

Application for Recognition of Exemption

Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056

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 in the Instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) Chimes International Limited	2 Employer identification number (EIN) (If none, see instructions.) 52-2000359
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1b c/o Name (if applicable) Mr. Martin Lampner	3 Name and telephone number of person to be contacted if additional information is needed Mary E. Copper, Esquire 302-984-6020
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1c Address (number and street) 4815 Seton Drive	Room/Suite	4 Month the annual accounting period ends 6
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1d City or town, state, and ZIP code Baltimore, MD 21215	7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
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5 Date incorporated or formed 03/07/96	6 Activity codes (See instructions.) 160	7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
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8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? Yes No
 If "Yes," attach an explanation.

Is the organization required to file Form 990 (or Form 990-EZ)? N/A Yes No
 If "No," attach an explanation (see instructions).

10 Has the organization filed Federal income tax returns or exempt organization information returns? Yes No
 If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.

11. Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING (See Specific Instructions for 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 CPA Asst. Treasurer 5/30/97 (Date)

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. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

(a) The filing organization will be engaged in the following activities:

(1) establishing a network of educational and/or charitable organizations that are active in the field of providing services to persons with handicapping conditions, persons with mental disabilities and persons with multihandicapping conditions;

(2) assisting organizations described in paragraph (a)(1) above by providing support for charitable programs, including, education, training, consultation and access to proprietary information;

(3) enhancing financial support for organizations described in (a)(1) by providing philanthropic support services and otherwise assisting them in maximizing the resources available to achieve their charitable purposes.

(b) Activities to develop a network of affiliated organizations have commenced. To date, the filing organization has entered into affiliations with several other 501(c)(3) organizations as listed in Exhibit C.

(c) The activities are being conducted by the filing organizations' officers.

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

- (a) The filing organization will receive fees from affiliated 501(c)(3) organizations for services provided by the filing organization to such 501(c)(3) organizations. See Exhibit C regarding the fees for services.
- (b) Charitable contributions.

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.

The filing organization has not yet developed a fund-raising program.

Part II Activities and Operational Information (Continued)

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

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

b Annual compensation

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? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

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** for Part II, Line 4d.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
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? Yes No
If either of these questions is answered "Yes," explain.

See Exhibit B

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 501(c)(3) organizations): (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? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

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."

None.

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.

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.

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.

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

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.

See Exhibit C

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.

The filing organization will limit the services it offers to 501(c)(3) organizations which are active in the field of providing services to persons with barriers to independent living.

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.

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.

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 below.

- 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 above, 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, 1992-2 C.B. 490, 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 is requesting 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 question 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 9.)
 No (Answer question 10 and proceed as instructed.)

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

- Yes (Complete Schedule E)
 No

After answering question 9 on this line, go to line 15 on page 7.

10 If you answer "No" to question 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 | <input type="checkbox"/> 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 | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> 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 | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> 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 | <input type="checkbox"/> As being organized and operated exclusively for testing for public
safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> 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 | <input type="checkbox"/> 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 | <input checked="" type="checkbox"/> 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 | <input type="checkbox"/> 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)(vii)
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, in question 10, 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 12 through 15.)

An advance ruling (Answer questions 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.

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), Total, 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 a "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.

15 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 7/1/96 to 6/30/97	(b) 19 98	(c) 19 99	(d) 19	
R e v e n u e	1 Gifts, grants, and contributions received (not including unusual grants—see instructions)				0
	2 Membership fees received				0
	3 Gross investment income (see instructions for definition)				0
	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)	2,238,000	2,349,900	2,467,395	7,055,295
	8 Total (add lines 1 through 7)	2,238,000	2,349,900	2,467,395	0 7,055,295
	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. Include related cost of sales on line 22.				0
	10 Total (add lines 8 and 9)	2,238,000	2,349,900	2,467,395	0 7,055,295
	11 Gain or loss from sale of capital assets (attach schedule)				0
	12 Unusual grants				0
	13 Total revenue (add lines 10 through 12)	2,238,000	2,349,900	2,467,395	0 7,055,295
E x p e n s e s	14 Fundraising expenses				
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)				
	16 Disbursements to or for benefit of members (attach schedule)				
	17 Compensation of officers, directors, and trustees (attach schedule)				
	18 Other salaries and wages	1,100,000	1,155,000	1,212,750	
	19 Interest	258,000	270,900	284,445	
	20 Occupancy (rent, utilities, etc.)	24,000	25,200	26,460	
	21 Depreciation and depletion	36,000	37,800	39,690	
	22 Other (attach schedule)	809,500	849,975	892,474	
	23 Total expenses (add lines 14 through 22)	2,227,500	2,338,875	2,455,819	0
	24 Excess of revenue over expenses (line 13 minus line 23)	10,500	11,025	11,576	0

