



TMS FOUNDATION SPENDING POLICY

Background:

The TMS Foundation was established in 1993. This policy was established to empower the TMS Foundation Board of Trustees in disbursing the TMS Foundation Fund and in accessing resources to sustain and grow the TMS Foundation. The TMS Foundation is not incorporated as a separate entity, but it effectively operates as one under the 501(c) (3) tax-exempt, non-profit status of TMS. All TMS Foundation activities, with the exception of indirect expenses such as staff and overhead, must be supported by use of fundraising efforts (first preference) and/or withdrawal from the TMS Foundation Fund (second preference). The TMS Foundation Fund is annually determined as the value of all TMS Foundation restricted and unrestricted assets as totaled at the end of the most-recently completed year.

Restricted Fund Program Management:

For as long as a restricted fund endures, it shall be managed in accordance with the conditions under which each fund was established within the TMS Foundation and may be changed only if the donor or the donor's legal assignee requests a restatement of the management conditions and the TMS Foundation Board of Trustees approves this restatement. The fund will be suspended if, after spending in accordance with the gift, the endowment is exhausted. Return on each invested restricted fund will accrue back into the invested fund unless otherwise designated by the donor.

Unrestricted Fund Program Management:

The annual expense limit for programs funded by the TMS Foundation unrestricted fund shall be not more than 5% of the TMS Foundation Fund less the amount of the restricted funds. (The 5% shall be calculated based on a three-year rolling average of the immediately completed three years.) The expense of programs assigned to the unrestricted fund are to be paid from annual fundraising results (including investment returns). If annual fundraising fails to attract donations sufficient to pay for all unrestricted program commitments, the shortfall will be satisfied by a transfer from the unrestricted assets of the TMS Foundation Fund. A drawdown of the TMS Foundation Fund to support program expenses will trigger a review of the situation by the TMS Foundation Board of Trustees for potential modification of spending practices and/or fundraising activities.

Operating and Fundraising Expense Management:

Operating expenses are to be paid from annual fundraising results that would otherwise accrue to the unrestricted component of the TMS Foundation Fund. If annual fundraising fails to attract donations sufficient to pay the operating expenses, the shortfall will be paid by a transfer from the TMS Foundation Fund. A drawdown of the TMS Foundation Fund to support operating expenses will trigger a review of the situation by the TMS Foundation Board of Trustees for potential modification of spending practices and/or fundraising activities.

Special Growth Initiatives:

The TMS Foundation Board of Trustees may elect to undertake special initiatives intended to grow the size of the TMS Foundation Fund. The annual expense limit for such initiatives is 3% of the unrestricted assets of the TMS Foundation Fund and such initiatives should not be undertaken for more than three consecutive years and should be undertaken only if the TMS Foundation Fund's ability to support its commitments will not be jeopardized.