



*Adopted by the Board of Directors on October 12, 2005*

## ASA-Houston Chapter **LIQUID RESERVE FUND POLICY**

The creation and maintenance of an adequate reserve fund is a fundamental tenet of sound financial management. The purpose of the ASA Liquid Reserve Fund is to ensure that ASA has the financial means to continue to provide critical support to construction subcontractors in both the short- and long-term. The specific objectives of the ASA Liquid Reserve Fund (in no particular rank order) are as follows:

- To sustain basic operations and core member services during a long-term economic downturn.
- To continue the operation of those activities designed as fee for service which maintain strong revenue over expenses.
- To sustain member services during a short-term economic downturn.
- To provide a source of capital for the up-front funding of the purchase of capital expenditures (where the reserves are restored as the capital expenditure is depreciated).
- To cover unbudgeted and extraordinary expenditures brought about by unanticipated challenges or opportunities;
- For emergency funding, e.g., critical activities.
- To provide ASA with a source of capital for research and development of new products and services that have the potential to significantly benefit construction subcontractors.