

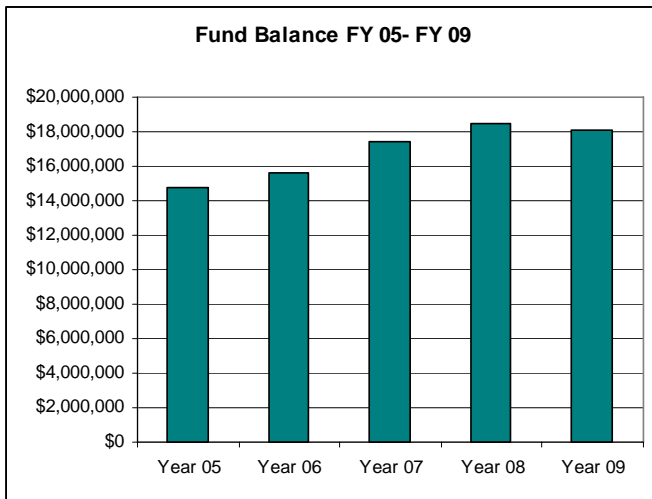
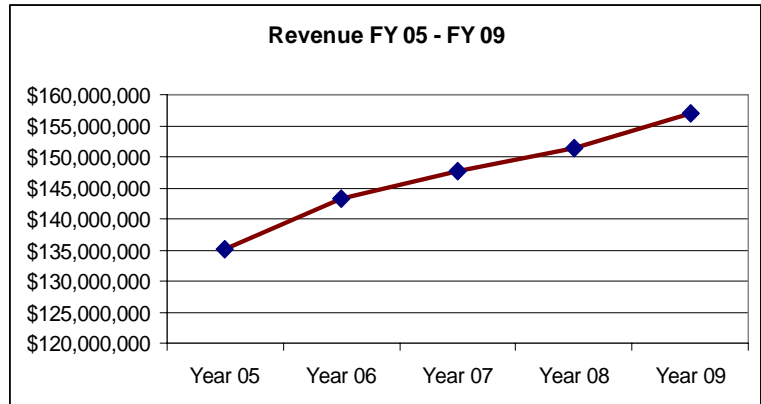
Five-Year Strategic Plan FY 05 – FY 09

Corporate Goals

Chimes Family of Services established goals and identified strategic initiatives during the strategic planning process in 2004. Each goal had specific targets identified. The status of the goals is reported in the annual performance report and to the boards of directors at the annual meetings each June.

Increase Revenue by 25% in 5 Years

Adjusted gross revenue has increased by approximately 16% in the past five years. Revenue compared to prior year, increased by 6% in FY 06, 3% in FY 07, 2.5% in FY 08 and 3.6%. This is a reflection of the continuing reductions in funding for human services by federal and state funding entities.

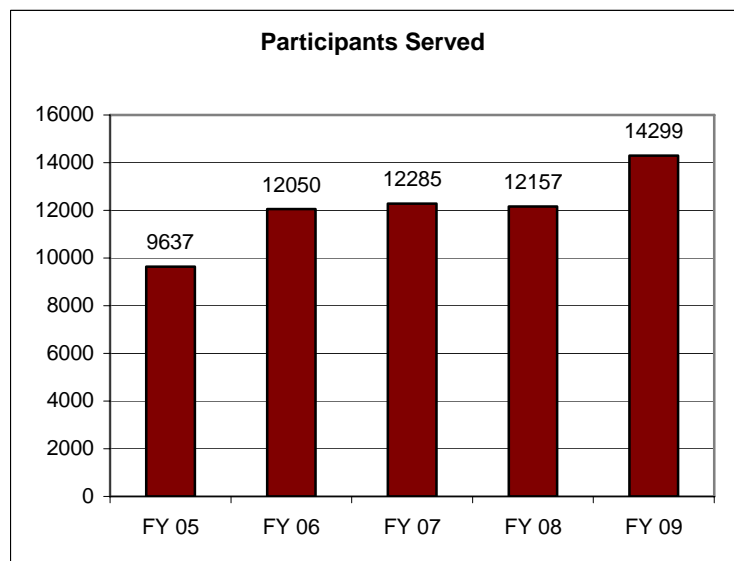


Increase Fund Balance

The fund balance has increased by 22% since FY 2005. In FY 06, the fund balance increased by 5.8%, in FY 07 it increased by 11% and in FY 08 it increased by 5.9%. In FY 09, there was a decrease in the fund balance of 2.14% due to an unresolved contract dispute. It is anticipated that the dispute will be resolved no later than FY 2011 at which time the negative impact on the fund balance will be reversed.

