

Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
benefit trust or private foundation)

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

OMB No. 1545-0047

2002Open to Public
Inspection**A** For the **2002** calendar year, or tax year period beginning **JUL 1, 2002** and ending **JUN 30, 2003****B** Check if
applicable

- ☐ Address
change
- ☐ Name
change
- ☐ Initial
return
- ☐ Final
return
- ☐ Amended
return
- ☐ Application
pending

Please
use IRS
label or
print or
type
See
Specific
Instruc-
tions**C** Name of organization**THE CHIMES FOUNDATION, INC.**

Number and street (or P.O. box if mail is not delivered to street address)

4815 SETON DRIVE

City or town, state or country, and ZIP + 4

BALTIMORE, MD 21215• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts
must attach a completed Schedule A (Form 990 or 990-EZ).**D** Employer identification number**52-1796571****E** Telephone number**410-358-6400****F** Accounting method ☐ Cash ☒ Accrual
☐ Other (specify) ▶**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 ▶**H(c)** Are all affiliates included? **N/A** ☐ Yes ☐ No
(If "No," attach a list.)**H(d)** Is this a separate return filed by an or-
ganization covered by a group ruling? ☐ Yes ☒ No**I** Enter 4-digit GEN ▶**M** Check ☐ if the organization is **not** required to attach
Sch. B (Form 990, 990-EZ, or 990-PF).**G** Web site: **N/A****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 ▶ **1,042,227.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

Revenue	1	Contributions, gifts, grants, and similar amounts received:					
	a	Direct public support		1a	652,493.		
	b	Indirect public support		1b			
	c	Government contributions (grants)		1c			
	d	Total (add lines 1a through 1c) (cash \$ 652,493. noncash \$)		1d	652,493.		
	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	106,313.		
	5	Dividends and interest from securities		5	5,273.		
	6a	Gross rents		6a			
6b	Less: rental expenses		6b				
c	Net rental income or (loss) (subtract line 6b from line 6a)		6c				
7	Other investment income (describe ▶)		7				
Expenses	8a	Gross amount from sale of assets other than inventory		(A) Securities		(B) Other	
				118,220.	8a		
	b	Less: cost or other basis and sales expenses		166,467.	8b		
	c	Gain or (loss) (attach schedule)		<48,247.>	8c		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))		STMT 1	8d	<48,247.>	
	9	Special events and activities (attach schedule)					
	a	Gross revenue (not including \$ 387,270. of contributions reported on line 1a)		9a	159,928.		
	b	Less: direct expenses other than fundraising expenses		9b	196,848.		
	c	Net income or (loss) from special events (subtract line 9b from line 9a)		SEE STATEMENT 2	9c	<36,920.>	
	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 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)		12	678,912.			
Net Assets	13	Program services (from line 44, column (B))		13	148,074.		
	14	Management and general (from line 44, column (C))		14	68,390.		
	15	Fundraising (from line 44, column (D))		15	149,491.		
	16	Payments to affiliates (attach schedule)		16			
	17	Total expenses (add lines 16 and 44, column (A))		17	365,955.		
	18	Excess or (deficit) for the year (subtract line 17 from line 12)		18	312,957.		
19	Net assets or fund balances at beginning of year (from line 73, column (A))		19	3,642,309.			
20	Other changes in net assets or fund balances (attach explanation)		20	<122,054.>			
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)		21	3,833,212.			

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01-22-03

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2002)

21

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.

Page 2

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) cash \$ 148,074. noncash \$	22 148,074.	22 148,074.	STATEMENT 7	
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc.	25 0.	25 0.	25 0.	25 0.
26	Other salaries and wages	26 72,000.		26 24,480.	26 47,520.
27	Pension plan contributions	27			
28	Other employee benefits	28 17,085.		28 5,809.	28 11,276.
29	Payroll taxes	29			
30	Professional fundraising fees	30 48,286.		30 16,417.	30 31,869.
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33 2,512.		33 2,512.	
34	Telephone	34			
35	Postage and shipping	35 1,247.		35 424.	35 823.
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42 703.		42 239.	42 464.
43	Other expenses not covered above (itemize):				
a		43a			
b		43b			
c		43c			
d		43d			
e	SEE STATEMENT 4	43e 76,048.		43e 18,509.	43e 57,539.
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	44 365,955.	44 148,074.	44 68,390.	44 149,491.

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 AccomplishmentsWhat is the organization's primary exempt purpose? ▶ **SEE STATEMENT 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.)

a	SEE STATEMENT 6		
		(Grants and allocations \$ _____)	148,074.
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)		148,074.

