

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)

OMB No 1545-0047

**2003**Open to Public  
Inspection

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

**A** For the 2003 calendar year, or tax year beginning **JUL 1, 2003** and ending **JUN 30, 2004****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  
Instructions**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****D** Employer identification number**52-1796571****E** Telephone number**410-358-6400****F** Accounting method ☐ Cash ☒ Accrual  
☐ Other (specify) ▶• 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 ▶**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** Group Exemption Number ▶**M** Check ☐ if the organization is **not** required to attach  
Sch. B (Form 990, 990-EZ, or 990-PF).**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **3,333,327.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances****1** Contributions, gifts, grants, and similar amounts received:**a** Direct public support**1a** **695,008.****b** Indirect public support**1b****c** Government contributions (grants)**1c****d** **Total** (add lines 1a through 1c) (cash \$ **695,008.** noncash \$ )**1d** **695,008.****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****111,358.****5** Dividends and interest from securities**5****11,034.****6 a** Gross rents**6a****b** Less: rental expenses**6b****c** Net rental income or (loss) (subtract line 6b from line 6a)**6c****7** Other investment income (describe ▶ )**7****8 a** Gross amount from sales of assets other  
than inventory**(A) Securities****(B) Other****2,327,540.****8a****b** Less: cost or other basis and sales expenses**2,302,269.****8b****c** Gain or (loss) (attach schedule)**25,271.****8c****d** Net gain or (loss) (combine line 8c, columns (A) and (B)) **STMT 1 STMT 2****8d****25,271.****9** Special events and activities (attach schedule). If any amount is from gaming, check here ☐**a** Gross revenue (not including \$ **365,169.** of contributions  
reported on line 1a)**9a****188,387.****b** Less: direct expenses other than fundraising expenses**9b****188,387.****c** Net income or (loss) from special events (subtract line 9b from line 9a)**SEE STATEMENT 3****9c****0.****10 a** 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****842,671.****13** Program services (from line 44, column (B))**13****62,982.****14** Management and general (from line 44, column (C))**14****131,268.****15** Fundraising (from line 44, column (D))**15****17,534.****16** Payments to affiliates (attach schedule)**16****17** **Total expenses** (add lines 16 and 44, column (A))**17****211,784.****18** Excess or (deficit) for the year (subtract line 17 from line 12)**18****630,887.****19** Net assets or fund balances at beginning of year (from line 73, column (A))**19****3,833,212.****20** Other changes in net assets or fund balances (attach explanation)**SEE STATEMENT 4****20****44,247.****21** Net assets or fund balances at end of year (combine lines 18, 19, and 20)**21****4,508,346.**

**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.

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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 \$ <b>62,982.</b> noncash \$	22 <b>62,982.</b>	<b>62,982.</b>	<b>STATEMENT 8</b>	
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 <b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
26	Other salaries and wages	26 <b>60,802.</b>		<b>60,802.</b>	
27	Pension plan contributions	27			
28	Other employee benefits	28 <b>20,832.</b>		<b>20,832.</b>	
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31 <b>17,790.</b>		<b>17,790.</b>	
32	Legal fees	32			
33	Supplies	33 <b>86.</b>		<b>86.</b>	
34	Telephone	34			
35	Postage and shipping	35 <b>1,058.</b>		<b>1,058.</b>	
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 <b>200.</b>		<b>200.</b>	
43	Other expenses not covered above (itemize):				
a		43a			
b		43b			
c		43c			
d		43d			
e	<b>SEE STATEMENT 5</b>	43e <b>48,034.</b>		<b>30,500.</b>	<b>17,534.</b>
44	<b>Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15</b>	44 <b>211,784.</b>	<b>62,982.</b>	<b>131,268.</b>	<b>17,534.</b>

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**What is the organization's primary exempt purpose? **SEE STATEMENT 6**

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	<b>SEE STATEMENT 7</b>		
	(Grants and allocations \$ _____)		<b>62,982.</b>
b			
	(Grants and allocations \$ _____)		
c			
	(Grants and allocations \$ _____)		
d			
	(Grants and allocations \$ _____)		
e	Other program services (attach schedule)	(Grants and allocations \$ _____)	
f	<b>Total of Program Service Expenses (should equal line 44, column (B), Program services)</b>		<b>62,982.</b>

**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
<b>Assets</b>	45 Cash - non-interest-bearing	1.	45	315,957.
	46 Savings and temporary cash investments	409,034.	46	
	47 a Accounts receivable	47a 165,645.		
	b Less: allowance for doubtful accounts	47b	47c	165,645.
	48 a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b	60,750.	48c
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees		50	
	51 a Other notes and loans receivable	51a 1,053,069.		
	b Less: allowance for doubtful accounts	51b	769,907.	51c 1,053,069.
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	52,500.
	54 Investments - securities <b>STMT 9</b> <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	2,704,999.	54	3,029,976.
	55 a Investments - land, buildings, and equipment: basis	55a		
	b Less: accumulated depreciation	55b	55c	
56 Investments - other		0.	56	0.
57 a Land, buildings, and equipment: basis	57a			
b Less: accumulated depreciation	57b	200.	57c	
58 Other assets (describe <b>SEE STATEMENT 10</b> )	249,133.	58	34,918.	
59 <b>Total assets</b> (add lines 45 through 58) (must equal line 74)	4,194,024.	59	4,652,065.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	73,812.	60	61,117.
	61 Grants payable		61	
	62 Deferred revenue		62	20,000.
	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 <b>SEE STATEMENT 11</b> )	287,000.	65	62,602.
66 <b>Total liabilities</b> (add lines 60 through 65)	360,812.	66	143,719.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	3,008,598.	67	3,606,078.
	68 Temporarily restricted		68	
	69 Permanently restricted	824,614.	69	902,268.
	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 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	3,833,212.	73	4,508,346.
	74 <b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	4,194,024.	74	4,652,065.

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.

<b>Part IV-B</b>	<b>Reconciliation of Expenses per Audited Financial Statements with Expenses per Return</b>
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Total revenue, gains, and other support per audited financial statements		Total expenses and losses per audited financial statements	
a	1,075,305.	a	400,171.
b		b	
(1)	44,247.	(1)	
(2)		(2)	
(3)		(3)	
(4)	188,387.	(4)	
STMT 12	232,634.	STMT 13	188,387.
Add amounts on lines (1) through (4)	b	Add amounts on lines (1) through (4)	b
c	842,671.	c	211,784.
d		d	
(1)		(1)	
(2)		(2)	
Add amounts on lines (1) and (2)	d	Add amounts on lines (1) and (2)	d
e	842,671.	e	211,784.

<b>Part V</b>	<b>List of Officers, Directors, Trustees, and Key Employees</b> (List each one even if not compensated.)
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[illegible]

See Stmt 17

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?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	N/A
	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?	85g	N/A
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?	85h	N/A
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, 2003		
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  
and enter the amount of tax-exempt interest received or accrued during the tax year

92

N/A

**Part VII Analysis of Income-Producing Activities** (See page 33 of the instructions.)

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) Exclu- sion 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			14	111,358.		
96 Dividends and interest from securities			14	11,034.		
97 Net rental income or (loss) from real estate:						
a debt-financed property						
b not debt-financed property						
98 Net rental income or (loss) from personal property						
99 Other investment income						
100 Gain or (loss) from sales of assets other than inventory			18	25,271.		
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))		0.		147,663.		0.
105 Total (add line 104, columns (B), (D), and (E))						147,663.

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 page 34 of the instructions.)

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).
▼	

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See page 34 of the instructions.)

(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 page 34 of the instructions.)

- (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).

I am preparing this return, and to the best of my knowledge and belief, it is true,  
all information of which preparer has any knowledge

5/11/05 TERRY ALLEN PERL, PRES/CEO  
Date Type or print name and title.

