

Chimes International Limited and Related Entities

Consolidated Financial Report
June 30, 2021

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Independent Auditor's Report

Board of Directors
Chimes International Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Chimes International Limited and Related Entities (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 7, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

RSM US LLP

Baltimore, Maryland
December 7, 2021

Chimes International Limited and Related Entities

Consolidated Statements of Financial Position June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 43,033,671	\$ 23,414,060
Accounts receivable, net	26,413,006	22,175,971
Resident funds	754,125	760,606
Pledges receivable, net	75,427	76,727
Prepaid expenses	1,146,996	1,244,951
Note receivable, current portion	18,368	18,121
Investments, current	9,365,115	7,708,605
Total current assets	80,806,708	55,399,041
Noncurrent assets:		
Restricted cash	1,551,186	2,019,992
Property and equipment, net	27,700,588	27,247,005
Investments, long-term	1,780,521	3,140,953
Note receivable, net of current portion	255,163	265,389
Other noncurrent assets	236,612	226,800
Total noncurrent assets	31,524,070	32,900,139
Total assets	\$ 112,330,778	\$ 88,299,180
Liabilities and Net Assets		
Current liabilities:		
Current maturities of long-term debt	\$ 660,469	\$ 627,192
Accounts payable	10,876,075	7,127,027
Accrued expenses and other liabilities	23,687,899	20,435,220
Resident funds payable	754,125	760,606
Deferred revenue and refundable advances	32,162	183,018
Due to third-party payors	4,888,429	3,020,831
Total current liabilities	40,899,159	32,153,894
Long-term liabilities:		
Deferred rent	251,991	250,413
Interest rate swap	639,566	1,178,931
Mortgages and notes payable, net of current portion	8,659,517	9,170,168
Deferred payroll taxes	2,035,541	662,618
Total long-term liabilities	11,586,615	11,262,130
Total liabilities	52,485,774	43,416,024
Net assets:		
Without donor restrictions:		
Undesignated	58,768,975	41,216,255
Board designated	721,430	721,430
	59,490,405	41,937,685
With donor restrictions	354,599	2,945,471
Total net assets	59,845,004	44,883,156
Total liabilities and net assets	\$ 112,330,778	\$ 88,299,180

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Consolidated Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Behavioral health services	\$ 30,539,897	\$ -	\$ 30,539,897
Developmental disabilities services	64,664,971	-	64,664,971
Employment contractual services	100,051,775	-	100,051,775
Community Support Services	3,702,331	-	3,702,331
Administrative	708,069	-	708,069
Donations and grants	87,813	52,636	140,449
Miscellaneous	254,263	-	254,263
Fundraising income, net of fundraising expenses of \$1,852	96,380	-	96,380
Net assets released from restrictions	2,643,508	(2,643,508)	-
Total revenue and other support	202,749,007	(2,590,872)	200,158,135
Expenses:			
Program services:			
Mental health services	24,471,869	-	24,471,869
Developmental disabilities services	52,717,671	-	52,717,671
Employment contractual services	78,623,102	-	78,623,102
Grants	2,839,517	-	2,839,517
Total program services	158,652,159	-	158,652,159
Supporting services:			
Management and general	29,727,982	-	29,727,982
Fundraising expenses	112,433	-	112,433
Total supporting services	29,840,415	-	29,840,415
Total expenses	188,492,574	-	188,492,574
Change in net assets before other income (loss)	14,256,433	(2,590,872)	11,665,561
Other income (loss):			
Investment income – net	2,562,266	-	2,562,266
Gain on sale of assets	194,656	-	194,656
Gain on interest rate swap	539,365	-	539,365
Other income (loss):	3,296,287	-	3,296,287
Change in net assets	17,552,720	(2,590,872)	14,961,848
Net assets:			
Beginning	41,937,685	2,945,471	44,883,156
Ending	\$ 59,490,405	\$ 354,599	\$ 59,845,004

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Consolidated Statement of Activities Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Behavioral health services	\$ 31,852,760	\$ -	\$ 31,852,760
Developmental disabilities services	72,418,058	-	72,418,058
Employment contractual services	91,896,284	-	91,896,284
Community Support Services	4,955,001	-	4,955,001
Administrative	626,264	-	626,264
Management fees	114,990	-	114,990
Miscellaneous	380,811	12,100	392,911
Fundraising income, net of fundraising expenses of \$358,438	416,447	-	416,447
Net assets released from restrictions	6,181	(6,181)	-
Total revenue and other support	202,666,796	5,919	202,672,715
Expenses:			
Program services:			
Mental health services	27,041,765	-	27,041,765
Developmental disabilities services	61,407,211	-	61,407,211
Employment contractual services	74,682,964	-	74,682,964
Grants	3,690,568	-	3,690,568
Total program services	166,822,508	-	166,822,508
Supporting services:			
Management and general	29,381,688	-	29,381,688
Fundraising expenses	207,390	-	207,390
Total supporting services	29,589,078	-	29,589,078
Total expenses	196,411,586	-	196,411,586
Change in net assets before other income (loss)	6,255,210	5,919	6,261,129
Other income (loss):			
Investment income – net	539,241	184,411	723,652
Loss on sale of assets	(87,171)	-	(87,171)
Loss on interest rate swap	(1,178,931)	-	(1,178,931)
Other income (loss)	(726,861)	184,411	(542,450)
Change in net assets	5,528,349	190,330	5,718,679
Net assets:			
Beginning	36,409,336	2,755,141	39,164,477
Ending	\$ 41,937,685	\$ 2,945,471	\$ 44,883,156

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Consolidated Statement of Functional Expenses Year Ended June 30, 2021 (With Comparative Totals for 2020)

	2021							2020		
	Mental Health Services	Developmental Disabilities Services	Employment Services	Grant	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 15,364,012	\$ 27,274,531	\$ 36,038,186	\$ 1,624,306	\$ 80,301,035	\$ 14,220,642	\$ -	\$ 14,220,642	\$ 94,521,677	\$ 98,434,923
Salaries overtime	633,541	4,221,108	253,209	49,461	5,157,319	33,614	-	33,614	5,190,933	6,538,979
Temporary labor	885,190	1,783,649	-	432	2,669,271	29,902	-	29,902	2,699,173	3,557,469
Client payroll	-	73,037	-	-	73,037	-	-	-	73,037	1,043,785
Fringe benefits	3,718,156	9,379,199	15,670,973	372,645	29,140,973	2,707,462	-	2,707,462	31,848,435	32,230,423
Consultants and contractual	4,584	1,321,117	288,328	737	1,614,766	3,060,831	35,424	3,096,255	4,711,021	3,540,304
Telephone	368,600	443,056	217,013	3,125	1,031,794	351,167	-	351,167	1,382,961	1,334,382
Office and other expenses	413,630	279,686	3,401,077	1,497	4,095,890	2,501,275	66,039	2,567,314	6,663,204	7,006,792
Vehicle leases, operation and travel	160,953	910,947	206,390	4,166	1,282,456	188,412	-	188,412	1,470,868	1,857,301
Building, equipment and furnishings	67,059	76,142	132,006	50	275,257	618,288	-	618,288	893,545	495,465
Repairs to furnishings and equipment	277,466	475,688	98,846	118	852,118	174,471	-	174,471	1,026,589	888,627
Housekeeping supplies	19,368	188,530	-	168	208,066	6,461	-	6,461	214,527	415,203
Contract maintenance and service contracts	-	811,641	18,868,886	90	19,680,617	1,641,662	10,970	1,652,632	21,333,249	19,446,806
Rent and interest expense	1,925,260	1,382,473	22,560	-	3,330,293	1,160,784	-	1,160,784	4,491,077	4,613,087
Utilities	256,579	1,110,162	33,736	3,764	1,404,241	174,714	-	174,714	1,578,955	1,658,364
Client transportation	-	-	-	-	-	-	-	-	-	509,310
Supplemental expenses	-	4,293	-	-	4,293	-	-	-	4,293	5,816
Food	136,147	1,314,362	-	2,852	1,453,361	3,467	-	3,467	1,456,828	1,748,325
Disposable supplies	-	23	-	-	23	-	-	-	23	33,628
Kitchen and food service supplies	-	2,832	-	-	2,832	1,156	-	1,156	3,988	21,373
Training supplies and equipment	5,468	49,355	2,662,909	-	2,717,732	11,020	-	11,020	2,728,752	3,663,747
Medical supplies and equipment	3,036	257,696	-	367	261,099	293,863	-	293,863	554,962	497,991
Program activities	103,290	50,989	-	-	154,279	1,904	-	1,904	156,183	304,010
Purchase of services	-	10,020	-	771,074	781,094	11,761	-	11,761	792,855	1,699,534
Bad debt	5,606	135,631	-	-	141,237	1,370,100	-	1,370,100	1,511,337	1,595,618
Depreciation and amortization	123,924	1,161,504	728,983	4,665	2,019,076	1,165,026	-	1,165,026	3,184,102	3,270,324
Total	\$ 24,471,869	\$ 52,717,671	\$ 78,623,102	\$ 2,839,517	\$ 158,652,159	\$ 29,727,982	\$ 112,433	\$ 29,840,415	\$ 188,492,574	\$ 196,411,586