Part IV Balance Sheets

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 1.
	46 Savings and temporary cash investments	594,968.	46 409,034.
	47 a Accounts receivable	47a	
	b Less: allowance for doubtful accounts	47b	47c
	48 a Pledges receivable	48a 60,750.	
	b Less: allowance for doubtful accounts	48b	48c 60,750.
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees		50
	51 a Other notes and loans receivable	51a 769,907.	
	b Less: allowance for doubtful accounts	51b	51c 769,907.
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges	2,000.	53
	54 Investments - securities STMT 8 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,619,547.	54 2,704,999.
	55 a Investments - land, buildings, and equipment: basis	55a	
	b Less: accumulated depreciation	55b	55c
56 Investments - other		56 0.	
57 a Land, buildings, and equipment: basis	57a 9,374.		
b Less: accumulated depreciation	57b 9,174.	57c 200.	
58 Other assets (describe SEE STATEMENT 9)	228,006.	58 249,133.	
59 Total assets (add lines 45 through 58) (must equal line 74)	4,030,090.	59 4,194,024.	
Liabilities	60 Accounts payable and accrued expenses	940.	60 73,812.
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees		63
	64 a Tax-exempt bond liabilities		64a
	b Mortgages and other notes payable		64b
	65 Other liabilities (describe DUE TO/FROM AFFILIATES)	386,841.	65 287,000.
66 Total liabilities (add lines 60 through 65)	387,781.	66 360,812.	
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	2,831,931.	67 3,008,598.
	68 Temporarily restricted		68
	69 Permanently restricted	810,378.	69 824,614.
	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; column (B) must equal line 21)	3,642,309.	73 3,833,212.
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	4,030,090.	74 4,194,024.	

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

	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	76	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.	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	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?	80a	X
b If "Yes," enter the name of the organization ▶ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81 a Enter direct or indirect political expenditures. See line 81 instructions 81a 0.		
b Did the organization file Form 1120-POL for this year?	81b	X
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?	82a	X
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.) 82b N/A		
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? N/A	85a	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less? N/A	85b	
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.		
c Dues, assessments, and similar amounts from members 85c N/A		
d Section 162(e) lobbying and political expenditures 85d N/A		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? N/A	85g	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? N/A	85h	
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 86a N/A		
b Gross receipts, included on line 12, for public use of club facilities 86b N/A		
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders 87a N/A		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b 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 0.; section 4912 0.; section 4955 0.		
b 501(c)(3) and 501(c)(4) organizations. 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	89b	X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.		
d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0.		
90 a List the states with which a copy of this return is filed ▶ MARYLAND	90b	3
b Number of employees employed in the pay period that includes March 12, 2002		
91 The books are in care of ▶ MARTIN LAMPNER, CPA Telephone no. ▶ 410-358-6400		
Located at ▶ 4815 SETON DRIVE; BALTIMORE, MD ZIP + 4 ▶ 21215		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ▶	92	N/A

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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.)

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

OMB No 1545-0047

2002

Name of the organization

THE CHIMES FOUNDATION, INC.

Employer identification number

52 1796571

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
NONE				

Total number of other employees paid over \$50,000

0

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
NONE		

Total number of others receiving over \$50,000 for professional services

0

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 a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of 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.	1	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.) SEE STATEMENT 13		
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?	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	2d	X
e Transfer of any part of its income or assets?	2e	X
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below.)	3	X
4 Do you have a section 403(b) annuity plan for your employees?	4	X

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 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.)
- 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 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) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	362,595.	358,597.	601,297.	675,431.	1,997,920.
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	125,041.	149,474.	105,652.	67,674.	447,841.
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	<61,109.>	136,237.	131,265.	58,849.	265,242.
23 Total of lines 15 through 22	426,527.	644,308.	838,214.	801,954.	2,711,003.
24 Line 23 minus line 17	426,527.	644,308.	838,214.	801,954.	2,711,003.
25 Enter 1% of line 23	4,265.	6,443.	8,382.	8,020.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 54,220.
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 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the sum of all these excess amounts					26b 0.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 2,711,003.
d Add: Amounts from column (e) for lines: 18 447,841. 19					
22 265,242. 26b					26d 713,083.
e Public support (line 26c minus line 26d total)					26e 1,997,920.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 73.6967%
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: N/A					
(2001) (2000) (1999) (1998)					
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: N/A					
(2001) (2000) (1999) (1998)					
c Add: Amounts from column (e) for lines: 15 16					
17 20 21					27c N/A
d Add: Line 27a total and line 27b total					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, 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.)

N/A

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

	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?	29	
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?	30	
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.)	31	
<hr/> <hr/> <hr/>		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
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.)	32d	
<hr/> <hr/>		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
<hr/> <hr/>		
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
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.	34b	
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	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

N/A

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

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**

(The term "expenditures" means amounts paid or incurred.)

(a)
Affiliated group
totals(b)
To be completed for ALL
electing organizations

N/A

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.)

Lobbying Expenditures During 4-Year Averaging Period

N/A

Calendar year (or fiscal year beginning in) ▶	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45 Lobbying nontaxable amount					0.
46 Lobbying ceiling amount (150% of line 45(e))					0.
47 Total lobbying expenditures					0.
48 Grassroots nontaxable amount					0.
49 Grassroots ceiling amount (150% of line 48(e))					0.
50 Grassroots lobbying expenditures					0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

N/A

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
		0.