CHIMES INTERNATIONAL LIMITED

	FY97	FY98	FY99
FRINGE BENEFITS	194,000	203,700	213,885
CONSULTANTS	30,000	31,500	33,075
TELEPHONE	20,000	21,000	22,050
OFFICE & OTHER ADMIN	430,500	452,025	474,626
VEHICLE EXPENDITURES	48,500	50,925	53,471
FURNISHINGS	1,000	1,050	1,103
REPAIRS	7,500	7,875	8,269
HOUSEHOLD SUPPLIES	5,000	5,250	5,513
CONTRACT MAINTENANCE	73,000	76,650	80,483

CHIMES INTERNATIONAL LIMITED

	FY97	FY98	FY99
INCOME	2,238,000	2,349,900	2,467,395
SALARIES	1,100,000	1,155,000	1,212,750
FRINGE	194,000	203,700	213,885
CONSULTANTS	30,000	31,500	33,075
TELEPHONE	20,000	21,000	22,050
OFFICE & OTHER ADMIN	430,500	452,025	474,626
VEHICLE EXPENDITURES	48,500	50,925	53,471
FURNISHINGS	1,000	1,050	1,103
REPAIRS	7,500	7,875	8,269
HOUSEHOLD SUPPLIES	5,000	5,250	5,513
CONTRACT MAINTENANCE	73,000	76,650	80,483
RENT & INTEREST	258,000	270,900	284,445
UTILITIES	24,000	25,200	26,460
DEPRECIATION	36,000	37,800	39,690
TOTAL EXPENSES	2,227,500	2,338,875	2,455,819
NET INCOME	10,500	11,025	11,576

EXHIBIT A

Chimes International Limited Board of Directors Fiscal Year 1997

OFFICERS/DIRECTORS

Chairperson

Stephen S. Kramer, Esq.
Senior Vice President
Signet Trust Company
P.O. Box 17034
Baltimore, MD 21203
Chimes/Maryland

President/Chief Executive Officer

Mr. Terry Allen Perl*
President
The Chimes, Inc.
4815 Seton Drive
Baltimore, MD 21215-3211

Secretary/Chief Operating Officer

Mr. Albert Bussone*
Vice President-Organizational
Development
Chimes/Corporate Offices
4815 Seton Drive
Baltimore, MD 21215-3211

Treasurer/Chief Financial Officer

Martin Lampner, CPA*
Director of Administration
Chimes International Limited
4815 Seton Drive
Baltimore, MD 21215-3211

DIRECTORS

Mr. John Albrecht
NCHS
102 West Park Street
Box 70
Forest City, IA 40436
NCHS

Mr. Allan Levine
Fox-Valley Leasing
1600 Whitehead Court
Baltimore, MD 21207
Chimes Metro/Delaware

Ms. Judith I. Martinak
Gruntal & Co. Incorporated
20 South Charles Street
Baltimore, MD 21201-3200
Chimes/Virginia

Mr. E. Thomas Booker, III
Client Executive,
Federal Reserve
IBM Corporation
100 E. Pratt Street
Baltimore, MD 21202
Chimes/D.C.