Preparer's SSN or PTIN

**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

**2003**

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
<b>NONE</b>				
Total number of other employees paid over \$50,000	<b>0</b>			

**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
<b>IMG ARTISTS, LLC</b>		
<b>825 SEVENTH AVENUE, NEW YORK, NY 10019</b>	<b>ENTERTAINMENT</b>	<b>52,500.</b>
Total number of others receiving over \$50,000 for professional services	<b>0</b>	

**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.) <b>SEE STATEMENT 15</b>			
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 a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b		X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4		X

**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.)
- 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 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) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	200,165.	362,595.	358,597.	601,297.	1,522,654.
<b>16</b> Membership fees received					
<b>17</b> 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					
<b>18</b> 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	111,586.	125,041.	149,474.	105,652.	491,753.
<b>19</b> Net income from unrelated business activities not included in line 18					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
<b>21</b> 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					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	350,351.	<61,109.>	SEE STATEMENT 16 136,237.	131,265.	556,744.
<b>23</b> Total of lines 15 through 22	662,102.	426,527.	644,308.	838,214.	2,571,151.
<b>24</b> Line 23 minus line 17	662,102.	426,527.	644,308.	838,214.	2,571,151.
<b>25</b> Enter 1% of line 23	6,621.	4,265.	6,443.	8,382.	
<b>26</b> Organizations described on lines 10 or 11: <b>a</b> Enter 2% of amount in column (e), line 24					<b>26a</b> 51,423.
<b>b</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 1999 through 2002 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					<b>26b</b> 426,474.
<b>c</b> Total support for section 509(a)(1) test: Enter line 24, column (e)					<b>26c</b> 2,571,151.
<b>d</b> Add: Amounts from column (e) for lines: 18 491,753. 19 22 556,744. 26b 426,474.					<b>26d</b> 1,474,971.
<b>e</b> Public support (line 26c minus line 26d total)					<b>26e</b> 1,096,180.
<b>f</b> Public support percentage (line 26e (numerator) divided by line 26c (denominator))					<b>26f</b> 42.6338%
<b>27</b> Organizations described on line 12: <b>a</b> 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					
(2002) (2001) (2000) (1999)					
<b>b</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					
(2002) (2001) (2000) (1999)					
<b>c</b> Add: Amounts from column (e) for lines: 15 16 17 20 21					<b>27c</b> N/A
<b>d</b> Add: Line 27a total and line 27b total					<b>27d</b> N/A
<b>e</b> Public support (line 27c total minus line 27d total)					<b>27e</b> N/A
<b>f</b> Total support for section 509(a)(2) test: Enter amount on line 23, column (e)					<b>27f</b> N/A
<b>g</b> Public support percentage (line 27e (numerator) divided by line 27f (denominator))					<b>27g</b> N/A %
<b>h</b> Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					<b>27h</b> N/A %
<b>28</b> Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, 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.					

NONE

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

**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													
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b> Other exempt purpose expenditures	<b>39</b>													
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b> Lobbying nontaxable amount. Enter the amount from the following table -														
<table border="0"> <tr> <td><b>If the amount on line 40 is -</b></td> <td><b>The lobbying nontaxable amount is -</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>	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	<b>41</b>	
<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>													
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													
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b> Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b> Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>													

**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				N/A
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	
<b>45</b> Lobbying nontaxable amount					0.
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					0.
<b>47</b> Total lobbying expenditures					0.
<b>48</b> Grassroots nontaxable amount					0.
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					0.
<b>50</b> 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 12 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.



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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)
CORPORATE BONDS	25,000.	25,345.	0.	<345.>
MUTUAL FUNDS	157,058.	136,345.	0.	20,713.
CORPORATE STOCKS	100,661.	96,232.	0.	4,429.
TO FORM 990, PART I, LINE 8	282,719.	257,922.	0.	24,797.

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FORM 990	GAIN (LOSS) FROM NON-PUBLICLY TRADED SECURITIES	STATEMENT	2
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DESCRIPTION	DATE ACQUIRED	DATE SOLD	METHOD ACQUIRED	
CERTIFICATES OF DEPOSIT	VARIOUS	VARIOUS	PURCHASED	
NAME OF BUYER	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
VARIOUS	2,044,821.	2,044,347.	0.	474.
TOTAL TO FM 990, PART I, LN 8	2,044,821.	2,044,347.	0.	474.

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FORM 990	SPECIAL EVENTS AND ACTIVITIES	STATEMENT	3
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DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
HALL OF FAME	553,556.	365,169.	188,387.	188,387.	0.
TO FM 990, PART I, LINE 9	553,556.	365,169.	188,387.	188,387.	0.

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FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	4
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DESCRIPTION	AMOUNT
UNREALIZED GAINS (LOSSES) ON INVESTMENTS	44,247.
TOTAL TO FORM 990, PART I, LINE 20	44,247.

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FORM 990	OTHER EXPENSES	STATEMENT	5
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DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
LICENSES & FEES	6,893.		6,893.	
MANAGEMENT FEES	5,198.		5,198.	
DUES AND SUBSCRIPTIONS	16,671.		16,671.	
PROPERTY TAXES	49.		49.	

MISCELLANEOUS			
EXPENSE	1,689.	1,689.	
DIRECT FUND RAISING			
EXPENSES	17,534.		17,534.
TOTAL TO FM 990, LN 43	48,034.	30,500.	17,534.

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FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE	STATEMENT	6
	PART III		

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## 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.

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FORM 990	STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	STATEMENT	7
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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		62,982.

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FORM 990	CASH GRANTS AND ALLOCATIONS	STATEMENT	8
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CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
CHARITABLE DONATIONS			NONE	62,982.
TOTAL INCLUDED ON FORM 990, PART II, LINE 22				62,982.

FORM 990	NON-GOVERNMENT SECURITIES	STATEMENT	9
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SECURITY DESCRIPTION	CORPORATE STOCKS	CORPORATE BONDS	OTHER PUBLICLY TRADED SECURITIES	OTHER SECURITIES	TOTAL NON-GOV'T SECURITIES
DAVID FUND MUTUAL	77,447.				77,447.
GROUND RENTS	4,367.				4,367.
HIMMELSTEIN FUND	24,587.				24,587.
ISRAEL BONDS	1,000.				1,000.
PAINE WEBBER	1,952,296.				1,952,296.
WACHOVIA BANK	970,279.				970,279.
TO 990, LN 54 COL B	3,029,976.				3,029,976.

FORM 990	OTHER ASSETS	STATEMENT	10
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DESCRIPTION	AMOUNT
DUE FROM RELATED PARTIES	34,918.
INTEREST RECEIVABLE	0.
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B	34,918.

FORM 990	OTHER LIABILITIES	STATEMENT	11
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DESCRIPTION	AMOUNT
DUE TO RELATED PARTY	62,602.
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B	62,602.

FORM 990	OTHER REVENUE NOT INCLUDED ON FORM 990	STATEMENT	12
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DESCRIPTION	AMOUNT
FUNDRAISING INCOME NETTED AGAINST EXPENSES	188,387.
TOTAL TO FORM 990, PART IV-A	188,387.



FORM 990	OTHER EXPENSES NOT INCLUDED ON FORM 990	STATEMENT 13
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DESCRIPTION	AMOUNT
FUNDRAISING EXPENSES NETTED AGAINST INCOME	188,387.
TOTAL TO FORM 990, PART IV-B	188,387.

FORM 990	PART V - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES	STATEMENT 14
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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 5	0.	0.	0.
CECIL FOX 4815 SETON DRIVE BALTIMORE, MD 21215	SECRETARY 5	0.	0.	0.
THOMAS CARROLL 2205 WAREICK WAY	CHAIRPERSON 0.5	0.	0.	0.
ELAINE CWEIBER KATZ 2 HAMILL ROAD, SUITE 155	VICE CHAIRPERSON 0.5	0.	0.	0.
ARTHUR GEORGE 226 SCHILLING CIRCLE	VICE CHAIRPERSON 0.5	0.	0.	0.
JUDITH MURTINAK 6 COLDWATER COURT	VICE CHAIRPERSON 0.5	0.	0.	0.
MARTIN LAMPNER 4815 SETON DRIVE BALTIMORE, MD 21215	ASSITANT TREASURER 5	0.	0.	0.
ALBERT BUSSONE 4815 SETON DRIVE BALTIMORE, MD 21215	EXECUTIVE DIRECTOR 5	0.	0.	0.

HOWARD COHEN 2550 PICKWICK ROAD	BOARD MEMBER 0.5	0.	0.	0.
NICK CONSTANTINIDES 12325 MICHAELSFORD ROAD	BOARD MEMBER 0.5	0.	0.	0.
R.B. DIFFENDERFFER, JR 6395 DOBBIN STREET, SUITE 206	TREASURER 0.5	0.	0.	0.
FELIX GYI 7300 GRACE DRIVE	BOARD MEMBER 0.5	0.	0.	0.
DOUGLAS HOSTETLER P.O. BOX 1475	BOARD MEMBER 0.5	0.	0.	0.
MARK JOSEPH 2100 HUNTINGDON AVENUE	BOARD MEMBER 0.5	0.	0.	0.
FELIX KAUFMAN, M.D. 120 SISTER PIERE DRIVE, SUITES 403 & 404	BOARD MEMBER 0.5	0.	0.	0.
JOHN ROSASCHI 8110 CORPORATE PLACE	BOARD MEMBER 0.5	0.	0.	0.
ROCHELLE SPECTOR 100 N. HOLIDAY STREET, ROOM 521	BOARD MEMBER 0.5	0.	0.	0.
MICHELE MELIKER 3401 BIRH HOLLOW ROAD	BOARD MEMBER 0.5	0.	0.	0.
BEVERLY PARKER 2020 ALAMEDA PADRE SERRA	BOARD MEMBER 0.5	0.	0.	0.
SANFORD TEPLITZKY, ESQ 120 EAST BALTIMORE STREET	BOARD MEMBER 0.5	0.	0.	0.
WILLIAM PARKER ONE NORTH CHARLES STREET	BOARD MEMBER 0.5	0.	0.	0.