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	2020								
	Mental Health Services	Developmental Disabilities Services	Employment Services	Grant	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 17,432,486	\$ 31,051,828	\$ 33,804,119	\$ 1,841,546	\$ 84,129,979	\$ 14,304,944	\$ -	\$ 14,304,944	\$ 98,434,923
Salaries overtime	630,853	5,251,194	560,434	64,166	6,506,647	32,332	-	32,332	6,538,979
Temporary labor	973,798	2,508,047	-	3,344	3,485,189	72,280	-	72,280	3,557,469
Client payroll	-	1,043,785	-	-	1,043,785	-	-	-	1,043,785
Fringe benefits	3,532,210	9,900,424	15,290,420	373,849	29,096,903	3,133,520	-	3,133,520	32,230,423
Consultants and contractual	70,503	854,173	22,398	15,071	962,145	2,496,756	81,403	2,578,159	3,540,304
Telephone	438,979	410,889	199,898	3,632	1,053,398	280,984	-	280,984	1,334,382
Office and other expenses	777,140	377,702	3,136,730	9,566	4,301,138	2,589,700	115,954	2,705,654	7,006,792
Vehicle leases, operation and travel	77,212	1,361,107	213,225	12,927	1,664,471	192,797	33	192,830	1,857,301
Building, equipment and furnishings	51,334	76,014	108,635	1,704	237,687	257,778	-	257,778	495,465
Repairs to furnishings and equipment	286,058	409,217	106,360	183	801,818	86,809	-	86,809	888,627
Housekeeping supplies	27,498	311,159	2,738	370	341,765	73,438	-	73,438	415,203
Contract maintenance and service contracts	14	837,350	16,901,642	53,729	17,792,735	1,644,110	9,961	1,654,071	19,446,806
Rent and interest expense	1,891,230	1,775,199	20,045	-	3,686,474	926,613	-	926,613	4,613,087
Utilities	305,047	1,101,316	30,753	4,303	1,441,419	216,945	-	216,945	1,658,364
Client transportation	-	509,310	-	-	509,310	-	-	-	509,310
Supplemental expenses	-	5,816	-	-	5,816	-	-	-	5,816
Food	164,551	1,539,414	-	5,164	1,709,129	39,157	39	39,196	1,748,325
Disposable supplies	-	33,628	-	-	33,628	-	-	-	33,628
Kitchen and food service supplies	-	19,393	-	-	19,393	1,980	-	1,980	21,373
Training supplies and equipment	162	37,753	3,610,899	-	3,648,814	14,933	-	14,933	3,663,747
Medical supplies and equipment	2,660	79,295	-	2,070	84,025	413,966	-	413,966	497,991
Program activities	237,788	65,687	-	535	304,010	-	-	-	304,010
Purchase of services	-	374,522	-	1,292,426	1,666,948	32,586	-	32,586	1,699,534
Bad debt	1,859	210,216	-	-	212,075	1,383,543	-	1,383,543	1,595,618
Depreciation	140,383	1,262,773	674,668	5,983	2,083,807	1,186,517	-	1,186,517	3,270,324
Total	\$ 27,041,765	\$ 61,407,211	\$ 74,682,964	\$ 3,690,568	\$ 166,822,508	\$ 29,381,688	\$ 207,390	\$ 29,589,078	\$ 196,411,586

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Consolidated Statements of Cash Flows Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 14,961,848	\$ 5,718,679
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,184,102	3,315,795
(Write-off) amortization of deferred financing fees	-	(45,471)
Increase in allowance for doubtful accounts	7,951	109,731
Realized and unrealized gains on investments, net	(2,464,926)	(593,319)
(Gain) loss on interest rate swap	(539,365)	1,178,931
Gain (loss) on sale of land, buildings and equipment	(194,656)	87,171
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,244,986)	(2,239,825)
Pledges receivable	1,300	9,682
Grants receivable	-	1,855,692
Prepaid expenses	97,955	215,156
Other noncurrent assets	(9,812)	445,220
Increase (decrease) in:		
Accounts payable	3,749,048	682,977
Accrued expenses and other liabilities	3,252,679	3,557,672
Deferred rent	1,578	33,209
Due to third-party payors	1,867,598	1,558,737
Deferred revenue and refundable advances	(150,856)	52,739
Deferred payroll taxes	1,372,923	662,618
Net cash provided by operating activities	20,892,381	16,605,394
Cash flows from investing activities:		
Purchases of investments	(1,956,865)	(5,506,479)
Purchases of property and equipment	(3,795,839)	(1,980,218)
Proceeds from sales of property and equipment	352,810	1,110,469
Proceeds from sales of investments	4,125,713	5,165,860
(Increase) decrease in loans receivable	(247)	9,996
(Increase) decrease in notes receivable	10,226	(143,824)
Net cash used in investing activities	(1,264,202)	(1,344,196)
Cash flows from financing activities:		
Principal payments on mortgages and notes payable	(632,074)	(602,640)
Proceeds from long-term debt	154,700	-
Net cash used in financing activities	(477,374)	(602,640)
Net increase in cash and cash equivalents	19,150,805	14,658,558
Cash and cash equivalents (including restricted cash):		
Beginning	25,434,052	10,775,494
Ending	\$ 44,584,857	\$ 25,434,052
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 425,961	\$ 377,200
Supplemental schedule of noncash activities:		
Fixed asset purchases included in accounts payable	\$ 857,821	\$ -

See notes to consolidated financial statements.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities: Chimes International Limited and Related Entities (the Organization) provide services to people living in the states of Maryland, Delaware, Pennsylvania, Virginia, North Carolina, New Jersey and the District of Columbia. The Organization provides mental health services, drug and substance abuse services and intellectual/developmental disabilities services. Its employment services programs also serve the aforementioned people and those with other disabilities and barriers to independent living.

Services provided to persons within the Organization's target populations include employment services and supports, day habilitation, counseling, educational supports and instruction, supported living services and a variety of living and housing alternatives. The Organization also provides administrative services to other organizations with common interests and needs.