Joel Margolis, Esquire
1049 Flagtree Lane
Baltimore, MD 21208
Chimes/Israel

Mr. John Price
CCNBC
1000 Quintana Road
Morro Bay, CA 93442
CCNBC

Mr. Glenn Wilson
527 Dentro Drive
Santa Barbara, CA 93111
WORK Incorporated

COMPENSATION

None of the officers and/or Directors are compensated for serving as officers or directors. Certain officers (marked by *) are also employees and are compensated for the performance of services as employees.

EXHIBIT B

Supplement to Part II, question 5

More than 50% of the filing organization's officers are also officers of The Chimes, Inc. ("The Chimes"), a 501(c)(3) organization, incorporated in Maryland, which is not a private foundation.

Since 1947, The Chimes has been active in the field of providing services to persons with barriers to independent living, including persons with handicapping conditions, persons with mental disabilities and persons with multihandicapping conditions. In the course of providing such services, The Chimes and its employees have acquired considerable expertise and developed comprehensive programs. To respond to the budgetary reform movement in the public sector, to enhance the quality and efficiency of the delivery of services to individuals with handicapping conditions and to improve access to those services, officers of The Chimes caused Chimes International Limited (the filing organization) to be incorporated.

Other 501(c)(3) organizations which share common officers with The Chimes include: Chimes Metro, Inc., Chimes Virginia, Inc., Chimes District of Columbia, Inc., Chimes Foundation, Inc., Friends of Chimes International, Inc. and Chimes, Inc. (application for recognition of exempt status pending).

As indicated above, Chimes International Limited will attempt to create a network of affiliated 501(c)(3) organizations that provide services to individuals with handicapping conditions. The intent of affiliation is to achieve cost efficiencies and to deliver higher quality services to the clients of such organizations. The affiliation agreements generally will not alter the organizational structure of the affiliates nor result in a change in control of any organization. Chimes International Limited has an affiliation with North Central Human Service, Inc., Forest City, IA (a 501(c)(3) organization).

Chimes International Limited "controls" the following 501(c)(3) organizations through interlocking directorates: CCNBC, Morro Bay, CA and Work, Inc., Santa Barbara, CA.

EXHIBIT C

Part II, Question 12a

As indicated in Exhibit B, Chimes International Limited will attempt to develop a network of affiliated 501(c)(3) organizations in order to enhance the delivery of services to individuals with handicapping conditions. In exchange for a package of program support services, affiliated organizations will pay a fee to Chimes International Limited. A copy of the "prototype" affiliation agreement and fee schedules are attached hereto.

8718

User Fee for Exempt Organization Determination Letter Request

For IRS Use Only

Attach this form to determination letter application. (Form 8718 is NOT a determination letter application.)

Control number, Amount paid, User fee screener

January 1997) Department of the Treasury Internal Revenue Service

2 Employer Identification Number

52-2000359

Name of organization: Times International Limited

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

Fee

Type of request.

- Initial request for a determination letter for: An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years. Fee: \$ 150

Certification

I certify that the annual gross receipts of [name of organization] have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature Title

- Initial request for a determination letter for: An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years. Fee: \$ 465, \$ 500
- Group exemption letters

Attachment Check or Money Order Here

AFFILIATION AGREEMENT

This Agreement is entered into as of this _____ 1997 by and between Chimes International, Ltd., a nonprofit corporation organized and existing under the laws of the State of Delaware (the "Company") and _____, a nonprofit corporation organized and existing under the laws of the State of _____ (the "Affiliate").

WHEREAS, the purpose of the Company is generally to assist charitable organizations that are active in the field of providing services to persons with barriers to independent living, including persons with handicapping conditions, persons with mental disabilities and persons with multihandicapping conditions;

WHEREAS, the purpose of the Affiliate is

WHEREAS, the Company is willing to make certain of its resources available to the Affiliate in exchange for entering into an affiliation agreement and payment of an affiliation fee in order to enable the Affiliate to better achieve its charitable purpose;

WHEREAS, the Affiliate desires to avail itself of the management and technical expertise offered by the Company under the terms set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1.0 Term of Agreement.