ROBERT BRUNS 209 MIDHURST ROAD	BOARD MEMBER 0.5	0.	0.	0.
BARRY FLEISCHMANN 110 EAST GWYNNS MILL COURT	BOARD MEMBER 0.5	0.	0.	0.
MICHAEL A. KOSUTH 7377 WASHINGTON BLVE., SUITE 103	BOARD MEMBER 0.5	0.	0.	0.
STEPHEN G. SAMUAL MOXLEY 754 FREDERICK ROAD	BOARD MEMBER 0.5	0.	0.	0.
ADAM SMOLEN 2515 BOSTON STREET, UNIT 1103	BOARD MEMBER 0.5	0.	0.	0.
STANLEY G. TOBIN 1399 NEW YORK AVENUE, NW SUITE 500	BOARD MEMBER 0.5	0.	0.	0.
STANLEY SACK 4815 SETON DRIVE BALTIMORE, MD 21215	BOARD MEMBER 0.5	0.	0.	0.
DOUGLAS SCHMIDT 4815 SETON DRIVE BALTIMORE, MD 21215	BOARD MEMBER 0.5	0.	0.	0.
TODD SINGER 4815 SETON DRIVE BALTIMORE, MD 21215	BOARD MEMBER 0.5	0.	0.	0.
TONY TRANTAS 4815 SETON DRIVE BALTIMORE, MD 21215	BOARD MEMBER 0.5	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V		0.	0.	0.

SCHEDULE A

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

STATEMENT 15

SEE ATTACHED STATEMENT  
ITEM 2(D): SEE FORM 990, PART V (PAGE 4)

SCHEDULE A	OTHER INCOME			STATEMENT 16
DESCRIPTION	2002 AMOUNT	2001 AMOUNT	2000 AMOUNT	1999 AMOUNT
SPECIAL EVENTS NET INCOME	350,351.	<61,109.>	136,237.	131,265.
TOTAL TO SCHEDULE A, LINE 22	350,351.	<61,109.>	136,237.	131,265.

Form 990  
 For the Year July 1, 2003 to June 30, 2004  
 Chimes Foundation, Inc. EIN 52-1796571

## List of Officers, Directors Trustees and Key Employees

<b>Name</b>	<b>Terry Perl</b>	<b>Albert Bussone</b>	<b>Martin Lampner</b>	<b>Cecil Fox</b>
<b>Organization providing Compensation</b>	Chimes In'tl Ltd	Chimes In'tl Ltd	Chimes In'tl Ltd	The Chimes, Inc.
<b>EIN for Organization</b>	52-2000359	52-2000359	52-2000359	52-0575305
<b>Address</b>	4815 Seton Dr	4815 Seton Dr	4815 Seton Dr	4815 Seton Dr
<b>City, State Zip</b>	Baltimore, MD 21215	Baltimore, MD 21215	Baltimore, MD 21215	Baltimore, MD 21215
<b>Title</b>	CEO/President	COO/VP Operations Asst Secretary	CFO/VP Finance Treasurer	SVP
<b>Average Hours per Week</b>	40	40	40	40
<b>Compensation</b>				
Base Compensation	443,908	246,781	175,628	151,999
At Risk Compensation (A)	49,151	11,865	10,230	9,540
Cash in Lieu of Benefits (B)		67,460	0	0
Money Purchase Pension Payment	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	193,387
<b>Contributions to Employee Benefits Plans</b>				
Health and Basic Life Insurance	13,033	13,033	17,518	10,397
Money Purchase Pension	5,125	5,125	4,646	5,125
401(k) Plan				
Employer Contribution	7,493	5,008	5,494	4,761
457(f) Plan (C)	125,925	0	45,617	30,624
Severance Plan (D)	49,306	12,932	9,293	0
Vehicle (E)	10,234	3,134	7,515	5,803

(A) At Risk Compensation is awarded by the Board based on achieving performance goals set in advance and paid in arrears. The compensation reflected in this schedule was earned in FY'03 and paid FY'04.

(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) Employee is provided a company car, amounts shown are taxable personal use per IRS formula.

FORM 990  
For the Year July 1, 2003 to June 30, 2004

Chimes Foundation, Incorporated  
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. Barry Fleischmann (member of the Board and President and CEO of Innovative Gourmet, provider of catering services): Sales of \$39,240.

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2004**

The Chimes, Inc. And Related Entities  
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*June 30, 2004*

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**GORFINE, SCHILLER & GARDYN, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS**

## **INDEPENDENT AUDITORS' REPORT**

**To The Board of Directors and Officers**  
**The Chimes, Inc. And Related Entities**

We have audited the accompanying consolidated statement of financial position of The Chimes, Inc. And Related Entities (the "Organization") as of June 30, 2004, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of The Chimes, Inc. And Related Entities. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Holcomb Associates, Inc., Open Door, Inc. and Family Services Associates, Inc., companies of which The Chimes, Inc. is a sole member. The financial statements reflect total assets of \$5,630,953 at June 30, 2004, and total revenues of \$14,262,220 for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Holcomb Associates, Inc., Open Door, Inc. and Family Services Associates, Inc. is based solely on the reports of the other auditors.

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, 2004 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.

*Gorfine, Schiller & Gardyn, P.A.*

October 7, 2004

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 5,423,131
Accounts receivable, net of allowance for doubtful accounts	16,823,959
Pledges receivable	48,737
Prepaid expenses	848,152
Other current assets	105,870
Due from third party payor	278,767
Investments, unrestricted	1,976,883
Due from related party	<u>27,128</u>
<b>Total current assets</b>	<u>25,532,627</u>
<b>NONCURRENT ASSETS</b>	
Land, buildings and equipment, net of accumulated depreciation	20,121,906
Bond funds	92,706
Intangible assets, net of accumulated amortization	135,720
Loan receivable	290,000
Investment	
Use unrestricted	150,825
Use restricted by donor	902,268
Workers' compensation fund	128,472
Other noncurrent assets	<u>296,599</u>
<b>Total noncurrent assets</b>	<u>22,118,496</u>
<b>TOTAL ASSETS</b>	<u>\$ 47,651,123</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	
Current maturities of long term debt	\$ 1,040,517
Short term borrowings	5,146,257
Accounts payable	3,442,141
Accrued expenses and other liabilities	9,938,953
Deferred revenue	<u>7,085,618</u>
<b>Total current liabilities</b>	<u>26,653,486</u>
<b>LONG-TERM DEBT</b>	
Bonds payable	3,665,441
Mortgages and notes payable	2,928,219
Capital lease obligations	<u>88,293</u>
<b>Total long-term debt, net of current maturities</b>	<u>6,681,953</u>
<b>Total liabilities</b>	<u>33,335,439</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	
<b>NET ASSETS</b>	
Unrestricted	13,413,416
Permanently restricted	<u>902,268</u>
<b>Total net assets</b>	<u>14,315,684</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 47,651,123

*See Notes To Consolidated Financial Statements*

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains and other support			
Residential	\$ 36,210,054	\$ -	\$ 36,210,054
Vocational	67,849,744	-	67,849,744
Educational	2,529,407	-	2,529,407
Medical day	3,294,759	-	3,294,759
Other programs	16,762,649	-	16,762,649
Donations and grants	434,018	-	434,018
Miscellaneous	312,477	-	312,477
Fundraising income	883,395	-	883,395
Investment income	114,256	77,654	191,910
Gain on sale of assets	162,327	-	162,327
<b>Total Revenue, Gains and Other Support</b>	<u>128,553,086</u>	<u>77,654</u>	<u>128,630,740</u>
Expenses			
Residential	32,874,868	-	32,874,868
Vocational	60,269,546	-	60,269,546
Educational	2,171,775	-	2,171,775
Medical day	2,900,118	-	2,900,118
Other programs	13,997,789	-	13,997,789
Fund raising	268,903	-	268,903
Administrative	14,910,260	-	14,910,260
<b>Total Expenses</b>	<u>127,393,259</u>	<u>-</u>	<u>127,393,259</u>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	1,159,827	77,654	1,237,481
<b>Loss from Impairment of Assets</b>	<u>4,692,185</u>	<u>-</u>	<u>4,692,185</u>
<b>INCREASE (DECREASE) IN NET ASSETS AFTER IMPAIRMENT OF ASSETS</b>	<u>(3,532,358)</u>	<u>77,654</u>	<u>(3,454,704)</u>
<b>NET ASSETS, beginning of year</b>	<u>16,945,774</u>	<u>824,614</u>	<u>17,770,388</u>
<b>NET ASSETS, end of year</b>	<u>\$ 13,413,416</u>	<u>\$ 902,268</u>	<u>\$ 14,315,684</u>