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

CHIMES FOUNDATION, INCORPORATED
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2003 AND 2002

	2003		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE, GAINS AND SUPPORT			
Hall of Fame	\$ 547,198	-	\$ 547,198
Other fund raising income	265,223	-	265,223
Investment income (loss)	<u>105,884</u>	<u>14,236</u>	<u>120,120</u>
Total revenue, gains and support	<u>918,305</u>	<u>14,236</u>	<u>932,541</u>
EXPENSES			
Hall of Fame	196,848	-	196,848
Donations	148,074	-	148,074
Administrative	109,721	-	109,721
Other fundraising and development	103,209	-	103,209
Investment expenses	<u>4,950</u>	<u>-</u>	<u>4,950</u>
Total expenses	<u>562,802</u>	<u>-</u>	<u>562,802</u>
CHANGE IN NET ASSETS	355,503	14,236	369,739
NET ASSETS - beginning of year	<u>2,653,095</u>	<u>810,378</u>	<u>3,463,473</u>
NET ASSETS - end of year	<u>\$ 3,008,598</u>	<u>\$ 824,614</u>	<u>\$ 3,833,212</u>

See Notes To Consolidated Financial Statements

2002 (Restated - Note I)

<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 272,112	-	\$ 272,112
39,659	-	39,659
<u>114,059</u>	<u>(76,232)</u>	<u>37,827</u>
<u>425,830</u>	<u>(76,232)</u>	<u>349,598</u>
189,121	-	189,121
168,739	-	168,739
45,103	-	45,103
107,792	-	107,792
<u>6,829</u>	<u>-</u>	<u>6,829</u>
<u>517,584</u>	<u>-</u>	<u>517,584</u>
(91,754)	(76,232)	(167,986)
<u>2,744,849</u>	<u>886,610</u>	<u>3,631,459</u>
<u>\$ 2,653,095</u>	<u>\$ 810,378</u>	<u>\$ 3,463,473</u>

CHIMES FOUNDATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2003 AND 2002

2003						
	<u>Hall of Fame</u>	<u>Donations</u>	<u>Administrative</u>	<u>Fundraising And Development</u>	<u>Investment Expenses</u>	<u>Total</u>
Direct expense	\$ 196,848	\$ -	\$ -	\$ 20,106	\$ -	\$ 216,954
Miscellaneous	-	-	6,337	-	-	6,337
Donations	-	148,074	-	-	-	148,074
Salaries	-	-	48,000	24,000	-	72,000
Fringe benefits	-	-	11,390	5,695	-	17,085
Professional fees	-	-	32,191	16,095	-	48,286
Office supplies	-	-	2,511	-	-	2,511
Licenses and fees	-	-	4,814	2,407	-	7,221
Condominium fees	-	-	-	-	4,950	4,950
Depreciation	-	-	469	234	-	703
Uncollectible pledges	-	-	-	32,667	-	32,667
Dues	-	-	3,017	1,508	-	4,525
Books	-	-	130	65	-	195
Real estate tax	-	-	31	16	-	47
Postage	-	-	831	416	-	1,247
Total Expenses	<u>\$ 196,848</u>	<u>\$ 148,074</u>	<u>\$ 109,721</u>	<u>\$ 103,209</u>	<u>\$ 4,950</u>	<u>\$ 562,802</u>

2002 (Restated - Note I)						
	<u>Hall of Fame</u>	<u>Donations</u>	<u>Administrative</u>	<u>Fundraising And Development</u>	<u>Investment Expenses</u>	<u>Total</u>
Direct expense	\$ 189,121	\$ -	\$ -	\$ 32,861	\$ -	\$ 221,982
Miscellaneous	-	-	6,204	-	-	6,204
Donations	-	168,739	-	-	-	168,739
Salaries	-	-	26,795	52,014	-	78,809
Fringe benefits	-	-	5,724	11,112	-	16,836
Professional fees	-	-	1,051	2,041	-	3,092
Office supplies	-	-	300	-	-	300
Licenses and fees	-	-	2,444	4,745	-	7,189
Condominium fees	-	-	-	-	6,829	6,829
Depreciation	-	-	342	664	-	1,006
Postage	-	-	2,243	4,355	-	6,598
Total Expenses	<u>\$ 189,121</u>	<u>\$ 168,739</u>	<u>\$ 45,103</u>	<u>\$ 107,792</u>	<u>\$ 6,829</u>	<u>\$ 517,584</u>

See Notes to Financial Statements

CHIMES FOUNDATION, INCORPORATED
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u> <u>Restated - Note I</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 369,739	\$(167,986)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized loss on investments	48,247	52,001
Unrealized (gain) loss on investments	(56,780)	35,213
Depreciation	703	1,006
Changes in assets and liabilities		
Decrease in interest receivable	10,863	8,330
Decrease in pledges receivable	83,082	175,488
Decrease (increase) in prepaid expenses	2,000	(2,000)
Increase (decrease) in accounts payable and accrued expenses	<u>72,872</u>	<u>(1,686)</u>
Net cash provided by operating expenses	<u>530,726</u>	<u>100,366</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,457,984)	(278,227)
Proceeds from sale of investments	4,331,065	129,113
Due from related parties - net	(131,831)	(91,556)
Collection of notes receivable from affiliates	37,090	2,658
Issuance of notes receivable from affiliates	<u>(495,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(716,660)</u>	<u>(238,012)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(185,934)	(137,646)
Cash and cash equivalents - Beginning of year	<u>594,968</u>	<u>732,614</u>
Cash and cash equivalents - End of year	<u>\$ 409,034</u>	<u>\$ 594,968</u>

See Notes To Financial Statements

CHIMES FOUNDATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE A – NATURE OF OPERATIONS

Chimes Foundation, Incorporated (the Foundation) was formed March 13, 1991, as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, to receive and administer funds for charitable and educational purposes. Contributions are to be made to various organizations, including, but not exclusively, The Chimes, Inc. and its related entities. Actual operations began on July 1, 1992.