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

Entity Name	Nature of Relationship
Chimes International Limited (International)	Parent, Board drawn from membership of supported organizations
The Chimes, Inc. (Chimes—Maryland)	International has sole membership
Chimes Metro, Inc. (Chimes—Delaware)	International has sole membership
Chimes District of Columbia, Inc. (Chimes—DC)	Common management
Chimes Virginia, Inc. (Chimes—VA)	International has sole membership
Chimes Foundation, Incorporated (The Chimes Foundation)	Common management
Holcomb Associates, Inc. (Holcomb)	International has sole membership
Chimes Employment Services, LLC (CES)	Chimes – Maryland has sole membership

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

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. As there is no majority overlap of board members between entities, Chimes Israel is not included in the consolidated financial statements.

A summary of significant accounting policies of the Organization is as follows:

Principles of consolidation: The accompanying consolidated financial statements include the financial statements of International, Chimes—Maryland, Chimes—Delaware, Chimes—VA, The Chimes Foundation, Holcomb, and CES. All inter-organization transactions and balances have been eliminated in consolidation.

Basis of accounting: The accompanying consolidated financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned, and expenses are recognized when incurred.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (ASC). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

Board-designated net assets: The board-designated fund is included in cash and cash equivalents and investments on the consolidated statements of financial position. Board designated net assets were \$721,430 as of June 30, 2021 and 2020.

Net assets with donor restrictions: Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified parties. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity as endowment funds. Earnings on endowment funds are either net assets with donor restrictions for program purposes or are available for operations as specified by the donor.

Cash and cash equivalents: The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Financial risk: The Organization has deposits in a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments: The Organization's investments are held in a professionally managed portfolio that contains corporate bonds, mutual funds, equities, real estate investment trust and certificates of deposit. Such investments are exposed to various risks such as interest rates, market and credit. Due to the level of risk associated with investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements. The Organization's investments are recorded in the consolidated statements of financial position at net asset value or fair value. Unrealized gains and losses on these investments are included as a component of investment income in the consolidated statements of activities.

Receivables: Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on review of all outstanding amounts. Management determines the allowance for doubtful accounts by evaluating individual accounts receivable and considering a customer's financial condition, credit history and current economic conditions. Most of the accounts receivable are due from the federal government, state or other municipalities in Maryland, Delaware and New Jersey, Commonwealths of Pennsylvania and Virginia or the District of Columbia. Accounts receivable also includes amounts due from other payors for employment contractual services. The allowance for doubtful accounts at June 30, 2021 and 2020, was \$1,944,238 and \$1,936,287, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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 recorded as revenue when donor-imposed conditions are substantially met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to funds.

The Chimes Foundation is the recipient of unconditional pledges receivable, which are expected to be received in less than one year. Gross unconditional pledges for the years ended June 30, 2021 and 2020, are \$189,385 and \$198,527, respectively. The allowance for uncollectible pledges for the years ended June 30, 2021 and 2020 are \$113,958 and \$121,800, respectively, resulting in net unconditional pledges of \$75,427 and \$76,727, respectively.

The Chimes Foundation provides an allowance for potentially uncollectible unconditional pledges receivable based on a review of its outstanding unconditional pledges receivable and its historical experience with the individual accounts. Management determined the discount to net present value is not material.

Property and equipment: Property and equipment purchased by the Organization are recorded at cost. Donated furniture, fixtures and equipment received by the Organization are recorded at their fair value at the date of the gift. The Organization's capitalization policy ranges from \$1,000 to \$2,500, except where regulation requires a different amount. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15-40 years
Land improvements	15 years
Automobiles	3-5 years
Furnishings and equipment	3-5 years
Leasehold improvements	Shorter of lease term or life of the asset

Valuation of long-lived assets: The Organization reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the net carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Investments: Investments are reflected at fair value. Gains and losses on investments resulting from their measurement at fair value are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulation or by law.

Derivative financial instrument: The Organization recognizes all derivative financial instruments in the consolidated financial statements at their fair value. The Organization participates in interest rate swap contracts that are considered derivative financial instruments. Changes in the fair value of the derivative financial instruments are recognized in the consolidated statements of activities as gain or loss on interest rate swap contracts.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Deferred revenue and refundable advances: Revenue is recognized as earned. Amounts received in advance of the period in which the service is rendered are recorded as a liability under deferred revenue.

Revenues from government and private grants and contracts are recognized in accordance with the terms of the contract. Any government revenue received before it is expended is recorded as a refundable advance.

Use of estimates: The preparation of financial statements in conformity with United States generally accepted accounting principles (U.S. GAAP) 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.

Self-insured medical plan: The Organization maintains a self-insured medical plan that provides medical benefits to employees electing coverage under the plan. Under the plan, medical insurance coverage is obtained for each employee so that exposure to excessive medical expenses is capped in conjunction with certain stop loss provisions. Provisions for expenses expected under this program are recorded based upon the Organization's estimates of the aggregate liability for claims incurred.

The policy has a \$250,000 deductible limit for each loss event and an aggregate deductible of \$3,000,000. The medical plan is administered through a contractual relationship with a third-party plan administrator. However, the Organization is solely responsible for all claims incurred up to the amount of the stop loss provisions. The Organization's liability under the self-insured medical plan amounted to \$1,067,771 and \$1,008,957 as of June 30, 2021 and 2020, respectively.

Self-insured workers' compensation: The Organization maintains workers' compensation insurance through a self-insured plan. The policy has a deductible of \$250,000 for each claim. Provisions for expenses expected under this program are recorded based upon the Organization's estimates of the aggregate liability for claims incurred. As of June 30, 2021 and 2020, cash reserves held in a separate account amount to \$1,551,186 and \$1,559,735, respectively. The Organization's liabilities under the self-insured plan amounted to \$4,432,956 and \$3,966,535 for the years ended June 30, 2021 and 2020, respectively.

Revenue recognition: The Organization's revenue is primarily derived from conditional grants and third-party reimbursements from various state and local government agencies and for services contracted on a fee-for-service basis.

The Organization recognizes contract revenue using a five-step process that includes: (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the performance obligations and (5) recognizing revenue when (or as) each performance obligation is satisfied.

Unconditional contributions are recognized as revenue upon receipt, or when unconditional promises to give are received. Conditional contributions are recognized when donor-imposed conditions are substantially met. These revenues are subject to right of return if funds are not spent and also have barriers that must be met in order to be entitled to funds. Accordingly, amounts received, but not yet recognized as revenue, are classified as deferred revenue in the consolidated statements of financial position.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

The majority of conditional grants and third-party reimbursement agreements are with the state or other municipalities in Maryland, Delaware and New Jersey, Commonwealths of Pennsylvania and Virginia and the District of Columbia. The concentration of revenue from the Mid-Atlantic area is not expected to have any significant future effect on the Organization.

Mental Health Services are recognized as revenue at the point in time certain agreed upon services are provided to clients or members. These services are a result of contracts to provide mental health services based on contracts between insurance carriers and certain Pennsylvania counties with Holcomb. The revenue is determined based on a fee schedule agreed to by both parties.

Employment Services are recognized as revenue when Chimes—DC completes the custodial services performance work statements and said work is accepted by the government on a monthly basis. The contracts are substantially all fixed price in nature and the transaction price is established in each contract.

Developmental Disabilities Services are recognized as revenue at the point in time home and community-based services to individuals with developmental disabilities are provided. Chimes—Maryland has a contract with the Developmental Disabilities Administration (DDA), a unit of the Maryland Department of Health, to provide home and community-based services to individuals with a developmental disability in the state of Maryland funded under at least one of the DDA's Medicaid Section 1915 (c) Waiver programs. Each individual will have an approved Person-Centered Plan (PCP) identifying services that will be provided and each service has a defined unit of revenue to be paid to Chimes—Maryland upon the delivery of the service. Chimes—Maryland is entitled to be compensated for the services provided once the individual's Person-Centered Plan has been approved by the state.