Expand the Number of People Served by 5% Annually

The number of participants has increased by 48% comparing FY 05 to FY 09. The number of participants increased by 17% comparing FY 08 to FY 09. Holcomb Behavioral Health Services has the largest number of participants in its periodic supports and services programs.



Expand and Diversify Services within Each State

Behavioral Health

Holcomb – Behavioral health services in Cecil County (MD)
Residential and day services in Easton (PA)
Expansion of services in Chester County (PA)
Walnutport House
Expansion of services in to New Jersey
New Crisis services contract in Chester County

Developmental Disabilities

Chimes DE – In Home Support Services (DE)
Supported Employment in Dover
Clubhouse program for People with Dual Diagnoses
Chimes MD – Reorganized and expanded adult day options and residential services
Opened five new residential sites to accommodate the closure of Rosewood Center and expansion of community services
The medical day component of the Intervals program was closed due to inadequate funding mechanisms and requirements to meet two sets of regulations in one program. Individuals, who wished, were transitioned to the Day Habilitation component.
DSNJ - Operations were closed due to long standing funding and infrastructure issues.

Federal and State Set Aside Contracts

Chimes DC – VA Nursing Home (Baltimore, MD)
University of Maryland, University College (MD)
Expanded BWI contract to add A Pier
Air Force 1 Hanger at Andrews Air Force Base
Stadium contracts

Expand to 2 New Locations

Holcomb expanded to Easton, PA, and New Jersey
Chimes Delaware expanded to all three counties
Chimes Israel added two new vocational programs in two cities

Developed Web-based Tools for:

Performance Measurement –Completed

Client Information Systems

Implemented in Maryland, Delaware and Virginia
New applications continue to be introduced based upon requests from end users

Collaborate with Industry to Develop:

Benchmarks for Performance

- Chimes worked with ANCOR to establish a pilot project. Six other providers participated with various goals
- Because another provider (Chimes) was leading the project, ANCOR transitioned to another independent entity, to take over the project initiated by Chimes.

Risk Adjustment for People with Disabilities

Reports can be generated within performance metrics that would allow comparisons between and among groups of sites, which serve people whom have specific characteristics. This will allow for additional analysis within Chimes Family of Services system.

Strategic Initiatives

In addition to the corporate goals, nine focus areas were identified and corresponding strategic initiatives and action plans were developed. The plan was extremely ambitious and some of the action plans were not implemented because of a lack of resources. A summary of the actions taken and status of the initiatives is provided below.

Leadership and Organizational Development

- Reorganize corporate structure to effectively align the organization for future growth.
 - The corporate structure was re-organized to align it with best practices. All legal and regulatory requirements were reviewed and appropriate paperwork filed by January 2006.
 - The reorganized corporate structure was reviewed and approved by the appropriate boards
 - Further refinements have continued to assure best practices
- Plan and implement a restructuring and re-alignment of operational responsibilities.
 - Operational responsibilities were re-aligned to be congruent with the restructuring.
 - The Chief Operating Officer and Chief Fiscal Officer of Chimes International were promoted to Executive Vice Presidents and share responsibilities for the operations of the subsidiaries.
 - Chimes Delaware Business office was closed with the operations merged into the corporate business office
 - Developmental Services of New Jersey was closed due to continued funding challenges for the services provided and the lack infrastructure support. This program operated with a deficit for the past five years.
- Develop organizational competencies for continued expansion.
 - Best Practices for governance, ethics, and compliance have been adopted by the organization.
 - Baldrige Criteria utilized as an organizational assessment tool
 - State quality applications submitted and recognition received in Delaware. Maryland earned the US Senate Productivity Award.
- Explore opportunities for effective mergers, acquisition, and collaborations.
 - A Maryland Mental Health organization was interested in exploring a potential relationship – however they withdrew because of a negative experience with another acquisition
 - A Pennsylvania developmental disabilities organization was interested in exploring a long term relationship – however Chimes Board of Directors declined to pursue.
 - Chimes DC entered into a teaming agreement with a local Baltimore provider. A direct result of this collaboration was the award of contract to Chimes DC and its partner to clean Aberdeen Proving Ground, which will commence in May 2010.
 - Chimes DC is exploring potential teaming agreements with other providers in Maryland
- Develop leadership capacity throughout the organization.
 - Chimes Maryland's COO moved out of the position – an internal candidate was placed in the position in February 2005. In January 2008, an external candidate was placed in the position.
 - Chimes DC's COO had a planned retirement in 2007. An external candidate was recruited prior to the planned retirement and assumed the responsibilities.
 - The Board of Directors engaged a consultant firm, Oliver Wyman, to provide support for development of:
 - The new long-range strategic plan,
 - Board functions,
 - And plan for the President and Chief Executive Officer who will retire on January 1, 2011, after 40 years of service.