*See Notes To Consolidated Financial Statements*

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (3,454,704)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	2,477,225
Amortization	47,797
Mortgage amortization	(73,284)
Provision for bad debts	432,201
Loss from impairment	(4,736,432)
Gain on sale of assets	(146,415)
Net assets of acquired and disposed companies	3,456,177
Net cash of acquired and disposed companies	401,523
(Increase) decrease in assets	
Accounts receivable	(1,151,958)
Prepaid expenses	(39,629)
Other current assets	(26,768)
Due from third-party payor	402,135
Pledges receivable	(48,737)
Other noncurrent assets	(579,114)
Increase (decrease) in liabilities	
Accounts payable	35,544
Accrued expenses and other liabilities	381,642
Deferred revenue	<u>7,005,327</u>
Net cash provided by operating expenses	<u>4,382,530</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Withdrawals from bond funds, net	106,531
Withdrawals from worker's compensation fund, net	184,773
Purchase of investments	6,423,912
Disbursement for loan receivable	(290,000)
Acquisition of land, buildings and equipment	(1,472,110)
Proceeds from disposal of land, buildings and equipment	<u>363,785</u>
Net cash used in investing activities	<u>5,316,891</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

Payments on bonds	(1,112,168)
Payments on capital lease obligations	(198,399)
Payments on mortgages and notes	(1,418,372)
Proceeds from mortgages and notes	677,010
Payments from short-term borrowings - net	(3,655,236)
Proceeds from related entities - net	<u>476,623</u>
Net cash used by financing activities	<u>(5,230,542)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

	4,468,879
Cash and cash equivalents, beginning of year	<u>954,252</u>
Cash and cash equivalents, end of year	<u>\$ 5,423,131</u>

*See Notes To Consolidated Financial Statements*

The Chimes, Inc. And Related Entities  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2004*

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**NOTE A – NATURE OF OPERATIONS**

The Chimes, Inc. And Related Entities (the Organization) provide services to people with disabilities and barriers to independent living in the States of Maryland, Delaware, Pennsylvania, Virginia, New Jersey, North Carolina and also the District of Columbia. The Organization provides programs in the areas of residential, vocational, medical day, educational, mental health, drugs and substance abuse and administrative services.

Residential programs provide housing with varying levels of supervision, dependent upon the consumers' needs. Vocational programs offer both vocational and skill training that prepare consumers for job opportunities. Medical day programs teach consumers socialization, hygiene, mobility and basic living skills. Educational programs teach consumers from ages 6 to 21 various academic, motor, social and basic living skills. Administrative services are provided both to the Organization as well as outside providers.

The following is a summary of entities related to the Organization which are included in the consolidated financial statements.

<u>Entity Name</u>	<u>Nature of Relationship</u>
Chimes, Inc. (The Chimes)	Parent
Chimes District of Columbia, Inc. (Chimes – DC)	Common management
Chimes, Virginia, Inc. (Chimes – VA)	Board ratified by The Chimes
The Chimes International (International)	Board appointed by other entities related to The Chimes
Chimes Foundation, Incorporated (Foundation)	Board ratified by The Chimes
Intervals Residential Services, Inc. (Intervals)	Board ratified by The Chimes
Holcomb Associates, Inc. (Holcomb)	The Chimes has a sole membership affiliation
Open Door, Inc. (Open Door)	Holcomb has a sole membership affiliation
Family Services Associates, Inc. (Family Services)	Holcomb has a sole membership affiliation
Developmental Services of New Jersey, Inc. (DSNJ)	The Chimes has a sole membership affiliation

All significant intercompany accounts and transactions have been eliminated in the consolidated statements.

## **NOTE A – NATURE OF OPERATIONS - Continued**

The following entities are not included in the consolidated financial statements:

Tova, Inc.

Holcomb, Inc. had a sole membership affiliation that disaffiliated as of June 1, 2004.

Friends of DSNJ (Friends)

Sole purpose was to provide financial and operational support for DSNJ until disaffiliation as of January 31, 2004.

Chimes Israel is an independent Israeli organization, which is not incorporated in the United States, some of whose directors are also members of the Board of Directors of one or more of the other related entities.

## **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 Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements For Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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 Organization and its Board of Directors. If no outside restrictions exist, then net assets are recorded as unrestricted.

### **3. Donated Services**

No amounts are recorded for donated personal services in these financial statement since the services do not meet the criteria requiring financial statement disclosure under U.S. generally accepted accounting principles. Volunteers have donated significant amounts of their time to the Organization; however, the value of these services cannot be estimated.

### **4. Net Assets**

Unrestricted net assets consist of funds free of any legally enforceable restrictions outside of the Organization and its Board of Directors. Temporarily and permanently restricted net assets consist of funds subject to donor restrictions from outside the Organization and its Board of Directors.

## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

### **5. Support and Revenue**

Some revenues are received as grant funds from the State of Maryland or municipalities in Maryland, as well as from the states of Delaware, Pennsylvania, Virginia, New Jersey and the District of Columbia. Such revenues are recognized when the related services are rendered. It is the Organization's policy to recognize temporarily restricted revenue whose restrictions are met in the year of receipt as unrestricted revenue. Unexpended funds may be due back to the funding authorities, unless the funding authority allows the Organization to retain such excess. Other revenues are earned under fee service arrangements.

The concentration of revenue from the Mid-Atlantic area is not expected to have any significant future effect on the Organization.

### **6. Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less, and with no operating restrictions, to be cash equivalents.

### **7. Accounts Receivable**

Most of the accounts receivable are due from either the State or other municipalities in Maryland, Delaware, Pennsylvania, Virginia, New Jersey or the District of Columbia. Based upon a review of the receivables as of June 30, 2004, Management recorded an allowance for doubtful accounts of \$213,072.

### **8. 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.

### **9. Land, Buildings and Equipment**

The capital assets are stated at cost or, if donated, at fair market value on the date of donation. It is the Organization's policy to record as unrestricted net assets all donated property and equipment whose only restrictions are the depreciable lives of the property. The Organization's capitalization policy is \$1,000 for all of the Chimes entities except for Chimes, Inc., Holcomb and Intervals, whose policy is \$500. Depreciation is provided over the following estimated useful lives of the related assets using the straight-line method.

Buildings and improvements	40 years
Land improvements	15 years
Automobiles	3 – 5 years
Furnishings and equipment	5 years
Leasehold improvements	life of lease

## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Although the Organization holds title to all of its assets, in the event of its dissolution, all assets acquired under capital grant programs may revert to the governmental entity under their respective funding agreements or to another 501(c)(3) corporation providing similar services as the Organization.

### **10. Investments and Investment Income**

The Organization 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 Organization and is classified as revenue.

### **11. Other Assets**

Other assets consist of miscellaneous deposits and the cash value of life insurance.

### **12. Intangible Assets**

Intangible assets consist of bond issuance costs, a non-compete agreement, a trademark, a customer list and goodwill. Bond issuance costs related to the financing described in Notes F and G are amortized on a straight-line basis over the life of the related bonds or loan. The non-compete agreement, trademark, customer list and goodwill are related to the purchase and sale of "MAGPOTS" and are amortized on a straight-line basis over their estimated useful lives.

### **13. Income Tax**

The Organization's entities are exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and are not considered private foundations. None of the Organizations' activities are subject to the tax on unrelated business income.

### **14. Deferred Revenue**

Deferred revenue consists of advance payments on client service contracts. Client income will be recognized as services are rendered in the subsequent year.



### **NOTE C – LAND, BUILDINGS AND EQUIPMENT**

Major classes of property and equipment at June 30, 2004 are as follows:

	<u>Amount</u>
Land	\$ 1,976,507
Buildings and improvements	21,469,357
Land improvements	241,474
Automobiles	2,070,952
Furnishings and equipment	10,756,258
Leasehold improvements	<u>478,411</u>
	36,992,959
Less: accumulated depreciation	<u>16,871,053</u>
Net	<u>\$20,121,906</u>

Depreciation on these assets for the year ended June 30, 2004 was \$2,477,225 .