Community Support Services are recognized as revenue at the point in time home and community-based services to individuals with developmental disabilities are provided. Chimes - Maryland has a contract with the Developmental Disabilities Administration (DDA), a unit of the Maryland Department of Health, to provide home and community-based services to individuals with a developmental disability in the state of Maryland funded under at least one of the DDA's Medicaid Section 1915 (c) Waiver programs. Each individual will have an approved PCP identifying services that will be provided and each service has a defined unit of revenue to be paid to Chimes—Maryland upon the delivery of the service. Chimes—Maryland is entitled to be compensated for the services provided once the individual's PCP has been approved by the state.

The Organization received distributions under the Provider Relief Funds (PRF) provision of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The recognition of revenue related to these funds is conditioned upon the Organization meeting certain terms and conditions including utilizing PRF payments to reimburse the Organization for qualifying expenses or lost revenue attributable to coronavirus (COVID-19). Amounts recognized could change in the future based on evolving grant compliance guidance provided by the government. The Organization received \$2,057,134 of PRF payments which is recognized as revenue in the consolidated statement of activities for the year ended June 30, 2021.

The Organization received and recognized an additional \$2,816,784 of revenue under the Coronavirus Relief Funds provision of the CARES Act. The recognition of revenue related to these funds is conditioned upon the Organization using the funds for qualifying expenses. The Organization incurred qualifying expenses and met all conditions to recognize the full amount of funding as revenue in the consolidated statement of activities for the year ended June 30, 2021.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. Salaries and benefits are allocated based on estimates of time and effort. Depreciation, utilities, occupancy and repairs and maintenance costs are allocated based on square footage of the cost centers benefited.

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

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 Organization's activities are subject to the tax on unrelated business income.

The Organization follows the provisions of the FASB ASC, Accounting for Income Taxes. This topic requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic. None of the Organization's activities are subject to the tax on unrelated business income. Generally, the Organization is no longer subject to income tax examinations by the U.S federal, state or local tax authorities for years before 2018.

Adopted accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the ASC. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for the Organization for fiscal years beginning July 1, 2020. The Organization adopted this amendment on a modified prospective basis. The adoption did not have a material impact on the reported net assets as of July 1, 2020.

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which changes the accounting for leases. While both lessees and lessors are affected by the new guidance, the effects on lessors are largely unchanged. Under the new guidance, lessees will be required to recognize the following for all long-term leases: (1) a lease liability, which is the lessee's obligation to make lease payments measured on a discounted basis and (2) a right-of-use asset, which represents the lessee's right to use (or control use of) a specified asset for the lease term. The standard will be effective for the Organization for the fiscal year beginning July 1, 2022. The Organization is currently in the process of evaluating the impact of the new accounting guidance on the consolidated financial statements.

Reclassifications: Certain items in the June 30, 2020 consolidated financial statements have been reclassified to conform to the June 30, 2021 consolidated financial statement presentation. The reclassifications had no effect on the previously reported net assets or change in net assets.

Subsequent events: The Organization evaluated subsequent events through December 7, 2021, which is the date the consolidated financial statements were available to be issued.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 2. Property and Equipment

Major classes of property and equipment at June 30, 2021 and 2020, are as follows:

	2021	2020
Land	\$ 4,538,813	\$ 4,608,813
Buildings and improvements	38,542,630	37,991,269
Land improvements	383,849	372,592
Automobiles	8,597,718	8,150,258
Furnishings and equipment	23,891,439	22,295,770
Leasehold improvements	5,082,722	4,362,679
	<u>81,037,171</u>	<u>77,781,381</u>
Less accumulated depreciation	(53,336,583)	(50,534,376)
	<u>\$ 27,700,588</u>	<u>\$ 27,247,005</u>

Depreciation on these assets for the years ended June 30, 2021 and 2020, was \$3,184,102 and \$3,315,795, respectively.

Note 3. Investments and Fair Value Measurements

Investments included in the Organization's consolidated statements of financial position, all of which are held by The Chimes Foundation, at June 30, 2021 and 2020, are as follows:

	2021		2020	
	Cost	Market Value	Cost	Market Value
Corporate bonds	\$ 2,302,754	\$ 2,347,429	\$ 3,126,863	\$ 3,140,953
Common stocks	1,313,154	2,612,162	1,196,061	2,176,243
Mutual funds	3,020,153	5,878,941	3,454,158	4,742,190
REIT	40,656	55,844	82,613	95,533
Certificates of deposit	206,549	251,260	649,335	694,639
	<u>\$ 6,883,266</u>	<u>\$ 11,145,636</u>	<u>\$ 8,509,030</u>	<u>\$ 10,849,558</u>

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

The following schedule summarizes the investment income and its classification in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 97,340	\$ -	\$ 97,340
Realized and unrealized gains – net	2,464,926	-	2,464,926
	<u>\$ 2,562,266</u>	<u>\$ -</u>	<u>\$ 2,562,266</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 73,604	\$ 56,729	\$ 130,333
Realized and unrealized gains – net	465,637	127,682	593,319
	<u>\$ 539,241</u>	<u>\$ 184,411</u>	<u>\$ 723,652</u>

The Fair Value Measurement topic of the ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Fair Value Topic of the ASC as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Fair Value Measurements topic of the ASC are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Following is a description of the valuation methodology used for assets and liabilities measured at fair value. There have been no changes in the methodology used at June 30, 2021 and 2020.

Common stocks: Valued at the closing price reported on the active market in which the individual securities are traded.

Mutual funds: Valued at the closing price reported on the active market in which the individual securities are traded.

Real estate investment trust (REIT): Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate bonds: Bonds relate to treasury curve and the spread of the treasury curve and the prices were not readily observable but instead mathematical calculations were used to obtain the final calculation.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements (Continued)

Certificates of deposit: Valued at the amount that could be realized if the deposit were to be withdrawn at the consolidated statement of financial position date.

Interest rate swap: Valued using discounted cash flow calculations based upon forward interest-rate yield curves. The curves were obtained from independent pricing services reflecting broker market quotes. The fair values are adjusted for counterparty risk, when applicable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table is set forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Common stocks	\$ 2,612,162	\$ -	\$ -	\$ 2,612,162
Mutual funds:				
Large value	333,457	-	-	333,457
Large blend	5,545,484	-	-	5,545,484
Corporate bonds	-	2,347,429	-	2,347,429
REIT	55,844	-	-	55,844
Certificates of deposit	-	251,260	-	251,260
	<u>\$ 8,546,947</u>	<u>\$ 2,598,689</u>	<u>\$ -</u>	<u>\$ 11,145,636</u>
Liabilities:				
Interest rate swap agreements	\$ -	\$ 639,566	\$ -	\$ 639,566
	<u>\$ -</u>	<u>\$ 639,566</u>	<u>\$ -</u>	<u>\$ 639,566</u>
June 30, 2020				
	Level 1	Level 2	Level 3	Total
Assets:				
Common stocks	\$ 2,176,243	\$ -	\$ -	\$ 2,176,243
Mutual funds				
Large value	248,706	-	-	248,706
Large blend	4,493,484	-	-	4,493,484
Corporate bonds	-	3,140,953	-	3,140,953
REIT	95,533	-	-	95,533
Certificates of deposit	-	694,639	-	694,639
	<u>\$ 7,013,966</u>	<u>\$ 3,835,592</u>	<u>\$ -</u>	<u>\$ 10,849,558</u>
Liabilities:				
Interest rate swap agreements	\$ -	\$ 1,178,931	\$ -	\$ 1,178,931
	<u>\$ -</u>	<u>\$ 1,178,931</u>	<u>\$ -</u>	<u>\$ 1,178,931</u>