The financial statements of the Foundation are not combined with the other related entities of The Chimes, Inc. These entities include The Chimes, Inc., Chimes Metro, Inc., Chimes District of Columbia, Inc., Chimes Virginia, Inc., Chimes International, Inc., Intervals Residential Services, Inc. (Intervals), Chimes, Inc. (DE), Holcomb Associates, Inc. (Holcomb), Open Door, Inc. (OD), Tova, Inc. (Tova), Developmental Services of New Jersey, Inc. (DSNJ), Friends of DSNJ (Friends), Chimes PA, Inc. (PA) and Family Services Associates, Inc. (Family Services). The Foundation is related to these entities through common directors, but without control.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements For Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The determination of a net asset class is established by the existence or absence of legally enforceable restrictions from outside of the Foundation and its Board of Directors. If no outside restrictions exist, then net assets are recorded as unrestricted.

3. Contributed Services

No amounts are recorded for donated personal services since no objective basis is available to measure the value of such services. Volunteers have donated significant amounts of time to the Foundation.

4. Cash And Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less when acquired to be cash equivalents.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Pledges Receivable

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Uncollectible promises are expected to be insignificant and the Foundation has not recorded an allowance for uncollectible pledges.

6. Property And Equipment

The capital assets are stated at cost or, if donated, at fair market value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

7. Investments And Investment Income

The Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 124 *Accounting for Certain Investments Held by Not-for-Profit Organizations* and is required to account for certain investments in equity securities (i.e., investments that have readily determinable fair values and are not accounted for by the equity method) and all investments in debt securities at fair value in the statement of financial position. Gains and losses on investments resulting from their measurement at fair value are reported in the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by donor stipulation or by law.

Investment income earned is used to support the ongoing operations of the Foundation and is classified as revenue.

NOTE C – INVESTMENTS

Investments included in the Foundation's statements of financial position at June 30, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Money Market Funds, at market value (cost \$86,891 in 2003 and \$94,136 in 2002)	\$ 86,891	\$ 94,136
Certificates of Deposit, at market value (cost \$1,697,267 in 2003 and \$1,675,788 in 2002)	1,691,026	1,675,788
Bonds at market value (cost \$275,093 in 2003 and \$330,968 in 2002)	305,760	352,956
Common stocks, at market value (cost \$329,596 in 2003 and \$333,471 in 2002)	347,376	290,046
Mutual Funds, at market value (cost \$293,303 in 2003 and \$216,234 in 2002)	<u>273,947</u>	<u>206,621</u>
	<u>\$2,674,910</u>	<u>\$2,619,547</u>

NOTE C – INVESTMENTS - Continued

At June 30, 2003, the statement of financial position included net unrealized gains pertaining to investments of \$22,850. At June 30, 2002, the statement of financial position included net unrealized losses pertaining to investments of \$31,050. As described in Note E, included in the above investments are permanently restricted investments in the amounts of \$791,202 and \$810,378 as of June 30, 2003 and 2002, respectively.

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended June 30, 2003 and 2002:

	<u>2003</u>			<u>2002</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$103,428	\$ 8,159	\$111,587	\$115,733	\$ 9,308	\$125,041
Realized gains and losses – net	2,415	(50,662)	(48,247)	-	(52,001)	(48,247)
Unrealized gains and losses – net	<u>41</u>	<u>56,739</u>	<u>56,780</u>	<u>(1,674)</u>	<u>(33,539)</u>	<u>(35,213)</u>
	<u>\$105,884</u>	<u>\$ 14,236</u>	<u>\$120,120</u>	<u>\$114,059</u>	<u>\$(76,232)</u>	<u>\$ 37,827</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2003</u>	<u>2002</u>
Furniture and fixtures	\$ 9,374	\$ 9,374
Less: accumulated depreciation	<u>8,471</u>	<u>8,471</u>
Net property and equipment	<u>\$ 200</u>	<u>\$ 903</u>

NOTE E – PERMANENTLY RESTRICTED NET ASSETS

In 1995, the Foundation received \$100,000 from The Harry and Jeanette Weinberg Foundation, Incorporated to establish an endowment fund called The Harry and Jeanette Weinberg Futures Fund (“Weinberg Futures Fund”), with \$200,000 in matching funds raised by the Foundation. In 1996, the Foundation received an additional \$100,000 from The Harry and Jeanette Weinberg Foundation, Incorporated with \$200,000 in matching funds raised by the Foundation to contribute further to the Weinberg Futures Fund.

NOTE E – PERMANENTLY RESTRICTED NET ASSETS - Continued

In 1999 the Foundation received an additional \$150,000 from The Harry and Jeanette Weinberg Foundation, Incorporated with \$150,000 in matching funds raised by the Foundation to contribute further to the Weinberg Futures Fund. For years after 1999 no additional receipts were received from the Weinberg Foundation and no matching funds were raised. The Weinberg Futures Fund's purpose is to provide services to individuals who require financial assistance to participate in the programs that the Foundation supports. Although informally identified, management has not formally named an account or investment in the name of the Weinberg Futures Fund.

The endowment agreement requires that 30% of the dividend and interest investment income and all realized or unrealized gains and losses generated by those funds be retained to maintain and increase purchasing power for future distributions. As of June 30, 2003, the Foundation had segregated those earnings and added them to the informally identified investment. The endowment fund was adequately funded in the amount of \$824,614 and \$810,378 as of June 30, 2003 and 2002, respectively.

