q-Tel's focus In total, In-Q-Tel's portfolio is estimated to leverage more than \$200M in private third party investments

Third Party Review

- 1 At the direction of the U S Congress, In-Q-Tel underwent an intensive third party review conducted by a Panel of the Business Executives for National Security (BENS), between fall 2000 and spring 2001

In its report, "Accelerating the Acquisition and Implementation of New Technologies for Intelligence The Report of the Independent Panel on the Central Intelligence Agency In-Q-Tel Venture," the Panel examined the In-Q-Tel business model, operational, employee compensation and financial considerations, technology issues, legal formation, intellectual property rights, and future challenges

The Panel's overall assessment of In-Q-Tel was that "the In-Q-Tel business model makes sense and its progress to date is impressive for a two-year-old venture In-Q-Tel should continue to serve as the CIA's 'technology accelerator' " (A complete copy of the report is available at www.bens.org)

- 2 In-Q-Tel has also been reviewed by the CIA's Office of the Inspector General Audit Staff and the Survey's and Investigation Staff of the House of Representatives Appropriations Committee

FORM 990, PART IV - OTHER NOTES AND LOANS RECEIVABLE

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=====
BORROWER. TWISTED SYSTEMS, INC.
ORIGINAL AMOUNT:          100,000
INTEREST RATE            8.000000
DATE OF NOTE             VAR
REPAYMENT TERMS:        EARLIER OF MARCH 4, 2003 OR ON DEMAND
SECURITY PROVIDED.      ALL ASSETS OF THE COMPANY
PURPOSE OF LOAN         PROVIDE SERVICES/DELIVERABLES (DEVELOPMENT AGREE.)
ENDING BALANCE DUE      ... .. 75,354.
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TOTAL ENDING OTHER NOTES AND LOANS RECEIVABLES 75,354.
=====

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FORM 990, PART IV - INVESTMENTS - SECURITIES

=====

DESCRIPTION	ENDING BOOK VALUE
-----	-----
PREFERRED STOCK	4,189,018.
COMMON STOCK	10,092.
WARRANTS - PREFERRED	117,002.
WARRANTS - COMMON	108,365.
TOTALS	----- 4,424,477. =====

FORM 990, PART IV - INVESTMENTS - OTHER

=====

DESCRIPTION -----	ENDING BOOK VALUE -----
INVESTMENT IN IN-Q-TEL EMPLOYEE FUND, LCC	36,498

TOTALS	36,498
	=====

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION	ENDING BOOK VALUE
-----	-----
SECURITY DEPOSITS	29,562.
TOTALS	----- 29,562. =====

FORM 990, PART IV-A - OTHER REVENUE ON RETURN BUT NOT ON BOOKS

DESCRIPTION	AMOUNT
LOSS ON EQUITY INVESTMENT IN IN-Q-TEL EMPLOYEE FUND, LLC	-161,984
TOTAL	-161,984.

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 (4)	Expense account and other allowances	
		Wages	Bonus (1)	Employee investment Program (Non-Cash) [EIP] (2)		Trustee Fees (3)			Housing (5)	Other (5)
				2000	2001					
G. Louie c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	CEO & President 40 Hrs/Wk	354,423	291,975	39,548	74,760 (7)	N/A	760,708	17,819	60,000	5,297
R. Richard c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Chief Operating Officer 40 Hrs/Wk	255,222	62,450	39,548	57,350	N/A	414,570	19,582	None	58,325
S. Mendel c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Executive Vice President 40 Hrs/Wk	248,516	84,809	33,898	56,073	N/A	423,296	16,488	None	None
E. Kaufmann c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President 40 Hrs/Wk	161,750	40,747	33,898	56,070	N/A	292,465	17,949	None	None
M. Tyrrell c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	CFO, Vice President, Finance & Treasurer 40 Hrs/Wk	175,915	18,063	33,898	56,070	N/A	284,948	7,948	None	1,072
M. Seelbach c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President 40 Hrs/Wk	97,082	38,074	33,898	4,942	N/A	173,998	6,464	None	None
B. Adams c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	General Counsel, Vice President & Secretary 40 Hrs/Wk	83,942	50,000	None	8,423	N/A	142,365	3,825	None	478
J. Dorman c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice President, Technology 40 Hrs/Wk	57,212	None	None	4,455	N/A	61,667	4,952	None	536
I. H. Zinski c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Associate Vice President, Technology 40 Hrs/Wk	175,996	22,400	28,249	46,725	N/A	273,370	15,464	None	None

