



Budget and Investment Strategy (approved June 2024)

agInnovation Budget Strategy

To further define budget strategies and build financial processes, the Finance Committee of agInnovation is proposing the adoption of a budget strategy that has grown out of discussions surrounding best use, and therefore investment of agInnovation's account with TD Wealth.

The Finance Committee recommends that agInnovation adopt a practice of requesting that incoming chairs forward to the Finance Committee a proposed budget based on historical expenditures and proposed initiatives of the chair in the coming budget year. This would serve as the expenditure budget from which the Finance Committee could recommend the revenue to meet expenditures. The Finance Committee envisions four potential revenue streams to meet the budget need. First, an assessment to the Section based on expected expenditures less funds coming from the three other sources listed below. Second, a withdrawal of earnings from agInnovation's investment account, currently with TD Wealth with a principal balance of ~\$600,000. An annual withdrawal of 4 to 5% would provide \$24,000 to \$30,000 to meet the agInnovation budget. Third, any identified or expected carry forward from the previous calendar year would support the following year's expenditure budget. Finally, and fourth, revenues from the agInnovation 501(c)3 non-profit (currently in the establishment phase) could be deployed to support the expenditure budget. As a general practice, the section should budget for a residual equal to one fourth of the annual budget to serve as a contingency.

agInnovation Investment Strategy

The Finance Committee is proposing the adoption of an investment strategy by agInnovation to make best use of agInnovation's account with TD Wealth.

The Finance Committee recommends that agInnovation adopt a practice of a withdrawal of earnings from agInnovation's investment account (currently with TD Wealth with a principal balance of ~\$600,000) of 4.5% annually to support the section. This would equate to approximately \$27,000.

For such an approach to work in the foreseeable future, the Finance Committee suggests moving from a moderately conservative investment approach (30% stock:70% bond) to a moderate (50% stock:50% bond) investment strategy to meet the expectation for a 4.5% annual withdrawal from the investment account and 2.5% for reinvestment to continue to grow the principal of the investment account. At any time agInnovation could either reduce that annual withdrawal, forego taking withdrawals from the investment account, withdraw from the principal balance, or reinvest the funds elsewhere.