The initial term of this Agreement shall be for three (3) years, beginning on

the Company shall be notified and consulted as to such removal. If the Executive Director is removed, resigns or otherwise terminates employment, a person designated by the Company shall be a member of any search committee established to fill such position.

3.3 Development of Budget. Within 30 days of the date the annual operating budget is completed but prior to its presentation to the Affiliate's Board of Directors, the Affiliate shall provide to the Company a copy of the proposed operating budget. For such purposes, the operating budget shall be considered to have been "completed" when all of the component rates and other factors that are subject to approval by any government regulatory authority have been approved by such authority. In addition, at least three (3) months prior to the presentation of any capital budget to the Affiliate's Board of Directors, the Affiliate shall provide to the Company a copy of the proposed capital budget.

The officers of the Affiliate shall give due consideration to suggestions and alternative proposals offered by the Company and, to the extent the final budget proposal does not reflect the view of the Company, the Affiliate's Board of Directors (or the appropriate committee thereof) shall be so advised when the budget is presented to them for approval.

3.4 Exchange of Information. The Affiliate agrees to provide to the Company such information regarding its operations as shall be requested by the Company.

3.5 Management Agreements. The Affiliate agrees to have its chief executive officer and key employees execute such agreements as may be requested by the Company and set forth in Exhibit A.

4.0 **Affiliate Representation on the Company's Board.**

The Affiliate shall be represented on the Company's Board of Directors in accordance with the terms of the Company's By-laws.

5.0 Fees.

5.1 Annual Affiliate Fee. In exchange for the provision of Core Services by the Company, the Affiliate agrees to pay a monthly fee in the amount of \$1,500.00, payable in quarterly installments on January 1, April 1, July 1 and October 1.

5.2 Additional Client Services. In exchange for the Client Services set forth in Exhibit A, the Affiliate agrees to pay fees in the amount and on the schedule set forth in that Exhibit.

5.3 Reimbursement of Travel Expenses. The Affiliate agrees to reimburse the Company for the reasonable travel expenses incurred by members of the Company's management team in connection with the provision of any Services hereunder. Reasonable travel expenses shall include the cost of transportation and a per diem as negotiated by the parties in advance.

6.0 Confidential Information.

The parties acknowledge that during the term of this Agreement, they may disclose to each other information of a confidential nature. Unless otherwise designated as nonconfidential, all information received by a party hereto shall be considered confidential or proprietary information and, as such, shall not be disclosed without the prior written consent of the other party. This provision shall survive the expiration or other termination of this Agreement.

7.0 Affiliate's Representations.

The Affiliate represents to the Company that:

- (a) the Affiliate has the requisite corporate powers and authority to enter into the Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance by the Affiliate of the Agreement are within the Affiliate's corporate powers, have been duly authorized by all necessary corporate action on the part of the Affiliate (including, without limitation, the consent of the members of

13.0 Notice.

All notices, requests or approvals required or permitted under this Agreement shall be in writing and shall be provided as follows:

To the Company: Terry Allen Perl
President/CEO
Chimes International, Ltd.
4815 Seton Drive
Baltimore, Maryland 21215

To the Affiliate:

14.0 Amendment.

This Agreement, including any exhibit which is incorporated by reference, may not be amended except in a writing executed by both parties.

15.0 Waiver.

A party's waiver of a breach of any term of this Agreement shall not constitute a waiver of any subsequent breach of the same or another term contained in the Agreement. A party's subsequent acceptance of performance by the other party shall not be construed as a waiver of a preceding breach of this Agreement.

16.0 Severability.

If any provision of this Agreement is held unenforceable or invalid by a court of competent jurisdiction, the remaining provisions of this Agreement shall not be affected.

17.0 Governing Law.

This contract shall be governed under the law of the State of Delaware.

18.0 Consent to Jurisdiction.

The Affiliate (i) irrevocably submits to the non-exclusive jurisdiction of any Delaware state court or federal court sitting in Wilmington, Delaware, in any action arising out of this Agreement, and (ii) consents to the service of process by mail. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

IN WITNESS WHEREOF, this Agreement has been executed by and on behalf of the parties hereto as of the date set forth above.