- Oliver Wyman conducted an organizational assessment and board assessment. The results of these assessments were incorporated into the long range strategic planning process.
- Steve Kramer, Board Chairperson (FY 09), appointed a Transition Committee, which is charged with recommending the selection of a new President and Chief Executive Officer in order to help the Board assure an effective transition for Chimes Family of Services.
- The Transition Committee hired a consultant to evaluate potential internal candidates and provide coaching.

Marketing and Business Development

- Develop a Chimes brand.
 - Incorporate Chimes brand in public relations, workforce development, and “touch points” with customers.
 - A consultant was engaged to assist with this project.
 - After a review of the recommendations- the board of directors recommended that an internal brand be developed and the external brand re-assessed in the future.
 - An internal brand was developed and rolled out, Mr. Deeds capitalizing on Chimes history and honing in on organizational values
- Develop a corporate marketing plan that incorporates marketing plans for each subsidiary.
 - Each subsidiary developed a marketing plan
 - Each subsidiary continues to scan the environment for business and growth opportunities
- Implement a business value proposition that is associated with Chimes brand.
 - A value proposition was developed
 - Additional marketing is currently on hold
- Monitor the key criteria associated with Chimes business value proposition through performance metrics.
 - Key metrics continue to be monitored through the Performance Metrics system
 - Additional metrics are explored and added each year as appropriate.
- Collaborate with colleges or universities to promote advancement in the field by participating in research initiatives and gaining access to other educational resources.
 - Each subsidiary continues to reach out to colleges and universities for collaborative opportunities
 - Holcomb has established a national internship program at the PhD level and had great success recruiting interns. Some interns have become employees after the internship was completed.
 - Chimes Delaware works closely with the University of Delaware
 - Chimes Maryland has interns working with clinical services.
 - Chimes International currently has an intern from the Stevenson University working with marketing and development to promote recognition of Chimes Family of Services.
- Create local Business Development and Marketing Committees to review and support business development efforts.
 - This initiative was piloted in Maryland and Delaware with limited results. It has been discontinued due to a lack of resources.

Customer Focus- working with government contractors, funders and purchasers

- Each subsidiary will effectively negotiate with government contractors, funders and purchasers.
 - Chimes DC continues to train Contracts Administrators to ensure effective negotiations

- Chimes Maryland continues to train additional staff to develop Service Funding plans
- Chimes Delaware is working with funders to secure appropriate rates for services
- Senior staff will develop effective negotiation skills, which incorporate the guidelines developed by the committee.
 - Senior staff of each subsidiary continue to improve negotiation skills and comprehension of budgetary constraints
 - Accountability for fiscal results continues to be driven down through the program levels
- Local targeted Business Development Committees will:
 - Review the processes,
 - Evaluate outcomes,
 - And disseminate information regarding contract negotiations.
 - This was not accomplished because the Business Development Committees were not formed.
 - Will be re-evaluated in a future strategic planning cycle

IV. Service Excellence

- Each subsidiary will develop a system that promotes service excellence.
 - Define the expectations of each customer segment.
 - Meet or exceed the expectations of each customer segment, within available resources, in a manner that is consistent with the subsidiaries mission and philosophy.
 - Educate different customer segments as needed.
 - Continuously redefine levels of expectation.
 - Provide for data collection to measure efficiency, effectiveness, and customer satisfaction.
 - Customer segmentation was defined and explored with Chimes Delaware and Chimes Maryland through the state quality award applications
 - Customer satisfaction surveys have been instituted throughout Chimes Family of Services
- Each subsidiary will develop a quality assurance system, which will include defined outcomes with performance indicators and accountability.
 - Quality assurance systems are being refined to continue to meet all mandates of regulatory systems. In FY 07 and FY 08 surveyors increased the level of scrutiny in an attempt to maintain quality as funding lagged behind real costs for services.
 - In FY 09, the number of citations decreased overall by 54%. However, the number of citations generally does not correlate with the quality of services offered. It is more reflective of the resources state entities provide for oversight monitoring.
 - Where applicable, additional measures will be incorporated into the Performance Metrics system.

V. Public Awareness and Advocacy

- Develop a public awareness campaign that promotes Chimes and its subsidiaries as valuable resources to their communities.
 - On hold – the position, Director of Corporate Communication and Development was eliminated because of fiscal constraints
 - Initiative to be re-evaluated with next strategic planning cycle
 - RFP developed and disbursed to secure an independent assessment of current development functions and potential to attract new donors
- Each operating subsidiary will establish a public awareness and advocacy initiative.