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 4. Short-Term Borrowings

Chimes International had a \$13,000,000 revolving line of credit note (International line of credit) with Branch Banking & Trust (BB&T) due on demand. The International line of credit was collateralized by 19 properties of Chimes—Maryland, and was cross-collateralized and cross-defaulted with all other loans of the borrower. The International line of credit's interest was equal to the daily London Interbank Rate (LIBOR) plus 275 basis points. On October 9, 2018, the original note was amended and restated to consolidate the Holcomb \$2,300,000 working capital line of credit with the International line of credit (consolidated line of credit), increasing the maximum line of credit amount to \$15,300,000. The consolidated line of credit is available to Chimes—DC, Chimes—Maryland, Chimes—Virginia, Chimes Delaware, International, and Holcomb for working capital purposes. The consolidated line of credit bears interest at the one-month LIBOR rate plus 175 basis points (2.75% and 1.94% at June 30, 2021 and 2020, respectively). The consolidated line of credit was renewed in September 2020 is scheduled to mature of March 31, 2022. There was no outstanding balance for the consolidated line of credit as of June 30, 2021 and 2020. The Organization is required to comply with certain financial and non-financial covenants.

Chimes—DC has a \$10,000,000 revolving credit note (loan) with BB&T, due on demand. The loan is collateralized by a first lien on certain accounts receivable. The loan bears interest at the daily LIBOR rate plus 175 points (2.75% and 1.94% as of June 30, 2021 and 2020, respectively). The loan is scheduled to expire March 31, 2022. There was no outstanding balance at June 30, 2021 and 2020.

Note 5. Mortgages and Notes Payable

In June 2019, International refinanced its debt and entered into a term loan agreement with BB&T for \$10,400,000 with its related entities, Chimes—DC, Chimes—Maryland, Chimes—VA, Chimes—Delaware, and Holcomb, of which all parties are jointly and severally liable. The note is secured by 20 properties of the Organization. The note bears interest at one-month LIBOR plus 175 basis points (2.75% and 1.94% at June 30, 2021 and 2020, respectively) and matures on October 20, 2032. The outstanding balance of this loan was \$9,169,503 and \$9,797,360 as of June 30, 2021 and 2020, respectively. The Organization is required to comply with certain financial and non-financial covenants.

On October 23, 2020, the Organization entered into a mortgage agreement in the amount of \$154,700 to purchase a residential property. The mortgage requires monthly principal and interest payments of \$1,169 beginning on November 23, 2020, and has a fixed interest rate of 4.25%. The mortgage matures on November 20, 2032 and has an outstanding balance of \$150,483 as of June 30, 2021.

Payments of principal during the next five years and thereafter as of June 30, 2021, are as follows:

Years ending June 30:	
2022	\$ 660,469
2023	687,403
2024	715,419
2025	744,609
2026	774,973
Thereafter	5,737,113
	<u>\$ 9,319,986</u>

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 6. Interest Rate Swap

On June 19, 2019, the Organization entered into an interest rate swap agreement related to its refinanced credit with BB&T in the initial notional amount of \$10,400,000 and maturity date of October 20, 2032. This swap agreement requires payment of a fixed interest rate (3.97% at June 30, 2021 and 2020) and the receipt of a variable rate of interest (LIBOR) on the notional amount of indebtedness. The recorded fair value of the interest rate swap was a liability of \$639,566 and \$1,178,931 as of June 30, 2021 and 2020, respectively, resulting in a gain on interest rate swap of \$539,365 and a loss of \$1,178,931 for the years ended June 30, 2021 and 2020, respectively.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2021	2020
Subject to expenditure for a specific purpose or period:		
Tina Hyatt Fund	\$ 293,088	\$ 242,502
Chimes Metro Millsboro	31,817	29,767
Chimes Maryland (Safeway)	4,824	4,824
Holcomb Clubhouse	1,500	1,500
Subject to the Organization's spending policy and appropriation:		
Weinberg Foundation Fund	-	2,643,508
Ina and Norman Lampner Fund	23,370	23,370
	<u>\$ 354,599</u>	<u>\$ 2,945,471</u>

There were no releases from restrictions for a specific purpose or period for the year ended June 30, 2021. There were \$6,181 of releases from restrictions for a specific purpose or period for the Tina Hyatt Fund for the year ended June 30, 2020. Releases of \$2,643,508 were made from the Weinberg Foundation Fund during the year ended June 30, 2021, due to agreement from the donor to reclassify amounts to net assets without donor restrictions for operations.

Note 8. Endowment

The FASB issued ASC Topic, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for All Endowment Funds. The accounting standard provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA was enacted into law in Maryland on April 14, 2009. The accounting standard also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds), whether or not the organization is subject to UPMIFA.

The Organization's endowment consisted of two funds—the Ina and Norman Lampner Fund and The Weinberg Foundation Fund:

Ina and Norman Lampner Fund: In 2012, The Chimes Foundation received \$20,000 to establish an award in the names of Ina and Norman Lampner. The corpus of these funds is to be invested in perpetuity. Earnings on the corpus are restricted in accordance with the gift agreement. As of June 30, 2021 and 2020, no appropriations have been made from the endowment to allow for growth of the fund.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 8. Endowment (Continued)

The Weinberg Foundation Fund: In 1995, The Chimes Foundation established an endowment fund called The Harry and Jeanette Weinberg Futures Fund (Weinberg Futures Fund) using contributions and matching funds from The Harry and Jeanette Weinberg Foundation. The Weinberg Futures Fund's purpose is to provide services to individuals who require financial assistance to participate in the programs that The Chimes Foundation supports, including trainings and education to the direct care staff who support those individuals. 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, 2021, the full amount of the endowment has been released from restrictions by the donor and reclassified into net assets without donor restrictions as net assets released from restrictions.

Interpretation of relevant law: The Board of Directors has interpreted the state of Maryland's enacted version of UPMIFA as requiring the Organization to manage and invest the individual donor-restricted endowment funds in good faith and with prudence. The Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that consists of accumulated endowment earnings is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return objectives and spending and investment policies: The intention of the Board of Directors is that the Organization should continue to grow the endowment funds to earn and provide sustainable and reliable amounts annually to support the Organization's programs. There is currently no spending from the endowment funds and therefore no formal spending policy.

Changes in endowment net assets for the years ended June 30, 2021 and 2020, are as follows:

Donor-restricted endowment, June 30, 2019	\$ 2,482,467
Investment income	184,411
Donor-restricted endowment, June 30, 2020	<u>2,666,878</u>
Change in donor intent - release from endowment and restrictions	<u>(2,643,508)</u>
Donor-restricted endowment, June 30, 2021	<u><u>\$ 23,370</u></u>

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 9. Retirement Plans

International has a 403(b) plan covering employees of International, Chimes—Maryland, Chimes—Delaware, Chimes—DC, Chimes—VA and Holcomb. The plan matches contributions at 100% up to 3% of annual salary with 100% vesting after three years. The Organization contributes 2.5% of the annual salaries of qualifying participants. The Organization also matches employee contributions up to 3% of the annual salaries of qualifying participants. The 403(b) contribution expense for the years ended June 30, 2021 and 2020, was \$1,124,760 and \$1,831,326, respectively.

During 2011, the frozen Chimes—Maryland Money Purchase Pension Plan merged with the frozen Chimes—Maryland 401(k) Plan and became the Chimes—Maryland 401(a) defined contributions plan. This plan is also frozen and there are no longer contributions going into the plan.

