

Form **1023**
(Rev. July 1993)
Department of the Treasury
Internal Revenue Service

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
Expires 5-31-96
If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 7 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document)

Chimes Foundation, Incorporated

2 Employer identification number
(If none, see instructions.)

52-1796571

1b c/o Name (if applicable)

Terry Perl

3 Name and telephone number of person to be contacted if additional information is needed

Terry Perl
(410) 521-1555

1c Address (number, street, and room or suite no.)

3630 Milford Mill Road

1d City or town, state, and ZIP code

Baltimore Maryland 21244

4 Month the annual accounting period ends

June

5 Date incorporated or formed

3/13/91

6 Activity codes (See instructions.)

602 | 927 |

7 Check here if applying under section:

a 501(e) b 501(f) c 501(k)

8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code?
If "Yes," attach an explanation.

N/A

Yes No

9 Is the organization required to file Form 990 (or Form 990-EZ)?

If "No," attach an explanation (see instructions).

N/A

N/A Yes No

Has the organization filed Federal income tax returns or exempt organization information returns?
If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.

Has not had any gross receipts since inception until November, 1992. Actual operations began in November, 1992 when first gross receipts were received.

11 Check the box for the type of organization. BE SURE TO ATTACH A CONFORMED COPY OF THE CORRESPONDING DOCUMENTS TO THE APPLICATION BEFORE MAILING (See Specific Instructions, Part I, Line 11.) Get Pub. 557, Tax-Exempt Status for Your Organization, for examples of organizational documents.

- a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust—Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association—Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

(Signature)

(Title or authority of signer)

(Date)

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

Cat. No. 17133K

Part II Activities and Operational Information

1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. Describe each activity separately in the order of importance. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The purpose of the organization is to promote quality of life for the mentally retarded persons and 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.

2 What are or will be the organization's sources of financial support? List in order of size.

Contributions from the general public
Fundraising events

3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

A Steering Committee, made up of volunteers, will generate lists of possible donors to be targeted either through direct mailings or personal visits

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

Joel Margolis - Director
1099 Playtree Lane, Baltimore MD 21208

Terry Perl - Director
2331 Old Court Road # 105, Baltimore MD 21208

Howard Cohen, Director
2550 Pickwick Road, Baltimore MD 21207

b Annual compensation

none

none

none

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials?

If "Yes," name those persons and explain the basis of their selection or appointment.

N/A

Yes No

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions, Part II, Line 4d.)

If "Yes," explain.

N/A

Yes No

5 Does the organization control or is it controlled by any other organization?

Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?

If either of these questions is answered "Yes," explain.

The Organization is an outgrowth of The Chimes, Inc. for its fundraising activities.

Yes No

Yes No

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees?

If "Yes," explain fully and identify the other organizations involved.

Yes No

7 Is the organization financially accountable to any other organization?

If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Yes No

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A." N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

N/A

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements, and attach a schedule of membership fees and dues.

N/A

b Describe the organization's present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

N/A

c What benefits do (or will) the members receive in exchange for their payment of dues?

N/A

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined, and attach a copy of the current fee schedule.

N/A

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

N/A

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

N/A

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

N/A

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 7.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 8.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church (see instructions);
- b is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under section 4.01 of Rev. Proc. 92-85, 1992-42 I.R.B. 32, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 7.

If "No," answer question 4.

4 If you answer "No" to question 3, has the organization been contacted by the IRS regarding its failure to file Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "No," your organization qualifies for an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 5 through 7.

If "Yes," answer question 5.

5 If you answer "Yes" to question 4, does the organization wish to request relief from the 15-month filing requirement? Yes No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Part III, Line 5, before completing this item. Do not answer questions 6 and 7.

If "No," answer question 6.

6 If you answer "No" to question 5, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

7 If you answer "Yes" to the question on line 6 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

8 Is the organization a private foundation?

- Yes (Answer question on line 9.)
- No (Answer question on line 10 and proceed as instructed.)

9 If you answer "Yes" to the question on line 8, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E)
- No

N/A

After answering the question on this line, go to Part IV.

10 If you answer "No" to the question on line 8, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- a As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) Sections 509(a)(1) and 170(b)(1)(A)(i)
- b As a school (MUST COMPLETE SCHEDULE B.) Sections 509(a)(1) and 170(b)(1)(A)(ii)
- c As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (MUST COMPLETE SCHEDULE C.) Sections 509(a)(1) and 170(b)(1)(A)(iii)
- d As a governmental unit described in section 170(c)(1). Sections 509(a)(1) and 170(b)(1)(A)(v)
- e As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) Section 509(a)(3)
- f As being organized and operated exclusively for testing for public safety. Section 509(a)(4)
- g As being operated for the benefit of a college or university that is owned or operated by a governmental unit. Sections 509(a)(1) and 170(b)(1)(A)(iv)
- h As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. Sections 509(a)(1) and 170(b)(1)(A)(vi)
- i As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). Section 509(a)(2)
- j The organization is a publicly supported organization but is not sure whether it meets the public support test of block h or block i. The organization would like the IRS to decide the proper classification. Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2)

If you checked one of the boxes a through f in question 10, go to question 15. If you checked box g in question 10, go to questions 12 and 13. If you checked box h, i, or j, go to question 11.