CHIMES INTERNATIONAL, LTD.

Attest:

BY: _____

(Affiliate's Name)

Attest:

BY: _____



Internal Revenue Service
District Director
Internal Revenue Service Center
P.O. BOX 192
COVINGTON KY 41012-01929

Department of the Treasury
Southeast Region
F-5548NR EO
Refer Reply To:
17053-016-72401-9
F1023 /2B

Date: January 19, 1999

CHIMES INTERNATIONAL LIMITED
C/O MARTIN LAMPNER
4815 SETON DR
BALTIMORE MD 21215

Document Locator Number: 17053-016-72401-9
User Fee Paid: \$0

USER FEE NOT INCLUDED WITH REQUEST

We have received your application for recognition of exemption from Federal income tax and have assigned it document locator number 17053-016-72401-9. You should refer to that number in any communication with us concerning your application.

In our initial processing, we were unable to locate the USER FEE required to process your application(s). In accordance with Revenue Procedure 98-8 which became effective on January 5, 1998, new user fees were established. Please review the change reflected in line item 3 of the enclosed revised Form 8718, (User Fee for Exempt Organization Determination Letter Request), to determine the appropriate User Fee amount(s) and return a copy of this letter to us with your payment. To ensure processing is not delayed, please return it to us within 15 days from the date of this letter.

Failure to receive your User Fee payment in a timely manner may require us to return your application as unprocessable.

If you have any questions, you may call E. Wolf between the hours of 8:00 a.m. and 4:30 p.m. EST at (877) 829-5500 for assistance.

Thank you for your cooperation.

Form 5548 EOA ALS

**User Fee for Exempt Organization
 Determination Letter Request**
 ▶ Attach this form to determination letter application.
 (Form 8718 is NOT a determination letter application.)
 Form: F1023

For IRS use Only
 Control Number _____
 Amount paid _____
 User fee screener _____

1 Name of organization CHIMES INTERNATIONAL LIMITED	2 Employer Identification Number 52-2000359
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Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 Type of request Fee

a Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150

Note: If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of _____
 name of organization
 have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶ _____ Title ▶ _____

b Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years ▶ \$500

c Group exemption letters ▶ \$500

Instructions
 The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev Proc. 96-8, 1996-1 I.R.B. 187.
 Check the box on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.
 Attach to Form 8718 a check or money order payable to the United States Treasury for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.
 To avoid delays, send the determination letter application and Form 8718 to the applicable IRS address shown below. Use the address below even if a different address appears in another form or publication.

<p>If the organization is in</p> <p style="text-align:center">↓</p> <p>ANY STATE and / or Any U.S. possession or foreign country</p>	<p style="text-align:center">Send Fee and request for determination to</p> <p style="text-align:center">↓</p> <p style="text-align:center">Internal Revenue Service P.O. BOX 192 Covington, KY 41012-0192929</p>
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◀ Attach Check or Money Order Here

Schedule D. Section 509(a)(3) Supporting Organizations

a 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. 4815 Seton Drive, Baltimore, MD 21215	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input 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.

2 Does the supported organization have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? ... Yes No
 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 11, 12, and 13).)

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

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

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?

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? ... Yes No
 If "Yes," explain.

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

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

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

For more information, see back of Schedule D.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

To what extent does your organization conduct activities that would otherwise be carried on by the supported organizations?
Explain why these activities would otherwise be carried on by the supported organizations.

- 9 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization that is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

Instructions

For an explanation of the types of organizations defined in section 509(a)(3) as being excluded from the definition of a private foundation, see Pub. 557, Chapter 3.

Line 1

List each organization that is supported by your organization and indicate in item **1b** if the supported organization has received a letter recognizing exempt status as a section 501(c)(3) public charity as defined in section 509(a)(1) or 509(a)(2). If you answer "No" in **1b** to any of the listed organizations, please explain in **1c**.

Line 3

Your organization's governing document may be articles of incorporation, articles of association, constitution, trust indenture, or trust agreement.

Line 9

For a definition of a "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3 of the application's instructions.

