Carolinas Region PCA – Board of Directors 2nd Quarter Meeting
August 8, 2026 - TIME 10:00am
Location Hybrid Meeting, Zoom Meeting and On-site in Charlotte, NC

In Attendance:
Executive Council: in person: Jim Hess, Michael Vittorio, Sadie Kilcrease, Alex Galloway

Area Directors: in person: Christian Roedich, Doug Strait, Alan Teague, Jeff Price, Zoom: Marty Barrett

Board Members in Attendance: in person: Shane Tisdale, John Kelly, Margie Gottwalt, TJ Gottwalt, David Violett, Brian Powell, Tyler Goff, Mary Gardner Zoom: Dale Moses, Kim Moses
Not in Attendance: Vic Friedman, Julie Harwath, Bryson Kiser

Other Members in Attendance: Tim Gilbar, Gene Berry

Agenda
- Call to order/Welcome
- Roll Call/Confirm Quorum
- Previous Minutes Have Been Posted
- President's Report – Jim Hess
- Financial Highlights – Sadie Kilcrease
- Old Business
    - Communications – Brian Powell
    - Membership Update – Kim Moses
    - DE/Clubrace Update – Dale Moses
    - Autocross Update – John Kelly
    - Goodie Store – Margie Gottwalt
    - Upstate Area Initiative – Jeff Price
    - Nomination Committee – Doug Strait
- New Business
    - Goodie Store Van Repair
    - Staffing Needs, - TR Editor, Goodie Store Chair, Advertising Chair
    - Germany Trip 2027
    - CMP Drive-in – TJ Gottwalt
    - Review/Discuss: Adopted procedure for determing and disbursing Budget Surplus
- Open Forum/Closing Comments
- Next Meeting – October 3, 2026
- Adjourn

Meeting is Called to Order by President Jim Hess at 10:01am

We have quorum with 17 voting members in attendance via in person or zoom confirmed by Secretary Alex Galloway.

President's Remarks: Would like to introduce from our nominating committee, incoming vice president and treasurer, Tim Gilbar and Gene Berry. No secret that our club is facing a lot of headwinds, with up coming changes, some good, some not so good. This will remain, this room has more talent in it than any room I've been in. We can make this the club that everyone wants. We have a large number of openings coming up this year and start of next year. If anyone knows of anyone who would like to volunteer or would fit well in an open position please let us know.

Next Meeting October 3 and lunch will be provided, time TBD.

Approval of Previous Minutes: 1st Quarter 2026 meeting minutes were presented to the Board for approval by Secretary, Alex Galloway on April 13, 2026 and were approved and printed to the website on April 19, 2026.

Financial Highlights-Sadie Kilcrease, Treasurer: Financial statements were sent out to the board and hope you have had time to look over them. As of July 31, 2026 we are in good financial standing.
Preparing for the upcoming pass over to Gene Berry as treasurer, I have reached out to attorneys and CPA about how long to keep paper copies of financial documentation. The consensus is to keep check, bank deposit slips, journal entries, bank reconciliations all for 5 years minimum. 990 Forms are kept forever. Jeff Price, Upstate Area Director, brings up the PCA run electric device known as a "Glovebox" for regions to deposit electronic copies of documents. This is to help with continuity from one Board member to the next without the requirement of paper copy handoffs. When first introduced to the region six years ago the board chose not to use it.

Old Business

Communications, Brian Powell -Communications Chair: Julie will be stepping down as TR editor after the September issue. At the end of September Tobacco Roads will cease to exist. Editor has historically been the most difficult position to fill. A number of conversations about TR have been where TR will go. With the increase use of the email system, those mediums have become the primarily form of communication with our membership and have in some ways supplanted the need for TR. We are getting lower click throughs with TR than what we are getting through the emails. With the time required to edit and create a monthly newsletter is it worth the editor's time as well as the contributors' time? Discussion to create a blog, using Google Blogger, for the ADs to post to monthly and membership can subscribe to the blog if they desire. One drawback is with the email only "newsletter" there will no longer be an ability for a member to go to the website and look at past month's "newsletters", ie an archive, the only way to "look back" will be to go through their old emails and look at the past emails. It will also remove the issue of maintaining an email member list, once members subscribe, they will continue to get the updates on the blog as they are posted. Alex Galloway, Secretary, proposed the blog start as an opt out subscription for membership so that it initially reaches the entire membership and with every post or email there is a simple option for members to then unsubscribe. For an advertising standpoint without TR, advertisers will continue to advertise in the bi-monthly emails, with the blog it will be up to the individual AD if they wish to include advertisements within their blog. Jim Hess, President, would like the record to show that we appreciate all the time Julie put forth for TR and all the work she put into the newsletter during her time as editor.