- Chimes Maryland – Marty Lampner monitors Maryland legislation.
- Chimes Delaware – Pete Dakunchak monitors Delaware legislation.
- Holcomb – Bill DiFabio monitors Pennsylvania legislation.
- In Virginia, a member of the board of directors monitors Virginia legislation.

VI. Credentialed, Senior and Support Professional Workforce

- Implement an Employee Value Proposition for credentialed, senior and support professional staff.
- Enhance personnel performance:

Define competencies and performance standards, which are measurable.

Identify effective systems of recognition and reward.

Develop levels of competency and corresponding performance standards.

Promote opportunities for additional skill development.

Link compensation to demonstrated performance.

- Performance management system was piloted with Curtis Hall in Chimes Maryland in October 2008
- Merit adjustments given to the top 20% of staff
- Performance management system was utilized by 100 percent of Chimes Maryland and Chimes International staff with all evaluations being completed during October 2009.
- Incorporate mission, competencies, and performance standards into job descriptions.
 - Job descriptions continue to be re-written with a focus on competencies
 - Performance standards are being defined for job classifications
- Develop capacity throughout organization for:
 - Leadership, recruitment, and retention to support growth.
 - Competencies are now incorporated for all job descriptions
 - New strategic plan will focus on talent management and succession planning at all levels

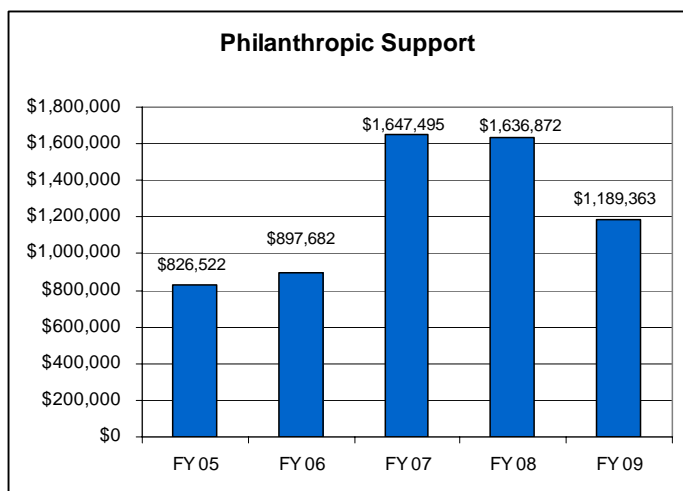
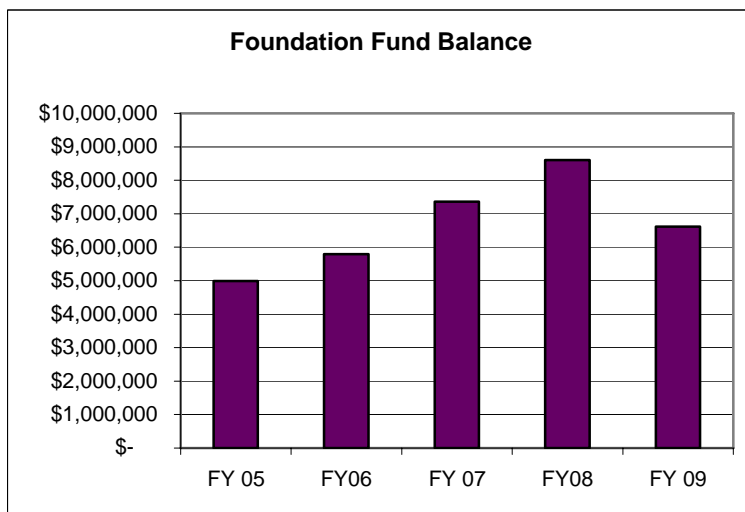
VII. Direct Support Professional Workforce

- Increase recruitment and retention efforts with an employee value proposition.
- Chimes Delaware, Chimes Virginia, and Chimes Maryland restructured wage scales to enhance recruitment and retention efforts.
 - Professionalize the role of Direct Support staff.
 - Professional career ladder
 - Standard employment track
 - Provide job enrichment activities that will promote opportunities for additional skill acquisition with increased compensation.
 - Chimes Delaware and Chimes Maryland have multiple wage tiers for direct support professionals with differential compensation based on competencies and skill sets
 - Promote effective management skills for supervisory staff.
- Chimes continues to offer the LEAD curriculum to staff to enhance management skills.