(1) Includes performance signing and stay bonuses. The performance bonus changed from a calendar year period to a fiscal year period on January 2000 to March 2001 (15 months).
 (2) This reflects the EIP contributions made during this reporting period and shows 2 years of investments. The EIP is non-cash, taxable compensation that funds side-by-side investments in In-Q-Tel's portfolio companies. See Statement 108 (Employee Investment Plan).
 (3) See Statement 108 (Board of Trustee Compensation).
 (4) See Statement 108 (Benefits) for description of benefit plans included in this column.
 (5) For living expenses incurred in support of In-Q-Tel's bi-coastal operations.
 (6) Includes relocation and commuter benefits. See Statement 108 (Benefits).
 (7) Subsequent to this reporting period, Mr. Louie has donated all of this interest in the Employee Investment Program to the CIA's Officers Memorial Foundation, a public charity recognized as tax exempt under section 501(c)(3) in the name of Mr. Louie and his spouse.

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	Bonus (1)	Compensation (Non-Cash) EIP (2)		Trustee Fees (3)	Total Compensation	Expense account and other allowances		Contributions to employee benefit plans & deferred compensation (4)	Other (5)
				2000	2001			Housing (5)			
L. Auli 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	N/A	N/A	40 000	40 000	None	None	None	None
P. Kamaraki c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Vice President 15 Hrs/Quarter	N/A	N/A	N/A	N/A	37 500	37 500	None	None	None	None
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	N/A	N/A	None	None	None	None	None	None
J. Kum c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee Committee Chairman & Treasurer 15 Hrs/Quarter	N/A	N/A	N/A	N/A	None	None	None	None	None	None
M. Crow c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Vice Chairman Board of Trustees & Committee Chairman 15 Hrs/Quarter	N/A	N/A	N/A	N/A	37 500	37 500	None	None	None	None
J. Seely Brown c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	N/A	35 000	35 000	None	None	None	None
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	N/A	N/A	None	None	None	None	None	None
A. Mandl c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	N/A	None	None	None	None	None	None
J. McManon c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee & Committee Chairman 15 Hrs/Quarter	N/A	N/A	N/A	N/A	None	None	None	None	None	None
W. Perry c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee 15 Hrs/Quarter	N/A	N/A	N/A	N/A	35 000	35 000	None	None	None	None
H. Cox c/o In-Q Tel Inc PO Box 12407 Arlington VA 22219	Trustee & Committee Chairman 15 Hrs/Quarter	N/A	N/A	N/A	N/A	8 750	8 750	None	None	None	None
Total		1 611 058	608 518	242 937	364 868	193 750	3 021 131	60 000	60 000	110 289	65 708

(1) Includes performance signing and stay bonuses. The performance bonus changed from a calendar year period to a fiscal year period and covers January 2000 to March 2001 (15 months).
 (2) This reflects the EIP initial start up year and shows 2 years of investments. The EIP is non-cash taxable compensation that funds side by side investments in In-Q Tel's portfolio companies. See Statement 10B (Employee Investment Plan).
 (3) See Statement 10B (Board of Trustee Compensation).
 (4) See Statement 10B (Benefits) for description of benefit plans included in this column.
 (5) For living expenses incurred in support of In-Q Tel's bi-coastal operations.
 (6) Includes relocation and computer benefits. See Statement 10B (Benefits).
 (7) Subsequent to this reporting period Mr. Louie has donated all of his interest in the Employee Investment Program to the CIA's Officers Memorial Foundation a public charity recognized as tax-exempt under section 501(c)(3) in the name of Mr. Louie and his spouse.