Membership Report Kim Moses: Active members are down nine members from last month 4247 total membership, new members 31, slightly down but normal for the summer months, expired memberships is 59. With TR going away we have to make a decision if we will continue to publish new members, transfer members, and anniversaries. Will this information be shown on a blog, or email, or on the website?

Drivers Education/Club Race Update - Dale Moses: Working on sponsorship, last year we had $18,500, this year we already have $19,750 and are working on more. Sponsorship is going well! We do not have access to prior year logos and t-shirt designs, Kathy has held them hostage and has offered to sell them to us, Alex Galloway, Secretary, has offered to use AI to create new logos and designs if images of previous designs can be acquired.
We are still working on catering for the Club Race, will not use the same caterer as last year. One change from last year is we will have dinner tickets for participants to present and we will have **servers** on the proteins to help control portion sizes and costs.
Jim Hess, President, asks if we are ready to start looking for volunteers? Dale will be reaching out to former volunteers, and will soon send an email to Brian Powell for the monthly email for the month of September. Dale okays for ADs to start soliciting local membership as volunteers.

Autocross Update – John Kelly: Spent too much money on the Driver of the Year event and currently we are making no money on the Autocross series for the year. Revenue is based on the number who show up. Break even at most autocrosses is 40 drivers and have been hitting 42-43 per autocross on average, rarely get 50. During autocross 3 and 4 we got "lucky" no one was there to open up the facility at autocross 3 so we broke in and ran the autocross then emailed admin that we will pay but not pay the admin fees, saved $250 for the event. For autocross 4 we were not allowed inside to use the bathroom so drivers had to drive offsite and we requested a discount and ended up saving $300 on that event. By the end of the year we will likely be $1000-$1500 in the hole for the year. We will miss one of the autocrosses at Hickory Motorsports because they are repaving in late November and will not allow any events to run until sometime in January which will be a missed opportunity to climb out of the current hole we are in.
David who drives the trailer and brings the supplies would like to participate but can't because he hauls the trailer, asked us to sell the current trailer for $1500 and purchase a larger trailer, large enough to haul his personal car as well as the supplies, for no more than $10,000. No vote or further discussion was taken by the board on this initiative/request.

Goodie Store Update Margie Gottwalt: Tenure will end at the end of the year and currently we have no replacement. We will be at a Metrolina events next month. Goodie Store is doing well and has a good stock at the moment.

Nominating Committee Update Doug Strait: All four positions are filled with candidates. They have been published in TR and are all running unopposed.

Upstate Area Initiative – Jeff Price: Upstate Area has been working with the Zone 3 Rep on paperwork and we have completed the last major hurdle of completing the by-laws and they have

been approved by the Policy Committee. Everything will be submitted this month and whether it makes the August or September agenda it will go for a vote, have been clued in it will be approved. We should have a charter sometime before the end of the year. We have received a large amount of support from this Board and are appreciative of this group.
The new region had to sign a document saying we release all financial responsibility from the Carolinas region when we split off, we would like to sit down with the EC soon to make the financial split easy at the appropriate time.

New Business

Goodie Store Van Repair: A/C has a leak and needs a repair, $942.19 estimate, motion by Doug Strait, Metrolina Area Director, seconded by Shane Tisdale, Chief Instructor, motion passed unanimously.

Germany Trip 2027: There are a large number of members who would like to visit the Porsche museum and factory in Germany, expecting 16-20 members/travelers. 10 day trip with visits to BMW, Mercedes, Porsche, and Bugatti museums April 22-May 1. Includes most meals as well as flights and hotels, approximately $6000 per person. Without airfare $4900 per person. Have a flyer to share with ADs so that it can be shared with membership. Capped at 28 and will open initially only to Carolinas membership; however, this is not a PCA sponsored or affiliated event.