VIII. Finance

- Implement methods to increase efficiency and effectiveness.
 - Evaluate potential business opportunities.
 - Identify competencies, performance standards, and rewards.
 - Increase effective resource management by all staff.
 - Resource management by all staff is incorporated into the new performance appraisals

- Monitor and utilize leading and lagging performance indicators.
 - Leading and lagging performance indicators are utilized
 - Continue to review to identify additional leading indicators
- Institute methods to increase program staff’s participation and input in budget development.
 - Program staff participate in the development of annual budgets
- Educate business staff about customer’s needs.
 - Business office staff have toured programs and services
- Expand the fund balance of the endowment.
 - The fund balance has increased by 33%
 - A successful capital campaign held during FY 07 and FY 08 for the new Chimes School raised approximately \$2 million dollars
 - Investments were off due to the recession.



- Increase annual giving by 3% per year.
 - Annual giving and philanthropic support decreased by 28% in FY 09 compared to FY 08. The increase of gifts in FY 07 and FY 08 reflect support for the capital campaign for Chimes school.
 - The total amount contributed to Chimes during the five-year period was \$6,197,934.

IX Information Technology

- Increase efficiency and effectiveness of network and applications.
- Extensive research and development has been invested to achieve a safe, stable, and secure network.
 - Solicit input from users as to how work processes may be improved through use of technology.
- A survey in the fall of 2008 about technology within the organization indicated that end users do have support and training for technology.
 - Increase efficiency and effectiveness of training and delivery of training.
- Metrics have been instituted with computer technology training.
- Web accessed courses are now offered.
 - Develop knowledge management system.

- This initiative will not be pursued because the literature review indicates that knowledge management systems are not effective or efficient except for use within technology industries.

Chimes Maryland relocated the Chimes School in September 2007 to a new building on the Weinberg Campus that was renovated to provide a therapeutic environment for students with autism and other disabilities. Liberty Club East was relocated to a new facility in November 2007. The new facilities have increased Chimes Maryland's capacity to provide services and supports for people with intellectual disabilities.

Chimes Family of Services Strategic Plan FY2010-FY2014

Multiple stakeholders contributed to the development of the new long range strategic plan which was approved by Chimes Family of Services Boards of Directors at the annual meeting in June 2009.

Governance and Leadership

Chimes will build upon a solid foundation to sustain visionary leadership and strong governance throughout Chimes Family of Services. In order to assure strong leadership and governance in the future, Chimes will:

1. Execute an effective transition for the Chief Executive Officer
2. Continue to recruit strong board members who are committed to the future success of Chimes Family of Services
 - a. Business and professional leaders
 - b. Young professionals
3. Provide board development opportunities
4. Promote opportunities which will allow volunteers to develop their skills in providing service to others
5. Institute best practices for talent management and leadership development throughout the organization
6. Systematize succession planning for key management positions
7. Formalize knowledge sharing throughout Chimes Family of Services
8. Increase employee engagement through targeted, effective communication
9. Enhance communication practices with all stakeholders
 - a. Internal communication
 - b. External communication

Finance

Chimes will continue to assure sound fiscal management, which is a key success factor for sustainability. In order to maintain the trust of stakeholders, Chimes will:

1. Operate within budget
2. Enhance resource utilization and management
3. Demonstrate best practices for facilities management
4. Raise public awareness in order to broaden and enhance support for Chimes Family of Services
5. Focus on sustainable growth
6. Prioritize expansion consistent with customer needs and available resources

Workforce

Chimes will recruit, retain, and develop the workforce who will demonstrate core competencies and deliver outcomes consistent with Chimes mission. In order to assure Chimes Family of Services is the Employer of Choice, Chimes will:

1. Develop core competencies and train in areas which include:
 - a. Financial literacy
 - b. Computer technology/literacy
 - c. Customer sensitivity/listening to the customer
 - d. Workforce management
 - i. Emotional intelligence
 - ii. Coaching
 - iii. Assessment processes
 - e. Key job functions
2. Attract Quality applicants
3. Onboard staff effectively
4. Provide ongoing staff development by promoting a “learning organizational” culture
5. Develop bench strength throughout the organization

Services

Chimes Family of Services will continue to provide innovative, flexible, and responsive solutions that are customer focused and results oriented which address the needs of current and future customers. In order to assure Chimes Family of Services is a model of excellence, Chimes will:

1. Secure input from customers and stakeholders
2. Identify and maximize all economic resources that allows Chimes to maintain, enhance, and innovate quality services
3. Consistently evaluate current and potential services in order to assure customer needs are addressed within available resources
4. Enhance development and delivery of services through effective collaboration
 - a. Throughout Chimes Family of Services
 - b. With other organizations and professionals