Note 10. Deferred Rent

Holcomb's lease agreement for its administrative office has a provision for rent payments with fixed annual increases. In accordance with generally accepted accounting principles, the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for consolidated financial statement purposes is recorded as deferred rent. Deferred rent was \$251,991 and \$250,413 at June 30, 2021 and 2020, respectively.

Note 11. Commitments and Contingencies

The states of Maryland, Delaware and New Jersey, the Commonwealths of 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 consolidated financial statements.

Chimes—DC has agreed to pay a fee to Source America (formerly the National Institute for the Severely Handicapped) and MD Works as compensation for procuring Federal government contracts for Chimes—DC in the amount of 4% of cash received for services from those contracts. The MD Works fee is a fixed fee and priced into the Source America Contract. Fees paid to Source America and MD Works for the years ended June 30, 2021 and 2020, totaled \$3,208,622 and \$2,916,799, respectively.

The Organization leases numerous residences and buildings for its clients and administration that are treated as operating leases. The future minimum lease payments as of June 30, 2021, are as follows for the years ending June 30:

2022	\$ 2,714,711
2023	1,475,820
2024	1,246,248
2025	1,191,163
2026	749,536
Thereafter	1,386,565
	<u>\$ 8,764,043</u>

Rent expense for the years ended June 30, 2021 and 2020, was \$3,591,074 and \$4,431,756, respectively.

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 11. Commitments and Contingencies (Continued)

The Organization acts as an agent on behalf of individuals served regarding the holding of client cash funds. At June 30, 2021 and 2020, the Organization was holding \$754,125 and \$760,606, respectively.

Legal contingencies: The Organization is involved in litigation arising in the ordinary course of business. The ultimate outcome of these matters is not presently determinable; it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the consolidated financial statements of the Organization.

Letters of credit: The Organization held several letters of credits with BB&T. At June 30, 2021 and 2020, three letters of credit to ensure payment for workers' compensation insurance totaled \$2,733,000. These letters of credit are issued under the \$15,300,000 credit facility from BB&T for International.

Uncertainties: On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020 declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, and quarantine in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on the Organization. The extent of the impact of COVID-19 on the Organization's operations and financial performance are uncertain and cannot be predicted. Management is continually monitoring the impact of COVID-19. In response to COVID-19, the Organization has revised budgeted expenses.

Note 12. Due From/to Third-Party Payors

Amounts due to third-party payors include monies the Organization received in excess of grant funds or room and board, which is due back to third-party payors. The Organization's total amount due to third-party payors as of June 30, 2021 and 2020, was \$4,888,429 and \$3,020,831, respectively.

Note 13. Liquidity and Availability

The Organization monitors liquidity required to meet its annual operating needs and other contractual commitments. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. In the event of an unanticipated liquidity need, the Organization can draw down from its consolidated line of credit of \$15,300,000 and the Chimes—DC line of credit of \$10,000,000 (see Note 5).

Chimes International Limited and Related Entities

Notes to Consolidated Financial Statements

Note 13. Liquidity and Availability (Continued)

The following represents the Organization's financial assets at June 30:

	2021	2020
Cash and cash equivalents	\$ 43,033,671	\$ 23,414,060
Restricted cash	1,551,186	460,257
Accounts receivable, net	26,413,006	22,175,971
Pledges receivable, net	75,427	76,727
Investments	11,145,636	10,849,558
Note receivable	273,531	283,510
	<hr/>	<hr/>
	82,492,457	57,260,083
Less long-term investments	(1,780,521)	(3,140,953)
Less long-term portion of note receivable	(255,163)	(265,389)
Less those unavailable for general expenditures within one year, due to:		
Restrictions by donors	(354,599)	(2,945,471)
Restricted cash	(1,551,186)	(2,019,992)
Board designations	(721,430)	(721,430)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditure within one year	\$ 77,829,558	\$ 48,166,848



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Directors and Officers
Chimes International Limited

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the year ended June 30, 2021, taken as a whole. The supplementary information on pages 25 to 32 is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the June 30, 2021 consolidated financial statements as a whole.

RSM US LLP

Baltimore, Maryland
December 7, 2021

Chimes International Limited and Related Entities

Consolidating Statement of Financial Position June 30, 2021

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ 8,708	\$ 82,579	\$ 9,617,771	\$ 1,502	\$ 24,045,359	\$ 4,241,463	\$ 5,036,289	\$ -	\$ 43,033,671
Resident funds	584,297	-	-	86,890	-	82,938	-	-	754,125
Accounts receivable, net	705,092	5,648,049	14,972,890	1,451,406	529,743	3,082,455	23,371	-	26,413,006
Pledges receivable, net	-	-	-	-	-	-	75,427	-	75,427
Prepaid expenses	195,314	100,869	69,155	50,894	503,891	207,803	19,070	-	1,146,996
Note receivable, current portion	-	-	-	-	-	-	18,368	-	18,368
Investments, current	-	-	-	-	-	-	9,365,115	-	9,365,115
Due from related parties	1,567,014	-	22,913,033	120,246	-	-	-	(24,600,293)	-
Total current assets	3,060,425	5,831,497	47,572,849	1,710,938	25,078,993	7,614,659	14,537,640	(24,600,293)	80,806,708
Noncurrent assets:									
Restricted cash	-	-	-	-	1,551,186	-	-	-	1,551,186
Property and equipment, net	14,843,671	5,425,922	1,368,712	832,495	1,163,621	4,058,260	7,907	-	27,700,588
Investments, long-term	-	-	-	-	-	-	1,780,521	-	1,780,521
Note receivable, net of current portion	-	-	-	-	-	-	565,899	(310,736)	255,163
Other noncurrent assets	1,560	37,748	18,214	25,512	-	153,578	-	-	236,612
Total noncurrent assets	14,845,231	5,463,670	1,386,926	858,007	2,714,807	4,211,838	2,354,327	(310,736)	31,524,070
Total assets	\$ 17,905,656	\$ 11,295,167	\$ 48,959,775	\$ 2,568,945	\$ 27,793,800	\$ 11,826,497	\$ 16,891,967	\$ (24,911,029)	\$ 112,330,778

(Continued)

Chimes International Limited and Related Entities

Consolidating Statement of Financial Position (Continued)

June 30, 2021

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Liabilities and Net Assets									
Current liabilities:									
Current maturities of long-term debt	\$ 92,733	\$ -	\$ -	\$ -	\$ 652,745	\$ 7,724	\$ -	\$ (92,733)	\$ 660,469
Accounts payable	906,820	297,931	4,924,259	47,035	2,459,616	2,240,414	-	-	10,876,075
Accrued expenses and other liabilities	3,195,974	2,724,244	7,368,623	457,779	7,754,894	2,183,135	3,250	-	23,687,899
Resident funds payable	584,297	-	-	86,890	-	82,938	-	-	754,125
Deferred revenue	-	-	-	-	-	32,162	-	-	32,162
Due to third-party payors	4,888,429	-	-	-	-	-	-	-	4,888,429
Due to related parties	-	7,098,847	-	-	12,032,785	3,070,424	2,398,237	(24,600,293)	-
Total current liabilities	9,668,253	10,121,022	12,292,882	591,704	22,900,040	7,616,797	2,401,487	(24,693,026)	40,899,159
Long-term liabilities:									
Deferred rent	-	-	-	-	-	251,991	-	-	251,991
Interest rate swap	-	-	-	-	639,566	-	-	-	639,566
Mortgages and notes payable, net of current portion	-	-	-	-	8,516,758	142,759	-	-	8,659,517
Loans payable – related party	218,003	-	-	-	-	-	-	(218,003)	-
Deferred payroll taxes	428,786	296,262	827,582	66,954	39,184	376,773	-	-	2,035,541
Total long-term liabilities	646,789	296,262	827,582	66,954	9,195,508	771,523	-	(218,003)	11,586,615
Total liabilities	10,315,042	10,417,284	13,120,464	658,658	32,095,548	8,388,320	2,401,487	(24,911,029)	52,485,774
Net assets (deficit):									
Without donor restrictions:									
Undesignated	7,590,614	156,453	35,839,311	1,910,287	(4,301,748)	3,438,177	14,135,881	-	58,768,975
Board designated	-	721,430	-	-	-	-	-	-	721,430
	7,590,614	877,883	35,839,311	1,910,287	(4,301,748)	3,438,177	14,135,881	-	59,490,405
With donor restrictions:									
	-	-	-	-	-	-	354,599	-	354,599
Total net assets (deficit)	7,590,614	877,883	35,839,311	1,910,287	(4,301,748)	3,438,177	14,490,480	-	59,845,004
Total liabilities and net assets	\$ 17,905,656	\$ 11,295,167	\$ 48,959,775	\$ 2,568,945	\$ 27,793,800	\$ 11,826,497	\$ 16,891,967	\$ (24,911,029)	\$ 112,330,778