CMP Drive-in – TJ Gottwalt: In conjunction with the DE and Club Race there will be a Drive-in. Minimum charge for corral parking and getting a caterer. Charity laps at CMP will be available. With this being a weekend event consisting of a DE, Club Race, and Corral with charity laps it could qualify for a national rebate stipend.

Review/Discuss: Adopted procedure for determining and disbursing Budget Surplus
The EC has been discussing how to deal with the region Budget Surplus, more will be discussed at the October meeting. Covers if we have a surplus in the budget and what we do with it. The method of disbursement will be at the advisement of board members and voted on by the board.

Staffing Needs:

- **TR Editor:** We need a new editor by the end of September if we want to continue with TR. Motion made by Michael Vittorio, after the September issue of TR that the region stop production of our digital newsletter and rely on monthly emails and blogs as our primary form of communication with our membership, seconded by Alan Teague, the motion passes unanimously.
- **Goodie Store Chair:** We need to find a new Goodie Store Chair by the end of the year, we have two options, we can find a new chair or we can allow Margie to continue making name tags for members and we could allow national to take over the goodie store on a smaller scale online only. Dale Moses, requested that we place job descriptions of all open jobs on the region website.

Other Business:

Michael Vittorio and his wife are moving out of the Hickory Area sometime in January, he currently has no replacement AD lined up and no area tour coordinator lined up. He will announce to his membership next week and start soliciting volunteers for replacement.

Motion to Adjourn: Motion made by Christian Roedich, Lake Norman Area Director, to close the meeting, seconded by Doug Strait, Metrolina Area Director, passes unanimously, President Jim Hess calls the meeting to a close. Meeting adjourned at 11:58am

Minutes Submitted by Alex Galloway, Secretary for approval to the board on August 16, 2026.

Administrative Procedure
to Determine and Disburse Budget Surplus

Executive Committee, Carolinas Region, PCA

As adopted, 6-August-2026

Background

CR-PCA By-Laws, Article XI, Section 1 of - Working Fund Balance, states**:** The Regional Club shall maintain an adequate working balance of funds, but no more than a desirable and necessary amount shall be allowed to accumulate in the Club treasury. The amount of this working balance will be determined by the Executive Council, and this amount will be periodically reviewed and determined by the Executive Council, but not less than once a year; and,

Further, **CR-PCA By-Laws, Article XI, Section 2 — Elimination of Surplus Funds,** states: If the Executive Council determines this working balance fund to be excessive, the Executive Council shall make a recommendation to the Board of Directors for disbursement of the excess funds consistent with the objectives of the Club and in conformity with state and federal laws and regulations. The Board of Directors shall approve or disapprove the Executive Council recommendation.

1. Purpose

The purpose of this document is to establish a clear framework for maintaining an appropriate level of operating reserves to ensure the financial stability and sustainability of Carolinas Region, Porsche Club of America. Operating reserves serve as a financial cushion to mitigate risks such as revenue shortfalls, unexpected expenses, economic downturns, or other disruptions that could impact the organization's ability to fulfill its mission. This document outlines how to determine the desired level of reserves, identify when an excess exists, and guide the responsible distribution of any excess funds in alignment with the organization's mission and legal requirements.

These procedures comply with generally accepted accounting principles (GAAP) for nonprofits, including FASB ASU 2016-14, and best practices recommended by organizations such as the National Council of Nonprofits.

2. Definitions

- **Operating Reserves:** Synonymous with "Working Fund Balance. Unrestricted net assets held in reserve to provide a cushion against unexpected financial shortfalls and to support strategic opportunities consistent with our mission.
- **Unrestricted Net Assets**: The portion of the net assets not subject to any restrictions, calculated as total assets minus total liabilities, excluding restricted funds.
- **Operating Expenses**: Recurring annual expenses related to core operations and program delivery, excluding one-time or capital expenditures, depreciation, and non-cash items.
- **Operating Reserve Ratio:** The share (expressed in months) of annual operating expenses that could be covered using operating reserves. The ratio answers: "How long could we keep operating if no new revenue came in, using only reserves/unrestricted net assets?"
- **Target Reserve Level:** The amount of operating reserves CR-PCA aims to maintain expressed as a multiple of average monthly operating expenses.