Included in land and buildings and improvements are \$2,198,528 of costs for funds provided by The New Jersey Department of Human Services (the "Department") to purchase and renovate group homes. Under the Organization's contract with the Department, the State of New Jersey retains equitable interest in all property and equipment purchased with State funds (See Note G).

### **NOTE D – INVESTMENTS**

Investments included in the Organization's statements of financial position at June 30, 2004 are as follows:

	<u>2004</u>
Money Market Funds, at market value (cost \$78,158 in 2004)	\$ 78,158
Certificates of Deposit, at market value (cost \$1,909,665 in 2004)	1,895,741
Bonds at market value (cost \$300,687 in 2004)	313,543
Common stocks, at market value (cost \$266,270 in 2004)	315,404
Mutual Funds, at market value (cost \$341,898 in 2004)	397,176
Other investments, at market value (cost \$29,954 in 2004)	<u>29,954</u>
	<u>\$3,029,976</u>

#### NOTE D – INVESTMENTS - Continued

At June 30, 2004 the statement of financial position included net unrealized gains pertaining to investments of \$44,246. As described in Note K, included in the above investments are permanently restricted investments in the amount of \$902,268 as of June 30, 2004.

The following schedule summarizes the investment income and its classification in the statement of activities for the year ended June 30, 2004:

	<u>2004</u>		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividend income	\$113,352	\$ 9,040	\$122,392
Realized gains and losses – net	474	24,798	25,272
Unrealized gains and losses – net	<u>430</u>	<u>43,816</u>	<u>44,246</u>
	<u>\$114,256</u>	<u>\$ 77,654</u>	<u>\$191,910</u>

#### NOTE E – INTANGIBLE ASSETS

Intangible assets at June 30, 2004 are as follows:

Bond issuance	\$326,469
Non-compete agreement	5,000
Trademark	5,000
Customer list	5,000
Goodwill	<u>5,140</u>
	346,609
Less: accumulated amortization	<u>210,889</u>
	<u>\$135,720</u>

Amortization expense related to the bond issuance costs was \$43,768 for the year ended June 30, 2004. Amortization expense related to the non-compete agreement, trademark, customer list and goodwill was \$4,028 for the year ended June 30, 2004.

## **NOTE F – SHORT-TERM BORROWINGS**

Chimes, International has a \$7,500,000 line of credit with Mercantile Safe Deposit & Trust Company, due on demand. The line is collateralized by most properties of Chimes, Inc. and bears interest at the prime rate (4% at June 30, 2004). The outstanding balance at June 30, 2004, was \$0.

Holcomb Associates, Inc. has a \$700,000 line of credit collateralized by business assets. The note had a floating interest rate of 4% on June 30, 2004. The outstanding balance at June 30, 2004 was \$700,000.

Chimes District of Columbia, Inc. has a \$10,000,000 line of credit with Mercantile Safe & Deposit Trust Company, due on demand. The line is collateralized by a first lien on accounts receivable, an assignment of \$1,000,000 of key man life insurance with cross default provisions with all loans to The Chimes, Inc. And Related Entities. The bank has elected to waive this provision for the year ended June 30, 2004. The line bears interest at the prime rate (4% at June 30, 2004). The outstanding balance at June 30, 2004 was \$4,375,798.

Developmental Services of New Jersey, Inc. has a bank line of credit for \$200,000, collateralized by business assets. The floating annual rate of interest was 4.00% on June 30, 2004, with an unpaid balance of \$70,459.

Open Door, Inc. has a bank line of credit for \$50,000, collateralized by business assets. The floating annual rate of interest was 5.25% on June 30, 2004, with an unpaid balance of \$0.

## **NOTE G – BONDS PAYABLE**

### **Economic Development Revenue Bonds – 1992 Series**

The Economic Development Revenue Bonds of 1992, issued in an original amount of \$2,312,437, have a fifteen-year maturity (September 2007). Monthly principal payments of \$12,847 began October 1992. The bonds are collateralized by certain of The Chimes' real property, equipment, rents, licenses and records, funds deposited in escrow, and all related proceeds and products. On March 1, 1997, as part of the 1997 Series bond financing, The Chimes refinanced this obligation to an interest rate of 77% of the bank's prime rate (3.2725% at June 30, 2004). All other bond provisions remained the same. The bonds payable balance at June 30, 2004 was \$335,502.

### **Economic Development Revenue Bonds – 1997 Series**

On March 29, 1997, The Chimes acquired funding of \$2,270,067 in Economic Development Revenue Bonds to purchase new corporate headquarters, refinance existing debts and pay associated costs of the transaction. The bonds have a fifteen-year maturity (April 2011) and an interest rate equal to 77% of the issuing banks prime rate (3.2725% at June 30, 2004). Monthly principal payments of \$12,611 began in May of 1997. The bonds are collateralized by the real property, equipment, rents, licenses and records and all proceeds and products of the above. The bond balance at June 30, 2004 was \$1,017,766.

## **NOTE G – BONDS PAYABLE - Continued**

### **Economic Development Revenue Bonds – 1998 Series**

On March 31, 1998, The Chimes acquired funding of \$1,100,000 in Economic Development Revenue Bonds. The bonds have a 15 year maturity (April 2013) and bear interest at 77% of the issuing bank's prime rate (3.2725% at June 30, 2004). Monthly payments of \$6,111 began in May 1998. The bonds are collateralized by certain of The Chimes' real property, equipment, rent, licenses and records, and all related proceeds and products. The bonds payable balance at June 30, 2004 was \$641,667.

### **Maryland Economic Development Corporation Bonds**

In February 1993, Intervals received proceeds from the issuance of Maryland Economic Development Corporation Bonds (MEDCO) in the original amount of \$830,000. Proceeds from these bonds were used to refinance existing mortgages, acquire land and construct a facility on Old Court Road in Baltimore County, Maryland. The bonds bear an interest rate of 8.35% with semiannual redemption of principal and payment of interest. The final redemption will occur in 2013. The bonds may be subject to redemption, at the option of Intervals, semiannually on March 1 and September 1, starting 2003. The bonds are collateralized by a first lien interest in the deed of trust for all properties refinanced by the proceeds as well as properties purchased with the proceeds. These properties include the locations known as Glen Park, Vincent Farms, Talman, Walnut, Chapman and Streamwood, and the site acquired on Old Court Road. In addition, all payments from the State of Maryland, including but not limited to the Department of Health and Mental Hygiene (DHMH), must be deposited in a lockbox with the financial institution serving as trustee for MEDCO. The balance on these bonds was paid during the year ended June 30, 2004.

During 2002, Intervals received a commitment for the issuance of Maryland Economic Development Corporation Bonds (MEDCO) in an amount up to \$3,000,000. As of June 30, 2004, Intervals had received proceeds from the Bonds in the amount of \$2,493,785. The proceeds from these bonds were used to finance the acquisition of six acres of land and the construction of a 30,000 square foot building located in Baltimore City, Maryland. The bonds have a fifteen year maturity (March 2017) and bear interest at 77% of the issuing bank's prime rate (3.2725% at June 30, 2004). Intervals intends to make periodic payments to reduce principal as funds become available and interest rates make it favorable to do so. The bonds are collateralized by a first lien on the land and the building and are cross-collateralized and cross-defaulted with all other loans to the borrower and related entities. The bonds balance at June 30, 2004 was \$2,182,674.

**NOTE G – BONDS PAYABLE - Continued**

Principal maturities of the bonds for the next five years and thereafter as of June 30, 2004 are as follows:

<u>Years Ending June</u> <u>30,</u>	<u>Amount</u>
2005	\$ 512,168
2006	512,168
2007	385,178
2008	358,004
2009	358,004
Thereafter	<u>2,052,087</u>
	4,177,609
Less: current maturities	<u>512,168</u>
	<u>\$ 3,665,441</u>

Interest expense related to bonds payable, mortgages and notes payable and capital leases included in the statement of activities for the year ended June 30, 2004 was \$503,185.

**NOTE H – MORTGAGES AND NOTES PAYABLE**

Mortgages and notes payable at June 30, 2004 are as follows:

Note payable to bank, payable until February 2015, monthly installments of \$469 including interest at 7.75%, collateralized by a building.

\$ 40,738

Notes payable to financing companies, each with 36 monthly installments of \$683 to \$837. Collateralized by respective vehicles. Non-interest bearing.

50,234

Note payable to a bank, payable in monthly installments of \$927 including interest at 7.5% per annum through maturity in 2004. The note is collateralized by real estate.