Chimes International Limited and Related Entities

Consolidating Statement of Financial Position June 30, 2020

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Assets									
Current assets:									
Cash and cash equivalents	\$ 9,731	\$ 82,821	\$ 5,664,971	\$ 7,935	\$ 10,069,501	\$ 3,550,269	\$ 4,028,832	\$ -	\$ 23,414,060
Resident funds	601,354	-	-	85,803	-	73,449	-	-	760,606
Accounts receivable, net	1,366,755	6,944,422	10,568,156	1,028,409	76,405	2,191,824	-	-	22,175,971
Pledges receivable, net	-	-	-	-	-	-	76,727	-	76,727
Prepaid expenses	176,871	97,506	96,581	31,172	591,334	251,487	-	-	1,244,951
Notes receivable, current portion	-	-	-	-	-	-	18,121	-	18,121
Investments, current	-	-	-	-	-	-	9,197,217	-	9,197,217
Due from related parties	-	-	19,155,977	976,465	226,357	-	-	(20,358,799)	-
Total current assets	2,154,711	7,124,749	35,485,685	2,129,784	10,963,597	6,067,029	13,320,897	(20,358,799)	56,887,653
Noncurrent assets:									
Restricted cash	-	-	-	-	1,559,735	-	460,257	-	2,019,992
Property and equipment, net	14,849,625	4,579,933	1,233,989	886,130	1,325,951	4,363,470	7,907	-	27,247,005
Investments, long-term	-	-	-	-	-	-	1,652,341	-	1,652,341
Note receivable, net of current portion	-	-	-	-	-	-	666,184	(400,795)	265,389
Other noncurrent assets	7,969	38,558	4,952	24,942	-	150,379	-	-	226,800
Total noncurrent assets	14,857,594	4,618,491	1,238,941	911,072	2,885,686	4,513,849	2,786,689	(400,795)	31,411,527
Total assets	\$ 17,012,305	\$ 11,743,240	\$ 36,724,626	\$ 3,040,856	\$ 13,849,283	\$ 10,580,878	\$ 16,107,586	\$ (20,759,594)	\$ 88,299,180

(Continued)

Chimes International Limited and Related Entities

Consolidating Statement of Financial Position (Continued) June 30, 2020

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Liabilities and Net Assets									
Current liabilities:									
Current maturities of long-term debt	\$ 89,441	\$ -	\$ -	\$ -	\$ 627,192	\$ -	\$ -	\$ (89,441)	\$ 627,192
Accounts payable	1,049,910	220,744	3,675,255	52,609	786,624	1,339,434	2,451	-	7,127,027
Accrued expenses and other liabilities	3,174,765	2,552,682	6,218,414	400,037	6,348,932	1,740,390	-	-	20,435,220
Resident funds payable	601,354	-	-	85,803	-	73,449	-	-	760,606
Deferred revenue	-	-	-	-	-	183,018	-	-	183,018
Due to third-party payors	3,020,831	-	-	-	-	-	-	-	3,020,831
Due to related parties	2,471,129	10,475,133	-	-	-	4,232,953	3,179,584	(20,358,799)	-
Total current liabilities	10,407,430	13,248,559	9,893,669	538,449	7,762,748	7,569,244	3,182,035	(20,448,240)	32,153,894
Long-term liabilities:									
Deferred rent	-	-	-	-	-	250,413	-	-	250,413
Interest rate swap	-	-	-	-	1,178,931	-	-	-	1,178,931
Mortgages and notes payable, net of current portion	-	-	-	-	9,170,168	-	-	-	9,170,168
Loans payable – related party	311,354	-	-	-	-	-	-	(311,354)	-
Deferred payroll taxes	135,375	94,561	248,366	21,579	39,184	123,553	-	-	662,618
Total long-term liabilities	446,729	94,561	248,366	21,579	10,388,283	373,966	-	(311,354)	11,262,130
Total liabilities	10,854,159	13,343,120	10,142,035	560,028	18,151,031	7,943,210	3,182,035	(20,759,594)	43,416,024
Net assets (deficit):									
Without donor restrictions:									
Undesignated	6,158,146	(2,321,310)	26,582,591	2,480,828	(4,301,748)	2,637,668	9,980,080	-	41,216,255
Board designated	-	721,430	-	-	-	-	-	-	721,430
	6,158,146	(1,599,880)	26,582,591	2,480,828	(4,301,748)	2,637,668	9,980,080	-	41,937,685
With donor restrictions:									
	-	-	-	-	-	-	2,945,471	-	2,945,471
Total net assets (deficit)	6,158,146	(1,599,880)	26,582,591	2,480,828	(4,301,748)	2,637,668	12,925,551	-	44,883,156
Total liabilities and net assets	\$ 17,012,305	\$ 11,743,240	\$ 36,724,626	\$ 3,040,856	\$ 13,849,283	\$ 10,580,878	\$ 16,107,586	\$ (20,759,594)	\$ 88,299,180

Chimes International Limited and Related Entities

Consolidating Statement of Activities Year Ended June 30, 2021

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Revenue and other support:									
Behavioral health services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,539,897	\$ -	\$ -	\$ 30,539,897
Developmental disabilities services	33,608,014	25,999,553	-	5,057,404	-	-	-	-	64,664,971
Employment contractual services	-	-	100,227,008	-	-	-	-	(175,233)	100,051,775
Community support services	4,294,977	-	-	-	-	-	-	(592,646)	3,702,331
Administrative	-	673,471	9,890	124,702	321,788	244,162	-	(665,944)	708,069
Management fees	-	-	-	-	12,641,469	-	-	(12,641,469)	-
Donations and grants	-	-	-	-	-	-	140,449	-	140,449
Miscellaneous	249,501	-	4,739	-	-	23	-	-	254,263
Fundraising income, net of fundraising expenses of \$1,852	10,125	-	2,118	-	-	17,333	66,804	-	96,380
Total revenue and other support	38,162,617	26,673,024	100,243,755	5,182,106	12,963,257	30,801,415	207,253	(14,075,292)	200,158,135
Expenses:									
Program services:									
Mental health services	-	-	-	-	-	24,471,869	-	-	24,471,869
Developmental disabilities services	28,187,167	19,926,133	-	4,946,779	-	-	-	(342,408)	52,717,671
Employment contractual services	-	-	78,623,102	-	-	-	-	-	78,623,102
Grants	3,858,108	-	-	-	-	-	-	(1,018,591)	2,839,517
Total program services	32,045,275	19,926,133	78,623,102	4,946,779	-	24,471,869	-	(1,360,999)	158,652,159
Supporting services:									
Management and general	4,684,874	4,269,128	12,363,933	805,868	13,502,622	5,723,693	1,111,180	(12,733,316)	29,727,982
Fundraising expenses	-	-	-	-	-	-	112,433	-	112,433
Total supporting services	4,684,874	4,269,128	12,363,933	805,868	13,502,622	5,723,693	1,223,613	(12,733,316)	29,840,415
Total expenses	36,730,149	24,195,261	90,987,035	5,752,647	13,502,622	30,195,562	1,223,613	(14,094,315)	188,492,574
Change in net assets before other income	1,432,468	2,477,763	9,256,720	(570,541)	(539,365)	605,853	(1,016,360)	19,023	11,665,561
Other income:									
Investment income – net	-	-	-	-	-	-	2,581,289	(19,023)	2,562,266
Gain on sale of assets	-	-	-	-	-	194,656	-	-	194,656
Gain on interest rate swap	-	-	-	-	539,365	-	-	-	539,365
Other income	-	-	-	-	539,365	194,656	2,581,289	(19,023)	3,296,287
Change in net assets	1,432,468	2,477,763	9,256,720	(570,541)	-	800,509	1,564,929	-	14,961,848
Net assets (deficit):									
Beginning	6,158,146	(1,599,880)	26,582,591	2,480,828	(4,301,748)	2,637,668	12,925,551	-	44,883,156
Ending	\$ 7,590,614	\$ 877,883	\$ 35,839,311	\$ 1,910,287	\$ (4,301,748)	\$ 3,438,177	\$ 14,490,480	\$ -	\$ 59,845,004