NOTE F – NOTES RECEIVABLE FROM AFFILIATES

Notes receivable consisted of the following at June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Note receivable from Intervals Residential Services, Inc., a related entity, dated April 22, 1998, in the original amount of \$119,920, is collateralized by land and building owned by Intervals Residential Services, Inc. It bears interest at 9% per year on the unpaid portion and matures on May 22, 2028. Principal and interest of \$965 are receivable on the first day of each month until the maturity date.	\$114,877	\$115,855
Note receivable from Work, Inc., dated June 28, 1999, in the original amount of \$150,000, is collateralized by land and building owned by Work, Inc. It bears interest at 8% per year on the unpaid portion and matures on July 1, 2029. Principal and interest of \$1,101 are receivable on the first day of each month until the maturity date.	144,563	146,143
Note receivable from Holcomb, Inc., dated October 15, 2002, in the original amount of \$300,000, is collateralized by land and building owned by Holcomb, Inc. It bears interest at 6.997% per year on the unpaid portion and matures on October 15, 2007. Principal and interest of \$5,940 are receivable on the fifteenth day of each month until the maturity date.	270,147	-
Note receivable from Intervals Residential Services, Inc., a related entity, dated October 31, 2002, in the original amount of \$90,000, is collateralized by land and building owned by Intervals Residential Services, Inc. It bears interest at 7% per year on the unpaid portion and matures on October 31, 2017. Principal and interest of \$809 are receivable on the first day of each month until the maturity date.	87,681	-

NOTE F – NOTES RECEIVABLE - Continued

Note receivable from Intervals Residential Services, Inc., a related entity, dated November 30, 2002, in the original amount of \$105,000, is collateralized by land and building owned by Intervals Residential Services, Inc. It bears interest at 7% per year on the unpaid portion and matures on November 30, 2017. Principal and interest of \$944 are receivable on the first day of each month until the maturity date.

	102,640	-
Less: current portion	<u>65,058</u>	<u>2,772</u>
	<u>\$654,850</u>	<u>\$259,226</u>

Principal payments for the years ending:

<u>June 30,</u>	<u>Amount</u>
2004	\$ 65,058
2005	69,805
2006	74,900
2007	80,368
2008	43,921
Thereafter	<u>385,856</u>
Total	<u>\$719,908</u>

NOTE G – RELATED PARTY TRANSACTIONS

Due From/To Related Parties

The Foundation has the following receivables and payables with related entities, all affiliated with The Chimes, Inc. All of the related advances are made to entities that share some directors with The Chimes, Inc. Interest does not accrue on these balances.

	<u>2003</u>	<u>2002</u>
<u>Due from related parties:</u>		
Chimes, Inc. (DE)	\$ -	\$200,000
Chimes International, Inc.	<u>231,990</u>	<u>-</u>
	<u>\$231,990</u>	<u>\$200,000</u>
<u>Due to related parties:</u>		
Chimes Israel, Inc.	\$287,000	\$ -
Chimes International, Inc.	<u>-</u>	<u>386,841</u>
	<u>\$287,000</u>	<u>\$386,841</u>

NOTE G – RELATED PARTY TRANSACTIONS - Continued

One investment account totaling \$24,223 and \$24,003 as of June 30, 2003 and 2002, respectively, was not in the name of the Foundation. Actual control of the account is with the Foundation's Board of Directors and management has represented the intent to change it to the proper name. Therefore, these assets are included in the Foundation's statement of financial position.

The Foundation donated monies to related parties in the amount of \$100,000 and \$130,000 during the fiscal years ended June 30, 2003 and 2002, respectively.

The Foundation received donations that were earmarked for the benefit of related parties in the amounts of \$175,000 and \$839,528 during the years ended June 30, 2003 and 2002, respectively. Accordingly, those donations were not recorded as income in the Foundation's Statement of Activities for the years ended June 30, 2003 and 2002, respectively.

NOTE H – CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash balances in various banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 at each bank. Cash balances that exceeded the FDIC's insurance level of \$100,000 amounted to approximately \$50,000 at June 30, 2003. The Foundation believes that it is not exposed to loss on such deposits.

NOTE I – RESTATEMENT OF JUNE 30, 2002 FINANCIAL STATEMENTS

The Foundation's financial statements as of and for the year ended June 30, 2002 were restated to correct an error in the recordation of pledges receivable. The affected accounts are as follows:

	<u>Hall of Fame Revenue</u>	<u>Pledges Receivable</u>	<u>Unrestricted Net Assets</u>
As previously reported	\$ 450,948	\$ 322,668	\$2,831,931
Restatement adjustment	<u>(178,836)</u>	<u>(178,836)</u>	<u>(178,836)</u>
As restated	<u>\$ 272,112</u>	<u>\$ 143,832</u>	<u>\$2,653,095</u>

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No. 1545-1709

▶ 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 ☒ **X**
- 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	Employer identification number
	THE CHIMES FOUNDATION, INC.	52-1796571
	Number, street, and room or suite no. If a P.O. box, see instructions. 4815 SETON DRIVE	
File by the due date for filing your return. See instructions	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BALTIMORE, MD 21215	

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 FEBRUARY 17, 2004 to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ▶ ☐ calendar year _____ or
- ▶ ☒ tax year beginning JUL 1, 2002, and ending JUN 30, 2003

- 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 \$ _____

- 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 \$ _____

- 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 \$ N/A

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 ▶ [Signature] Title ▶ CRA Date ▶ 11/10/03

LHA For Paperwork Reduction Act Notice, see instruction

Form 8868 (12-2000)

• If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☐

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.