Part III Technical Requirements (Continued)

If you checked box h, i, or j on line 10, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling (Answer questions on lines 12 through 15.)
 An advance ruling (Answer questions on lines 12 and 15 and attach two Forms 872-C completed and signed.)
 No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the application.

12 If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

N/A

13 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a Enter 2% of line 8, column (e) of Part IV-A _____
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 13a above.

14 If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions, Part II, Line 4d.**)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?	X		D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From <u>July 92</u> to <u>June 93</u>	(b) 19 <u>92</u>	(c) 19 <u>91</u>	(d) 19.....	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants—see instructions)	455483				
2 Membership fees received					
3 Gross investment income (see instructions for definition)	1496				
4 Net income from organization's unrelated business activities not included on line 3	0				
5 Tax revenues levied for and either paid to or spent on behalf of the organization	0				
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)	0				
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0				
8 Total (add lines 1 through 7)	456979	0	0		
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513	0				
10 Total (add lines 8 and 9)	456979	0	0		
11 Gain or loss from sale of capital assets (attach schedule)	0				
12 Unusual grants	0				
13 Total revenue (add lines 10 through 12)	456979	0	0		
Expenses					
14 Fundraising expenses	116989				
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0				
16 Disbursements to or for benefit of members (attach schedule)	0				
17 Compensation of officers, directors, and trustees (attach schedule)	0				
18 Other salaries and wages	124641				
19 Interest	0				
20 Occupancy (rent, utilities, etc.)	0				
21 Depreciation and depletion	0				
22 Other (attach schedule)	0				
23 Total expenses (add lines 14 through 22)	241630	0	0		
24 Excess of revenue over expenses (line 13 minus line 23)	215349	0	0		

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)

Current tax year
Date 12-93

Assets

1	Cash	1	209685
2	Accounts receivable, net	2	
3	Inventories	3	
4	Bonds and notes receivable (attach schedule)	4	
5	Corporate stocks (attach schedule)	5	
6	Mortgage loans (attach schedule)	6	
7	Other investments (attach schedule)	7	
8	Depreciable and depletable assets (attach schedule)	8	
9	Land	9	
10	Other assets (attach schedule) <i>Prepaid Fundraising Costs</i>	10	5664
11	Total assets (add lines 1 through 10)	11	215349

Liabilities

12	Accounts payable	12	
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	
15	Other liabilities (attach schedule)	15	
16	Total liabilities (add lines 12 through 15)	16	0

Fund Balances or Net Assets

17	Total fund balances or net assets	17	215349
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	215349

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

Schedule Section 509(a)(3) Supportive Organization

1a Organizations supported by the applicant organization: Name and address of supported organization	b Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?	
The Chimes, Inc. 31620 Millford Mill Road Baltimore MD 21244	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
American Network of Community Options and Resources, Inc. 4300 Eisenhower Lane Ste 315 Annapolis MD 21403	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Maryland Association of Community Services, Inc. 10211 Green Farm Road Ellicott City MD 21112	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
American Association of Mental Retardation, Inc. 1719 Kalorama Road Washington DC 20009	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	<input type="checkbox"/> Yes	<input type="checkbox"/> No

c If "No" for any of the organizations listed in 1a, explain.

N/A

2 Does the supported organization have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)?
If "Yes," attach: (a) a copy of its ruling or determination letter, and (b) an analysis of its revenue for the current year and the preceding 3 years. (Provide the financial data using the formats in Part IV-A (lines 1-13) and Part III (lines 12, 13, and 14).)

Yes No

N/A

3 Does your organization's governing document indicate that the majority of its governing board is elected or appointed by the supported organizations?
If "Yes," skip to line 9.
If "No," you must answer the questions on lines 4 through 9.

Yes No

N/A

4 Does your organization's governing document indicate the common supervision or control that it and the supported organizations share?
If "Yes," give the article and paragraph numbers. If "No," explain.

Yes No

There are common board members and management but it is not indicated in the governing document.

5 To what extent do the supported organizations have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your organization's income or assets?

None directly.

6 Does the mentioning of the supported organizations in your organization's governing instrument make it a trust that the supported organizations can enforce under state law and compel to make an accounting?
If "Yes," explain.

Yes No

N/A

7a What percentage of your organization's income does it pay to each supported organization?

Substantial Amount planned to go to The Chimes, Inc.

b What is the total annual income of each supported organization?

The Chimes, Inc. 1993	\$ 21,024	Maryland Association of Community Services, Inc. 1993	\$ 3400
American Network of Community Options and Resources 1993	\$ 11,087	American Association of Mental Retardation, Inc. 1992	\$ 9651

c How much does your organization contribute annually to each supported organization?

None as of 6-30-93 - Plan to contribute most of income to The Chimes, Inc.

For more information, see back of Schedule D.