1,832

Note payable to a financing company, with 60 monthly installments of \$344 and collateralized by respective vehicles. Non-interest bearing.

16,159

Note payable to a financing company, with 60 monthly installments of \$344 and collateralized by respective vehicles. Non-interest bearing.

16,886

## **NOTE H – MORTGAGES AND NOTES PAYABLE - Continued**

Note payable to a bank dated December 29, 1995, collateralized by the property at 225 South 69<sup>th</sup> Street, Upper Darby, Pennsylvania. The note is for a term of 240 months with an interest rate of 8.2% per annum is subject to adjustment every 60 months to the bank's prevailing rate of interest on five-year adjustable rate commercial mortgage loans in effect at the time of adjustment. Currently, the monthly principal and interest payment is \$1,553.

124,221

Note payable to the Title Abstract Company of Pennsylvania, collateralized by the property at 225 South 69<sup>th</sup> Street, Upper Darby Pennsylvania. Monthly payments of \$594 are due over 180 months, including interest at 6% per annum.

38,742

Note payable to a bank dated March 1, 1999, collateralized by the property at 290 Kirk Lane, Media, Pennsylvania. The loan is for a term of 300 months with a variable interest rate based on the bank's base lending rate. Currently the monthly payment of principal and interest is \$1,259 with interest at 7.25% per annum.

156,817

Mortgage payable to a bank dated May 12, 1999, collateralized by the property at 1053 Glenn Hall Road, Kennett Square, Pennsylvania. The loan is for a term of 300 months with interest at 5.60% per annum and is subject to adjustment every 60 months to the average five-year U.S. Treasury constant maturities yield in effect 30 days prior to the adjustment date. As of June 30, 2004, the monthly payment of principal and interest is \$2,149.

310,994

Note payable to a bank dated August 26, 1999, collateralized by the property at 515 Cherry Tree Road, Aston, Pennsylvania. The loan is for a term of 300 months with a variable interest rate (7.5% at June 30, 2004). Currently, the monthly payment of principal and interest is \$1,663.

207,137

Note payable to a bank dated June 22, 2000, collateralized by the property at 115 Durmont Road, Drexel Hill, Pennsylvania. The loan is for a term of 300 months with a variable interest rate of 2.0% above the five-year U.S. Treasury constant maturities rate. Currently, the monthly payment of principal and interest is \$1,522 with interest at the current rate of 8.26% per annum.

174,986

Note payable to PACE, Inc. is dated March 21, 2002. The obligation is contingent on the Organization receiving two one-year contract renewals from the Delaware Office of Highway Safety, beginning October 1, 2002. The obligation will cease should a renewal fail or terminate, unless it is due to the fault of the Organization. A monthly payment of \$2,000 is due on the fifteenth of each month.

4,000

## **NOTE H – MORTGAGES AND NOTES PAYABLE - Continued**

A mortgage payable to a bank dated October 22, 1999 collateralized by real estate in Elkton, Maryland. The loan term is 360 months with the interest rate adjusted every five years, with the rate adjustment limited to 2% up or down. Currently, the monthly payment of principal and interest is \$1,821 with interest at a current rate of 7%.

256,671

The ten homes owned by DSNJ were acquired and renovated using purchase money mortgages provided by the State of New Jersey, Department of Human Services. Under the terms of the mortgage and the contract agreement, DSNJ is liable to the State of New Jersey upon expiration or termination of the contract. The agreements mature in various years between 2005 and 2019. It is anticipated that the State will renew the agreements. Should the agreements be discontinued or terminated by either party, the State can (1) transfer title to a non-profit agency of its choosing; (2) pay DSNJ a settlement based on the current fair market value of the group home and assume title; or (3) require payment to satisfy the mortgage or require a sale to satisfy the mortgage and split sales proceeds based on the percentage of the original investment plus appreciation of each party in the facilities. Should the proceeds be less than the amount of the mortgage, then the amount will satisfy the indebtedness under the mortgage, without recourse to DSNJ.

The mortgages are being amortized evenly over a 30 year period, approximately the useful life of the associated properties. If payment to satisfy the mortgages was required as of June 30, 2004, the maximum potential liability would be \$1,905,392.

1,905,392

\$ 3,304,808

Less: current maturities.

\$397,489

\$ 2,928,219

Payments of principal during the next five years as of June 30, 2004, are as follows:

<u>Years Ending June</u> <u>30,</u>	<u>Amount</u>
2005	\$397,489
2006	158,730
2007	169,208
2008	131,604
2009	58,874
Thereafter	<u>2,033,414</u>
	<u>\$ 2,928,219</u>

### **NOTE I – BOND FUNDS**

The Reserve Fund agreement for the Economic Development Revenue Bonds of 1992 requires The Chimes to deposit annually prior to the end of the fiscal year into a restricted reserve account.

The deposit is calculated as the difference in interest accrued at 7% for the year and the interest actually accrued based on the bond rate. As of June 30, 2004, the Organization has met the 1992 Series Bond sinking fund requirement. The balance of the fund at June 30, 2004 was \$92,706.

### **NOTE J – CAPITAL LEASE OBLIGATIONS**

The Organization has capitalized leases for equipment included in land, building and equipment as follows:

Furniture and equipment	\$ 260,785
Less: accumulated depreciation	<u>139,161</u>
	<u>\$ 121,624</u>

Future minimum lease payments and the present value of such payments under capitalized obligations at June 30, 2004 are:

Years Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 149,507
2006	72,968
2007	<u>23,431</u>
	245,906
Less: amount representing interest	<u>26,753</u>
Present value of capital lease obligations at June 30	219,153
Less: current maturities	<u>130,860</u>
Long-term portion of present value of capital lease obligations At June 30, 2004	<u>\$88,293</u>

### **NOTE K – 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 K – 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, 2004, the Foundation had segregated those earnings and added them to the informally identified investment. The endowment fund (permanently restricted net assets) amounted to \$902,268 as of June 30, 2004.

## **NOTE L – PENSION PLAN**

The Chimes has established a money purchase pension plan covering substantially all employees. The Chimes, Inc., Chimes Metro, Inc., Chimes Virginia, Inc., The Chimes International, and Intervals are included in this plan. The Organization contributes 2 ½% of the annual salaries of participants. Pension expense for the year ended June 30, 2004, was \$480,191. The Chimes' Pension Committee is Trustee of the Plan and Wachovia Bank is Custodian.

In 1994, The Chimes established a nonqualified severance plan for certain administrative employees. Discretionary contributions are to be made to the plan on an annual basis. Contribution expense for the year ended June 30, 2004 was \$304,209. Contributions are paid into a separate restricted trust account for the plan with Wachovia Bank or to an insurance company. The maximum aggregated benefits cannot exceed twice the maximum annual compensation of each covered employee.

On July 1, 1998, The Chimes established a 401(k) plan covering substantially all employees. The Chimes, Inc., Chimes Metro, Inc., Chimes Virginia, Inc., The Chimes International and Intervals are included in this plan. The Organization matches employee contributions up to 3% of the annual salaries of participants. The 401(k) contribution expenses for the year ended June 30, 2004, was \$443,514.

Effective January 1, 2000, Holcomb adopted the "Holcomb Associates, Inc. 403(b) Plan" which matches employee contributions at 50% up to 3% of annual salary, with 100% vesting after five years of employment. Contributions for the period ended June 30, 2004 were \$53,223.

In 2000, The Chimes established a severance benefit for certain administrative employees, equal to one month's base salary per year of employment for the Chief Executive Officer, up to a maximum of 24 months' salary, and two weeks' base salary per year of employment for the other administrative employees eligible for the benefit, up to a maximum of 52 weeks' salary. In 2002, the severance plan was modified and expanded into a supplemental retirement benefit and, in the case of the Chief Executive Officer, termination for cause. The benefit is unfunded, and subject to complete forfeiture by the employee in the event that he shall voluntarily resign from The Chimes prior to the date on which the employee becomes eligible for retirement. The benefit was modified to pay 1

#### **NOTE L – PENSION PLAN - Continued**

month's total cash compensation, or two weeks' total cash compensation, for each year of employment, in lieu of one month's base salary or two weeks base salary, where "total cash compensation" is defined as (i) the employee's highest annual rate of salary during his term of employment, plus (ii) the employee's highest annual incentive bonus paid during his term of employment, all divided by 12 (to determine one month's total cash compensation) or divided by 52 (to determine one week's total cash compensation). In addition, the benefit for the Chief Operating Officer was revised to be equal to one month's total cash compensation per year of employment, up to a maximum of 12 month's total cash compensation. As of June 30, 2004, the maximum aggregate commitment is \$ 1,792,992 . As of June 30, 2004, the Organization has recorded a liability of \$ 1,088,668 in these consolidated financial statements representing the present value of the future obligation for retirement benefits.