Type or print. File by the extended due date for filing the return. See instructions.	Name of Exempt Organization	Employer identification number
	THE CHIMES FOUNDATION, INC.	52-1796571
	Number, street, and room or suite no. If a P.O. box, see instructions. 4815 SETON DRIVE	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BALTIMORE, MD 21215	

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

☒ Form 990
 ☐ Form 990-EZ
 ☐ Form 990-T (sec. 401(a) or 408(a) trust)
 ☐ Form 1041-A
 ☐ Form 5227
 ☐ Form 990-BL
 ☐ Form 990-PF
 ☐ Form 990-T (trust other than above)
 ☐ Form 4720
 ☐ Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• 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 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 is for

4 I request an additional 3-month extension of time until MAY 17, 2004
 5 For calendar year _____, or other tax year beginning JUL 1, 2002 and ending JUN 30, 2003
 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting
 7 State in detail why you need the extension
ADDITIONAL TIME IS REQUIRED FOR ACCURATE COMPLETION OF THE RETURN.

8a 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 \$ _____
 b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
 c **Balance Due.** Subtract line 8b from line 8a. 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 \$ _____ N/I

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 *Jeffrey Paul Muehl* Title CPA Date 7/12/04

Notice to Applicant - To Be Completed by the IRS

☐ We have approved this application. Please attach this form to the organization's return.
☐ We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for election otherwise required to be made on a timely return. Please attach this form to the organization's return.
☐ We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time. We are not granting the 10-day grace period.
☐ We cannot consider this application because it was filed after the due date of the return for which an extension was requested.
☐ Other _____

Director _____ By _____ Date _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print 223832 05-22-02	Name
	GORFINE, SCHILLER & GARDYN, P.A.
	Number and street (include suite, room, or apt. no.) Or a P.O. box number 10045 RED RUN BOULEVARD, SUITE 250
	City or town, province or state, and country (including postal or ZIP code) OWINGS MILLS, MD 21117-4831

Form 990
For the Year July 1, 2002 to June 30, 2003
Chimes Foundation, Inc. EIN 52-1796571
Part V Line 75

Officer Compensation from Related Organizations

Name Organization providing Compensation Title Average Hours Per Week	Terry Perl Chimes International CEO/President 40 +	Albert Bussone Chimes International COO/VP Operations 40 +	Martin Lampner Chimes International CFO/VP Finance 40 +	Cecil S Fox The Chimes, Inc. COO Maryland/SVP 40 +
Compensation				
Base Compensation	410,567	234,218	168,822	151,817
At Risk Compensation (A)	87,734	22,600	19,140	9,856
Cash In Lieu of Benefits (B)	9,500	67,245	0	0
Money Purchase Pension Payments	0	0	0	0
401 (k) Plan Payments	0	0	0	0
457 (f) Plan Payments	0	0	0	0
Severance Payments	0	0	0	0
Contributions to Employee Benefits Plans				
Health and Basic Life Insurance	10,618	12,118	14,436	9,587
Money Purchase Pension Plan	5,000	5,000	4,699	4042
Long Term Care Insurance	2,266	3,538	2,266	3,907
401(k) Plan				
Employee Contribution	14,147	9,524	4,441	4,042
Employer Contribution	1,857	4,801	4,441	4,042
457(f) Plan (C)	47,457	12,229	8,951	7,699
Severance Plan (D)	128,486	0	47,249	31,611
Vehicle (E)	12,000	12,000	9,456	9144

(A) At Risk Compensation is awarded by the Board based on achieving performance goals set in advance.

(B) Employee elected to take certain contractual benefits in cash in lieu of accepting the benefit.

(C) Subject to claims of the employer's bankruptcy/insolvency creditors.

(D) Subject to claims of the employer's bankruptcy/insolvency creditors. If a participant does not meet all terms of their contract the participant's benefit is forfeited.

(E) Employees are provided a company car, total lease payment or depreciation allowed by the company is \$12,000 per year. An employee may elect via payroll deduction to contribute toward a more expensive vehicle if they wish.

FORM 990	GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES	STATEMENT	1
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DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
SALE OF SECURITIES	118,220.	166,467.	0.	<48,247.>
TO FORM 990, PART I, LINE 8	118,220.	166,467.	0.	<48,247.>

FORM 990	SPECIAL EVENTS AND ACTIVITIES	STATEMENT	2
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DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
HALL OF FAME	547,198.	387,270.	159,928.	196,848.	<36,920.>
TO FM 990, PART I, LINE 9	547,198.	387,270.	159,928.	196,848.	<36,920.>

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
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DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	56,780.
PRIOR YEARS RESTATEMENT OF INCOME	<178,834.>
TOTAL TO FORM 990, PART I, LINE 20	<122,054.>

FORM 990	OTHER EXPENSES	STATEMENT	4
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
INVESTMENT EXPENSES	4,950.		4,950.	
LICENSES AND FEES	7,221.		2,455.	4,766.
MISCELLANEOUS	6,337.		6,337.	
DIRECT FUNDRAISING EXPENSES	20,106.			20,106.
DUES AND SUBSCRIPTIONS	4,720.		4,720.	
PROPERTY TAXES	47.		47.	
BAD DEBT EXPENSE	32,667.			32,667.
TOTAL TO FM 990, LN 43	76,048.		18,509.	57,539.

FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE	STATEMENT	5
	PART III		

EXPLANATION

THE PURPOSE OF THE ORGANIZATION IS TO PROMOTE THE QUALITY OF LIFE FOR MENTALLY DISABLED PEOPLE AND THOSE WITH RELATED DISABILITIES BY SOLICITING DONATIONS AND DIRECTING FUNDRAISING EVENTS TO OBTAIN FUNDS TO BE USED BY SUPPORTED ORGANIZATIONS TO ESTABLISH RESIDENTIAL TRAINING AND EDUCATIONAL PROGRAMS FOR THE MENTALLY DISABLED.

FORM 990	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	STATEMENT	6
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DESCRIPTION OF PROGRAM SERVICE ONE

THE PURPOSE OF THE ORGANIZATION IS TO PROMOTE THE QUALITY OF LIFE FOR MENTALLY DISABLED PEOPLE AND THOSE WITH RELATED DISABILITIES BY SOLICITING DONATIONS AND DIRECTING FUNDRAISING EVENTS TO OBTAIN FUNDS TO BE USED BY SUPPORTED ORGANIZATIONS TO ESTABLISH RESIDENTIAL TRAINING AND EDUCATIONAL PROGRAMS FOR THE MENTALLY DISABLED.

	GRANTS	EXPENSES
TO FORM 990, PART III, LINE A		148,074.

FORM 990	CASH GRANTS AND ALLOCATIONS	STATEMENT	7
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CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
CHARITABLE DONATIONS			NONE	148,074.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				148,074.

FORM 990	NON-GOVERNMENT SECURITIES				STATEMENT	8
SECURITY DESCRIPTION	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	OTHER SECURITIES	TOTAL NON-GOV'T SECURITIES	
WACHOVIA BANK	878,026.				878,026.	
DAVID FUND MUTUAL	62,757.				62,757.	
ISRAEL BONDS	1,500.				1,500.	
GROUND RENTS	4,367.				4,367.	
PAINE WEBBER	1,734,126.				1,734,126.	
HIMMELSTEIN FUND	24,223.				24,223.	
TO 990, LN 54 COL B	2,704,999.				2,704,999.	

FORM 990	OTHER ASSETS	STATEMENT	9
DESCRIPTION	AMOUNT		
DUE FROM RELATED PARTIES	231,990.		
INTEREST RECEIVABLE	17,143.		
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	249,133.		

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT	10
DESCRIPTION	AMOUNT		
DIRECT EXPENSE	196,848.		
ROUNDING	1.		
TOTAL TO FORM 990, PART IV-A	196,849.		

FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT	11
DESCRIPTION	AMOUNT		
DIRECT EXPENSE	196,848.		
ROUNDING	<1.>		
TOTAL TO FORM 990, PART IV-B	196,847.		

FORM 990 PART V - LIST OF OFFICERS, DIRECTORS,
 TRUSTEES AND KEY EMPLOYEES STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
TERRY PERL 4815 SETON DRIVE BALTIMORE, MD 21215	PRESIDENT AS NEEDED	0.	0.	0.
CECIL FOX 4815 SETON DRIVE BALTIMORE, MD 21215	SECRETARY AS NEEDED	0.	0.	0.
STEVEN ALMS 2205 WAREICK WAY	CHAIRPERSON AS NEEDED	0.	0.	0.
THOMAS CARROLL 2 HAMILL ROAD, SUITE 155	VICE CHAIRPERSON AS NEEDED	0.	0.	0.
ARTHUR GEORGE 226 SCHILLING CIRCLE	VICE CHAIRPERSON AS NEEDED	0.	0.	0.
JUDITH MURTINAK 6 COLDWATER COURT	VICE CHAIRPERSON AS NEEDED	0.	0.	0.
MARTIN LAMPNER 4815 SETON DRIVE BALTIMORE, MD 21215	ASSITANT TREASURER AS NEEDED	0.	0.	0.
ALBERT BUSSONE 4815 SETON DRIVE BALTIMORE, MD 21215	EXECUTIVE DIRECTOR AS NEEDED	0.	0.	0.
HOWARD COHEN 2550 PICKWICK ROAD	BOARD MEMBER AS NEEDED	0.	0.	0.
NICK CONSTANTINIDES 12325 MICHAELSFORD ROAD	BOARD MEMBER AS NEEDED	0.	0.	0.
R.B. DIFFENDERFFER, JR 6395 DOBBIN STREET, SUITE 206	BOARD MEMBER AS NEEDED	0.	0.	0.

THE CHIMES FOUNDATION, INC.

52-1796571

STEPHEN G. SAMUAL MOXLEY 754 FREDERICK ROAD	BOARD MEMBER AS NEEDED	0.	0.	0.
ADAM SMOLEN 2515 BOSTON STREET, UNIT 1103	BOARD MEMBER AS NEEDED	0.	0.	0.
STANLEY G. TOBIN 1399 NEW YORK AVENUE, NW SUITE 500	BOARD MEMBER AS NEEDED	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V		0.	0.	0.