Chimes International Limited and Related Entities

Consolidating Statement of Activities Year Ended June 30, 2020

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Eliminations	Total
Revenue and other support:									
Behavioral health services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,852,760	\$ -	\$ -	\$ 31,852,760
Developmental disabilities services	40,850,119	27,153,929	-	5,506,541	-	-	-	(1,092,531)	72,418,058
Employment contractual services	-	-	92,071,515	-	-	-	-	(175,231)	91,896,284
Community support services	4,955,001	-	-	-	-	-	-	-	4,955,001
Administrative	11,644	-	-	8,553	353,771	252,296	-	-	626,264
Management fees	-	-	9,197	-	12,630,042	-	-	(12,524,249)	114,990
Miscellaneous	243,600	255,707	34,832	-	19,619	219	101,300	(262,366)	392,911
Fundraising income, net of fundraising expenses of \$358,438	24,850	-	-	-	-	29,526	362,071	-	416,447
Total revenue and other support	46,085,214	27,409,636	92,115,544	5,515,094	13,003,432	32,134,801	463,371	(14,054,377)	202,672,715
Expenses:									
Program services:									
Mental health services	-	-	-	-	-	27,041,765	-	-	27,041,765
Developmental disabilities services	35,545,609	21,185,800	-	5,109,289	-	-	-	(433,487)	61,407,211
Employment contractual services	-	-	74,682,964	-	-	-	-	-	74,682,964
Grants	4,550,161	-	-	-	-	-	-	(859,593)	3,690,568
Total program services	40,095,770	21,185,800	74,682,964	5,109,289	-	27,041,765	-	(1,293,080)	166,822,508
Supporting services:									
Management and general	6,194,828	4,786,084	11,393,424	873,660	11,824,501	5,994,903	1,097,322	(12,783,034)	29,381,688
Fundraising expenses	-	-	-	-	-	-	207,390	-	207,390
Total supporting services	6,194,828	4,786,084	11,393,424	873,660	11,824,501	5,994,903	1,304,712	(12,783,034)	29,589,078
Total expenses	46,290,598	25,971,884	86,076,388	5,982,949	11,824,501	33,036,668	1,304,712	(14,076,114)	196,411,586
Change in net assets before other income	(205,384)	1,437,752	6,039,156	(467,855)	1,178,931	(901,867)	(841,341)	21,737	6,261,129
Other income:									
Investment income – net	-	-	-	-	-	-	745,389	(21,737)	723,652
Gain (loss) on sale of assets	(2,720)	(42,204)	3,999	-	-	(46,246)	-	-	(87,171)
Loss on Interest rate swap	-	-	-	-	(1,178,931)	-	-	-	(1,178,931)
Other income	(2,720)	(42,204)	3,999	-	(1,178,931)	(46,246)	745,389	(21,737)	(542,450)
Change in net assets	(208,104)	1,395,548	6,043,155	(467,855)	-	(948,113)	(95,952)	-	5,718,679
Net assets (deficit):									
Beginning	6,366,250	(2,995,428)	20,539,436	2,948,683	(4,301,748)	3,585,781	13,021,503	-	39,164,477
Ending	\$ 6,158,146	\$ (1,599,880)	\$ 26,582,591	\$ 2,480,828	\$ (4,301,748)	\$ 2,637,668	\$ 12,925,551	\$ -	\$ 44,883,156

Chimes International Limited and Related Entities

**Consolidating Schedule of Property and Equipment
June 30, 2021**

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Total
Land	\$ 2,885,305	\$ 880,048	\$ -	\$ 155,053	\$ -	\$ 610,500	\$ 7,907	\$ 4,538,813
Buildings and improvements	28,733,052	4,914,730	-	777,501	-	4,117,347	-	38,542,630
Land improvements	345,722	7,600	-	10,720	19,807	-	-	383,849
Automobiles	3,723,275	825,885	2,281,345	578,327	84,841	1,104,045	-	8,597,718
Furnishings and equipment	5,020,808	1,873,673	3,895,487	346,960	10,006,509	2,748,002	-	23,891,439
Leasehold improvements	774,301	2,501,153	242,254	245,598	787,030	532,386	-	5,082,722
	41,482,463	11,003,089	6,419,086	2,114,159	10,898,187	9,112,280	7,907	81,037,171
Less accumulated depreciation	26,638,792	5,577,167	5,050,374	1,281,664	9,734,566	5,054,020	-	53,336,583
	\$ 14,843,671	\$ 5,425,922	\$ 1,368,712	\$ 832,495	\$ 1,163,621	\$ 4,058,260	\$ 7,907	\$ 27,700,588

Chimes International Limited and Related Entities

Consolidating Schedule of Property and Equipment June 30, 2020

	The Chimes, Inc. and Subsidiary	Chimes Metro, Inc.	Chimes District of Columbia, Inc.	Chimes Virginia, Inc.	Chimes International Limited	Holcomb Associates, Inc.	Chimes Foundation, Incorporated	Total
Land	\$ 2,885,305	\$ 880,048	\$ -	\$ 155,053	\$ -	\$ 680,500	\$ 7,907	\$ 4,608,813
Buildings and improvements	28,134,527	4,872,217	-	777,501	-	4,207,024	-	37,991,269
Land improvements	337,915	4,150	-	10,720	19,807	-	-	372,592
Automobiles	3,723,275	615,613	2,044,157	578,327	84,841	1,104,045	-	8,150,258
Furnishings and equipment	4,691,664	1,587,979	3,388,351	365,701	9,555,474	2,706,601	-	22,295,770
Leasehold improvements	774,301	1,891,549	195,013	286,496	778,085	437,235	-	4,362,679
	40,546,987	9,851,556	5,627,521	2,173,798	10,438,207	9,135,405	7,907	77,781,381
Less accumulated depreciation	25,697,362	5,271,623	4,393,532	1,287,668	9,112,256	4,771,935	-	50,534,376
	<u>\$ 14,849,625</u>	<u>\$ 4,579,933</u>	<u>\$ 1,233,989</u>	<u>\$ 886,130</u>	<u>\$ 1,325,951</u>	<u>\$ 4,363,470</u>	<u>\$ 7,907</u>	<u>\$ 27,247,005</u>