#### **NOTE M – COMMITMENTS AND CONTINGENCIES**

The States of Maryland, Delaware, Pennsylvania, and Virginia, the District of Columbia and the Federal government retain the right to conduct audits of the Organization's programs funded by State grants, other State resources and Federal programs. Audit adjustments are reflected in the period incurred. Management of the Organization is unaware of any material potential liability or receivable that might arise as a result of such an audit, other than amounts already reflected in these financial statements.

Chimes DC has agreed to pay a fee to the National Institute for the Severely Handicapped (NISH) as compensation for procuring Federal government contracts for Chimes DC in the amount of 4% of cash received for services from those contracts. NISH fees paid for the year ended June 30, 2004 totaled \$1,495,904.

The Organization leases numerous residences and buildings for its clients and administration. The future minimum lease payments as of June 30, 2004 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2005	\$ 2,224,519
2006	1,057,911
2007	570,871
2008	247,639
2009	11,136
	<u>\$ 4,112,076</u>

The Organization has also entered into numerous auto lease agreements that are treated as operating leases. The agreements have various expiration dates. All operating leases are cancelable at any time with a payment of approximately one month of lease payments. Lease expense related to equipment, buildings and vehicles included in the statement of activities for the year ended June 30, 2004 was \$ 3,695,682 .

## **NOTE M – COMMITMENTS AND CONTINGENCIES - Continued**

There are multi-year employment commitments to some key employees. Maximum terms of the commitments are seven years at normal salary and benefit levels, with no monies due if the employees are terminated for cause.

The Organization acts in an agency capacity for client funds, which are held by a bank in the name of the individual clients and are used for their personal expenditures. The exact amount of these funds at June 30, 2004 is not available.

### **Legal Contingencies:**

The Organization has several pending legal matters, the most significant of which are summarized below.

Chimes Metro, Inc. has been sued by a former client of the Organization. Management believes that it has sufficient insurance to deal with any potential liability arising out of this matter.

A medical malpractice suit has been filed by the family of a former Intervals client. Management also believes that if this matter comes to trial, it will prevail.

An action has been brought by a former employee of Chimes, DC alleging an act of defamation. The Organization believes the case is without merit and is covered by sufficient insurance against the potential exposure. Management has recently won an unemployment case in civil court related to this matter and is confident it would prevail at trial if the case is ultimately heard. In relation to this case, an investigation by the Inspector General's Office was opened, based on the allegations of this individual. Management has complied with all requests for information and believes that there are no issues with its billing of the government which would result in a negative impact on future operations.

Management is unable to provide any estimates as to the potential financial outcome of these matters; however, the outcomes are not anticipated to have a material effect on the Organization's financial statements in the present or future periods.

## **NOTE N – RELATED PARTY TRANSACTIONS**

The Organization has made and received advances to and from certain related parties. No interest accrues on these advances and they are due on demand. The balances of these advances at June 30, 2004 are as follows:

Due from Chimes Israel	\$ 27,577
Due to Chimes PA	<u>(449)</u>
Net amount due from related entities	<u>\$ 27,128</u>

## **NOTE O – SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest during the year ended June 30, 2004, was \$503,185.

#### **NOTE P – DUE FROM THIRD-PARTY PAYOR**

Amounts due from third-party payor represent the estimated settlement associated with the cost report filed with the State of Delaware for the years ended June 30, 2004 and 2003. The cost report is subject to verification by the State of Delaware leading to a final settlement. The estimated amount due from the State of Delaware as of June 30, 2004 was \$278,767.

#### **NOTE Q – BUSINESS COMBINATION**

On July 1, 2003, the Board of Directors of the Organization determined that it was appropriate to consolidate the net assets and activities of the Foundation in the Organization's financial statements.

#### **NOTE R – INVESTMENTS**

On October 30, 2002 The Chimes, Inc. agreed to purchase, under a "bargain sale" agreement, 55% of the Class A Common Stock (35,376 shares) of a closely held corporation. Pursuant to the agreement with certain major stockholders of the company, The Chimes, Inc. agreed to attempt to sell the company or its assets and to pay the sellers 40% of the excess of the proceeds of sale of such stock over \$4,235,000. The balance of the proceeds of such sale would be retained by The Chimes, Inc. as a charitable gift from the sellers. The Chimes, Inc. recorded the appraised value of the 35,376 shares of Class A Common Stock in the amount of \$4,582,258.

As of June 30, 2004, the Organization determined that the value of the investment in the closely held corporation was permanently impaired. As a result, the Organization reduced the carrying value of the investment to \$0. An agreement has been signed whereby the interest of the Organization in the closely held corporation will be sold to an unrelated party for amount that is currently not determinable.

During the year ended June 30, 2004, the Organization acquired a 49% interest in a closely held corporation with no capital investment. The corporation operates on a calendar year and reported operating losses during the initial year of operations. Additionally, the Organization loaned company \$290,000 in connection with start up, with interest payable at a rate of 6% annually.



**GORFINE, SCHILLER & GARDYN, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS**

## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

### **Board of Directors**

**The Chimes, Inc. And Related Entities**

Our report on our audit of the basic financial statements of The Chimes, Inc. And Related Entities for 2004 appears on Page 3. We conducted our audit in accordance with U.S. generally accepted auditing standards. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Gorfine, Schiller & Gardyn P.A.*

**October 7, 2004**

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**

	The Chimes Inc.	The Chimes Metro, Inc.	The Chimes District of Columbia, Inc.	The Chimes Virginia, Inc.	The Chimes International	Intervals
<b>CURRENT LIABILITIES</b>						
Current maturities of long term debt	\$ 417,767	\$ 4,126	\$ 144,702	\$ -	\$ -	\$ 175,083
Short term borrowings	-	-	4,375,798	-	-	-
Accounts payable	523,341	269,621	1,191,910	42,140	368,969	369,207
Accrued expenses and other liabilities	1,663,633	1,133,080	3,393,358	163,633	2,240,423	221,954
Deferred revenue	7,025,618	-	15,000	-	-	-
Due to related parties	5,288,994	4,578,034	293,928	817,716	112,200	905,243
<b>Total current liabilities</b>	<b>14,919,353</b>	<b>5,984,861</b>	<b>9,414,696</b>	<b>1,023,489</b>	<b>2,721,592</b>	<b>1,671,487</b>
<b>LONG-TERM DEBT</b>						
Bonds payable	1,616,100	-	-	-	-	2,049,341
Mortgages and notes payable	38,198	12,033	-	-	-	610,028
Capital lease obligations	-	-	88,293	-	-	-
<b>Total long-term debt, net of current maturities</b>	<b>1,654,298</b>	<b>12,033</b>	<b>88,293</b>	<b>-</b>	<b>-</b>	<b>2,659,369</b>
<b>Total liabilities</b>	<b>16,573,651</b>	<b>5,996,894</b>	<b>9,502,989</b>	<b>1,023,489</b>	<b>2,721,592</b>	<b>4,330,856</b>
<b>NET ASSETS</b>						
Restricted	3,543,019	1,185,025	2,632,798	58,186	(736,072)	1,841,861
Unrestricted	-	-	-	-	-	-
<b>Total net assets</b>	<b>3,543,019</b>	<b>1,185,025</b>	<b>2,632,798</b>	<b>58,186</b>	<b>(736,072)</b>	<b>1,841,861</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$20,116,670</b>	<b>\$ 7,181,919</b>	<b>\$12,135,787</b>	<b>\$ 1,081,675</b>	<b>\$ 1,985,520</b>	<b>\$ 6,172,717</b>

	Family Services Association Inc.	Holcomb Associates, Inc.	Open Door, Inc.	Developmental Services of New Jersey, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
\$ 4,038	\$ 290,801	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 1,040,517
-	700,000	-	70,459	-	-	-	5,146,257
9,107	507,467	45,283	112,678	61,117	(58,699)	-	3,442,141
125,095	751,362	36,350	210,065	-	-	-	9,938,953
-	-	25,000	-	20,000	-	-	7,085,618
58,699	-	-	203,231	62,602	(12,320,647)	-	-
196,939	2,249,630	110,633	596,433	143,719	(12,379,346)	-	26,653,486
-	-	-	-	-	-	-	3,665,441
252,633	1,146,372	-	1,905,392	-	(1,036,437)	-	2,928,219
-	-	-	-	-	-	-	88,293
252,633	1,146,372	-	1,905,392	-	(1,036,437)	-	6,681,953
449,572	3,396,002	110,633	2,501,825	143,719	(13,415,783)	-	33,335,439
119,694	1,502,876	52,176	(392,225)	3,606,078	-	-	13,413,416
-	-	-	-	902,268	-	-	902,268
119,694	1,502,876	52,176	(392,225)	4,508,346	-	-	14,315,684
\$ 569,266	\$4,898,878	\$ 162,809	\$ 2,109,600	\$ 4,652,065	\$ (13,415,783)	-	\$47,651,123