- **Minimum Reserve Level:** The lowest acceptable level of operating reserves, below which a replenishment plan must be developed.
- **Excess Reserves:** An excess in operating reserves exists when the calculated reserve level exceeds the Target Reserve Level for two consecutive fiscal years, after accounting for any planned uses or temporary fluctuations.

3. Desired Reserve Levels

The Executive Council (EC) recommends and will periodically review the amount and suitability of current operating reserves based on CR-PCA's specific financial profile and risk factors. Reserves will be expressed as a range in months of operating expenses to provide flexibility while ensuring adequate protection. The currently recommended levels are:

- Target Reserve Level - six (6) months of average operating expenses.
- Minimum Reserve Level – three (3) months of average operating expenses.
- Average operating expenses will be calculated using the approved operating budget for the upcoming fiscal year, divided by 12.

4. Calculation of Operating Reserves

- **Step 1**: Calculate average monthly operating expenses = Annual operating expenses ÷ 12.
- **Step 2**: Identify liquid unrestricted net assets = Unrestricted net assets minus illiquid items (e.g., fixed assets, long-term receivables) and non-operating board designations.
- **Step 3**: Compute the Reserve Ratio = Liquid unrestricted net assets ÷ Annual operating expenses. (Gives a percentage of a year)
- **Step 4**: Convert to months = Reserve Ratio × 12. (Gives months of expense covered)

The EC will perform this calculation at least annually, based upon Board approved Region financial statements, and recommend adjustments to the target range as needed.

5. Determining If an Excess Exists

An excess in operating reserves exists when the calculated reserve level exceeds the "target" level for two consecutive fiscal years, after accounting for any planned uses or temporary fluctuations.

Process for Identification

- **Annual Review**: The EC will review the reserve level during the annual budget process. This includes comparing the current reserve amount to the target and minimum range.
- **Considerations**: Before declaring an excess, the EC will evaluate any mitigating factors, such as upcoming known risks or economic forecasts that justify temporary retention.

- **Documentation**: Any determination of excess must be documented in EC minutes and presented to the full Board for review.

6. Distribution of Excess Reserves

Excess reserves must be distributed in a manner that advances the organization's mission, enhances long-term sustainability, and complies with nonprofit legal requirements (e.g., no private inurement or distributions to individuals). Funds may not be used for non-mission-related purposes.

Should the Executive Council (EC) determine that current operating reserves are excessive:

- The EC will present its findings to the Board accompanied by a formal recommendation as to whether or not these should be funds should be disbursed.
- If a recommendation is made and accepted that excess reserves should indeed be disbursed:
  - The EC will solicit written proposals from Board members as to how this excess can best be disbursed consistent with the objectives of the Club and in conformity with state and federal laws and regulations
  - The EC will review all received proposals and make a recommendation to the Board as to which should be accepted and implemented.
- The Board of Directors shall approve or disapprove the Executive Council recommendation.

7. Reporting

Periodically but not less than annually, as part of the annual budget process, The EC will report to the Board:

1. The balance of operating reserves
2. How this balance compares to established Target and Minimum levels
3. Whether specific action is recommended, to replenish or disburse reserves

EXAMPLE

Based on approved 2026 CR-PCA budget

Calculation of Operating Reserves

Step 1: Calculate average monthly operating expenses = Annual operating expenses ÷ 12.

$296,886 ÷ 12 = $24,741

- **Step 2**: Identify liquid unrestricted net assets = Unrestricted net assets minus illiquid items (e.g., fixed assets, long-term receivables) and non-operating board designations.

  Per Balance Sheet = $179,946

- **Step 3**: Compute the Reserve Ratio = Liquid unrestricted net assets ÷ Annual operating expenses.

$179,946 / $296,886 = .61

- **Step 4**: Convert to months = Reserve Ratio × 12.

  .61 x 12 = 7.27 (Number of months the organization could operate with no new revenue)