SCHEDULE A STATEMENT REGARDING ACTIVITIES WITH STATEMENT 13
 SUBSTANTIAL CONTRIBUTORS, TRUSTEES, DIRECTORS,
 CREATORS, KEY EMPLOYEES, ETC.,
 PART III, LINE 2

SEE ATTACHED STATEMENT FOLLOWING

SCHEDULE A	OTHER INCOME			STATEMENT 14
DESCRIPTION	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT	1998 AMOUNT
SPECIAL EVENTS NET INCOME	<61,109.>	136,237.	131,265.	58,849.
TOTAL TO SCHEDULE A, LINE 22	<61,109.>	136,237.	131,265.	58,849.

FORM 990
For the Year July 1, 2002 to June 30, 2003
The Chimes Foundation, Inc.
EIN - 52-1796571

Attachment for Schedule A, Part III, Line 2

For the reporting year, Chimes Foundation, Inc., either directly or indirectly, engaged in sales, exchanges or leasing of property, lending of money or other extension of credit, furnishing of goods services or facilities, payment of compensation (or payment or reimbursement of expenses if more than \$1,000), or transfer of any part of its income or assets with 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, as follows:

1. Eagle Maintenance (provider of janitorial supplies and equipment to various related organizations): Contributions of \$35,012 and sales of \$3,747,081.
2. Benefits Consulting Group and FCE Benefits (provider of benefit programs goods and services to Chimes DC): Contributions of \$25,010. Fees of \$675,516 and brokerage commissions of \$298,500 were paid.
3. Offit, Kurman, Yumkas & Denick, PA (provider of legal services): Contributions of \$20,000. Fees of \$241,589 were paid. The Chimes DC also provides janitorial services to the firm for which it was paid \$20,972. All related entities use the firm.
4. Three's Company Carpet & Upholstery Cleaning (provider of carpet and floor care for several of the related organizations): Contributions of \$50,000. Sales of \$661,274 were paid.
5. The Weinberg Foundation: Contributions of \$250,000. Chimes DC, Inc. contracts to clean the headquarter offices of the Foundation for which it was paid \$20,972.
6. Mark Joseph (Board member of Chimes Foundation, Inc., and former owner and current employee of Yellow Transportation, the principal transportation provider to The Chimes, Inc.): Fees to Yellow Transportation \$988,008.
7. Allan Levine (Chair of The Chimes, Inc., and a principal in Madison Capital, provider of vehicle and equipment leases to The Chimes, Inc.): Madison Capital and related businesses received lease payments \$910,123. Mr. Levine serves this board in an ex officio capacity.

8. Mercantile Safe Deposit and Trust (primary bank for Chimes International, LTD., The Chimes Inc, Chimes DC, Inc., Chimes Metro, Inc. and Intervals Residential Services, Inc): Contribution of \$30,000 and fees and interest charged of \$120,073.

9. US Food Services (provider of food products to The Chimes, Inc.): Contributions of \$20,000, sales of \$588,942.

CHIMES FOUNDATION, INCORPORATED

FINANCIAL STATEMENTS

JUNE 30, 2003 AND 2002

CHIMES FOUNDATION, INCORPORATED
TABLE OF CONTENTS
June 30, 2003 and 2002

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GORFINE, SCHILLER & GARDYN, P.A.
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

**To The Board of Directors
Chimes Foundation Incorporated**

We have audited the accompanying consolidated statement of financial position of Chimes Foundation, Incorporated as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of Chimes Foundation, Incorporated. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Chimes Foundation, Incorporated as of June 30, 2002 for the year then ended, before the restatement described in Note I, were audited by other auditors whose report dated November 14, 2002 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We also audited the adjustments described in Note I that were applied to restate the June 30, 2002 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Gorfine, Schiller & Gardyn, PA

November 7, 2003

FINANCIAL STATEMENTS

CHIMES FOUNDATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003 and 2002

ASSETS		
	<u>2003</u>	<u>2002</u> <u>(Restated - Note I)</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 409,034	\$ 594,968
Pledges receivable	60,750	143,832
Due from related parties	231,990	200,000
Note receivable from affiliates, current portion	65,058	2,772
Prepaid expenses	-	2,000
Accrued interest receivable	17,143	28,006
Investments, unrestricted	<u>1,758,349</u>	<u>1,706,330</u>
Total current assets	<u>2,542,324</u>	<u>2,677,908</u>
OTHER ASSETS		
Property and equipment, net of accumulated depreciation	200	903
Note receivable from affiliates, net of current portion	654,850	259,226
Loan receivable	50,000	-
Investments		
Use unrestricted	122,036	102,839
Use restricted by donor	<u>824,614</u>	<u>810,378</u>
Total other assets	<u>1,651,700</u>	<u>1,173,346</u>
TOTAL ASSETS	<u><u>\$ 4,194,024</u></u>	<u><u>\$ 3,851,254</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 73,812	940
Due to related parties	<u>287,000</u>	<u>386,841</u>
Total current liabilities	<u>360,812</u>	<u>387,781</u>
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Unrestricted	3,008,598	2,653,095
Permanently restricted	<u>824,614</u>	<u>810,378</u>
Total net assets	<u>3,833,212</u>	<u>3,463,473</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,194,024</u></u>	<u><u>\$ 3,851,254</u></u>

See accompanying notes and independent auditors' report.