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	The Chimes Inc	Chimes Metro, Inc	Chimes District of Columbia, Inc	Chimes of Virginia	The Chimes International	Intervals
<b>Unrestricted Net Assets</b>						
Revenue, gains and other support	\$ 14,657,317	\$ 11,756,395	\$ -	\$ 2,491,449	\$ -	\$ 2,749,761
Residential	6,999,443	5,486,466	56,394,770	55,774	-	-
Vocational	2,529,407	-	-	-	-	-
Educational	2,038,070	-	-	-	-	1,236,689
Medical day	1,932,595	17,901	2,812	768,896	-	-
Other programs	365,468	-	-	-	6,950,215	-
Management fees	58,647	278,656	-	1,500	-	100
Donations and grants	-	-	-	-	17,329	-
Miscellaneous	-	-	-	-	-	-
Fundraising income	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Gain (loss) on sale of assets	2,550	-	9,232	-	-	147,934
<b>Total Revenue, Gains and Other Support</b>	<b>28,603,497</b>	<b>17,539,418</b>	<b>56,406,814</b>	<b>3,317,619</b>	<b>6,967,544</b>	<b>4,134,484</b>
<b>Expenses and Losses</b>						
Residential	13,148,659	10,685,924	-	2,414,033	-	2,205,124
Vocational	6,651,389	4,297,194	49,530,817	30,635	-	-
Educational	2,273,323	-	-	-	-	-
Medical day	1,874,728	-	-	-	-	1,318,017
Other programs	1,500,449	1,998	-	583,839	-	-
Fund raising	-	-	-	-	-	-
Administrative	3,125,815	2,197,387	5,961,633	380,689	7,139,044	804,063
<b>Total Expenses and Losses</b>	<b>28,574,363</b>	<b>17,182,503</b>	<b>55,492,450</b>	<b>3,409,196</b>	<b>7,139,044</b>	<b>4,327,204</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>29,134</b>	<b>356,915</b>	<b>914,364</b>	<b>(91,577)</b>	<b>(171,500)</b>	<b>(192,720)</b>
<b>Less from Impairment of Assets</b>	<b>4,692,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET ASSETS AFTER IMPAIRMENT OF ASSETS</b>	<b>(4,663,051)</b>	<b>356,915</b>	<b>914,364</b>	<b>(91,577)</b>	<b>(171,500)</b>	<b>(192,720)</b>
<b>NET ASSETS, beginning</b>	<b>8,206,070</b>	<b>878,110</b>	<b>1,713,434</b>	<b>149,763</b>	<b>(564,572)</b>	<b>2,034,381</b>
<b>NET ASSETS, ending</b>	<b>\$ 3,543,019</b>	<b>\$ 1,185,025</b>	<b>\$ 2,627,798</b>	<b>\$ 58,186</b>	<b>\$ (726,072)</b>	<b>\$ 1,841,661</b>

See Notes To Consolidated Financial Statements

	Family Services Association, Inc	Holcomb Associates, Inc	Open Door, Inc	Developmental Services of New Jersey, Inc	Chimes Foundation, Incorporated	Eliminations	Total
<b>\$</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,573,132</b>	<b>\$ -</b>	<b>\$ (18,000)</b>	<b>\$ 36,210,054</b>
	-	-	-	-	-	(1,086,769)	67,849,744
	-	-	-	-	-	-	2,529,407
	-	-	-	-	-	-	3,294,759
	600,700	12,183,976	1,147,769	-	-	108,000	16,762,649
	-	-	-	-	-	(7,315,683)	-
	3,837	54,352	4,126	32,800	-	-	434,018
	3,409	264,006	43	74,064	-	(46,376)	312,477
	-	-	-	-	883,395	-	883,395
	-	-	-	-	191,910	-	191,910
	-	-	-	2,611	-	-	162,327
	<b>607,946</b>	<b>12,502,324</b>	<b>1,151,940</b>	<b>4,682,607</b>	<b>1,075,305</b>	<b>(8,358,768)</b>	<b>128,630,740</b>
	-	-	-	4,720,482	-	(299,354)	32,874,868
	-	-	-	-	-	(240,489)	60,269,546
	-	-	-	-	-	(101,548)	2,171,775
	-	-	-	-	-	(292,627)	2,900,118
	472,550	10,566,269	940,525	-	-	(67,841)	13,997,789
	-	-	-	-	268,903	-	268,903
	176,767	1,823,955	210,211	316,337	131,268	(7,356,909)	14,910,260
	<b>649,317</b>	<b>12,390,224</b>	<b>1,150,736</b>	<b>5,036,819</b>	<b>400,171</b>	<b>(8,358,768)</b>	<b>127,393,259</b>
	(41,371)	112,110	1,204	(354,212)	675,134	-	1,237,481
	-	-	-	-	-	-	4,692,185
	(41,371)	112,110	1,204	(354,212)	675,134	-	(3,454,704)
	161,063	1,390,766	50,972	(38,013)	3,833,212	-	17,770,388
	<b>119,694</b>	<b>\$ 1,502,876</b>	<b>\$ 52,176</b>	<b>\$ (392,225)</b>	<b>\$ 4,508,346</b>	<b>\$ -</b>	<b>\$ 14,315,684</b>

**THE CHIMES, INC. AND RELATED ENTITIES**  
**CONSOLIDATING SCHEDULE OF LAND, BUILDINGS AND EQUIPMENT**  
**JUNE 30, 2004**

Property and equipment at June 30, 2004 are comprised as follows:

	The Chimes Inc.	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia Inc.	The Chimes International	Intervals	Family Services Association, Inc.	Holcomb Associates, Inc.	Open Door, Inc.	DSNJ	Totals
Land	\$ 865,660	\$ -	\$ -	\$ -	\$ -	\$ 596,186	\$ 70,000	\$ 256,500	\$ -	\$ 188,161	\$ 1,976,507
Buildings and improvements	11,539,936	564,757	-	-	-	5,293,099	271,676	1,494,949	-	2,304,940	21,469,357
Land improvements	241,474	-	-	-	-	-	-	-	-	-	241,474
Automobiles	344,005	80,962	286,688	-	75,312	606,334	-	240,872	-	436,779	2,070,952
Furnishings and equipment	2,417,006	480,061	3,651,281	200,759	2,507,466	456,757	83,797	672,369	133,535	153,227	10,756,258
Leasehold improvements	280,993	-	-	127,604	-	-	-	-	69,814	-	478,411
	15,689,074	1,125,780	3,937,969	328,363	2,582,778	6,952,376	425,473	2,664,690	203,349	3,083,107	36,992,959
Less: Accumulated depreciation	7,603,689	748,354	2,723,186	220,806	1,378,916	1,871,355	131,518	861,625	114,160	1,217,444	16,871,053
	\$ 8,085,385	\$ 377,426	\$ 1,214,783	\$ 107,557	\$ 1,203,862	\$ 5,081,021	\$ 293,955	\$ 1,803,065	\$ 89,189	\$ 1,865,663	\$ 20,121,906



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

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 15, 2005** 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, 2003**, and ending **JUN 30, 2004**.

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

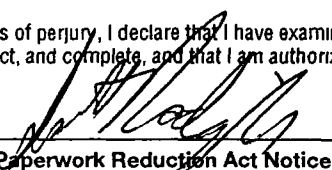
3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

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 ►  Title ► **CPA** Date ► **11/11/2004**

LHA For Paperwork Reduction Act Notice, see instruction

Form 8868 (12-2000)

*TCF*

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

**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 8870  
☐ 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 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 is for.

4 I request an additional 3-month extension of time until MAY 16, 2005  
 5 For calendar year \_\_\_\_\_, or other tax year beginning JUL 1, 2003 and ending JUN 30, 2004  
 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period  
 7 State in detail why you need the extension  
ADDITIONAL TIME IS REQUIRED TO COMPLETE THE RETURNS

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/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 Tina M. Sue Title CPA Date 1/14/05

**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 elections 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 to file. 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 \_\_\_\_\_

**EXTENSION APPROVED**

**JAN 27 2005**

Director

By: \_\_\_\_\_

**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	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

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