For the Tax Year Ending March 31, 2002**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 and are designed to encourage employees to achieve against goals. 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 program consists of

- Base Salary (annual increases are based on survey market data and individual performance)
- Annual Incentive Program (based solely on performance)
- Employee Investment Program (long-term incentive, indicator of long-term performance success)

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.

¹ As provided under section 4958 of the Code

Employees "target" bonus is 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 managers, and approved by Human Resources and the CEO (in the case of the CEO, by the Board of Trustees).

Employee Incentive Program (EIP)

Purpose. The Employee Incentive Program (EIP) was established after March 31, 2001. The EIP is non-cash, taxable compensation that funds side-by-side investments in In-Q-Tel's portfolio companies. This long-term incentive creates positive incentives that benefit the mission by aligning employees' interests with the overall success of In-Q-Tel's programs and mission.

As a non-profit Corporation, non-stock entity In-Q-Tel is unable to offer stock or stock options on terms similar to the equity-based compensation of competitive publicly traded companies. The EIP provides, on an after-tax basis, a means by which the Company can offer a long-term employee investment program, and provides employees a compelling stake in the Company's programs sharing both the risk and the benefits.

The outcome of In-Q-Tel's investments in, and contracts with, its portfolio companies is a long-term index of In-Q-Tel's success in serving the CIA and the Intelligence Community. Therefore, the Employee Investment Program has the effect of aligning the interests of In-Q-Tel and its employees with the long-term goals of the Agency and the Intelligence Community.

Each employee's interest in the EIP is calculated within guidelines set for their overall compensation, based on survey data from comparable industries. The value allocated to employees is taxable compensation income and the EIP covers applicable federal and state income taxes for which the employee is responsible. The EIP was initially implemented in this Reporting Period. The compensation amounts shown reflect EIP interests in In-Q-Tel investments from inception through the end of the Reporting Period.

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.

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 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				Total Compensation	Contributions to employee benefit plans & deferred compensation (2)	Expense account and other allowances (3)
		Wages	Bonus	Employee Investment Program (EIP) (Non-Cash) (1)	2001			
A. Halliday c/o In Q Tel Inc PO Box 12407 Arlington VA 22219	Entrepreneur in Residence 40 Hrs/Wk	237,602	45,264	39,548	65,415	387,829	18,301	None
C. Wallace c/o In Q Tel Inc PO Box 12407 Arlington VA 22219	Manager of Technical Operations 40 Hrs/Wk	118,335	5,544	22,599	27,178	173,656	17,827	804
S. Parafina c/o In Q Tel Inc PO Box 12407 Arlington VA 22219	Senior Program Manager 40 Hrs/Wk	109,098	10,431	22,599	28,520	170,648	15,531	None
B. Lund c/o In Q Tel Inc PO Box 12407 Arlington VA 22219	Visionary Solutions Developer 40 Hrs/Wk	108,923	3,210	22,599	33,458	168,190	16,099	804
N. Kaplan c/o In Q Tel Inc PO Box 12407 Arlington VA 22219	Director of Human Resources 40 Hrs/Wk	107,885	4,498	22,599	26,045	161,027	16,812	804
	Total	681,843	68,947	129,944	180,616	1,061,350	84,570	2,412

(1) This reflects the EIP initial start-up year and shows 2 years of investments. The EIP is non-cash, taxable compensation that funds side-by-side investments in In-Q-Tel's portfolio companies. See Statement 10B (Employee Investment Plan)

(2) See Statement 10B (Benefits) for description of benefit plans included in this column

(3) Commuter benefits. See Statement 10B (Benefits)

Application for Extension of Time To File an Exempt Organization Return

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 1000 WILSON BOULEVARD, SUITE 2900	
	City, town or post office, state, and ZIP code. For a foreign address see instructions ARLINGTON, VA 22209	

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, 2002, 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, 2001, and ending MARCH 31, 2002

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 ▶  Title ▶ CPA Date ▶ 8/14/02