



TO: USA TAEKWONDO MEMBERSHIP

FROM: ERIC J. PARTHEN 
CHIEF EXECUTIVE OFFICER

DATE: DECEMBER 7, 2011

RE: 2010 USA TAEKWONDO FINANCIALS

In an effort to maintain USA Taekwondo's (USAT) organizational transparency, our 2010 audited financial statements and IRS Form 990 are now posted on USAT's website. These documents were recently finalized by both USAT's external auditor and USAT's Board of Directors.

While I've heard multiple conspiracy theories that I was delaying posting these documents, the reality is that I haven't had time to draft this cover letter and for that I personally accept responsibility and apologize. Both the Board of Directors and I felt it was important to provide an overview and the delay was my fault given other organizational priorities.

As you review both the audited financials and the 990, I wanted to provide a few comments to help frame these documents:

- Both of these documents are a snapshot in time and capture the state of USAT as of **December 31, 2010**.
- The delay in finalizing these documents with the auditor is primarily attributed to some of the organizational changes in the staff of USAT and the Board's desire to ensure these accurately reflected the state of the organization as of December 31, 2010.
- The net loss of \$113,855 in 2010 is not acceptable and the Board took swift action to address the loss by making personnel changes in key roles, eliminating three (3) positions, and reducing expenses in other areas. In addition, both the Board and staff have taken steps to improve the financial policies and procedures for USAT moving forward.
- Given that the above mentioned changes weren't made until late Q2/early Q3, 2011, their impact in 2011 will be minimal but the savings will carry through to all of 2012 and beyond.
- While we hope 2011 will be a much more successful year financially for USAT, the reality is the final picture will be dependent on some 2011 receivables that we are focused on collecting. We have, however, cut expenses wherever possible in an attempt to create greater efficiencies. Examples include digitizing the membership magazine, reducing CEO travel, reducing administrative overhead, etc.



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- USAT is currently looking at ways to diversify revenue in the future to include creating new fundraising platforms, adding new events, forging new partnerships and enhancing our Combined Federal Campaign participation.
- Per the recommendation in the “Notes to the 2010 Financial Statements”, we are also looking at raising membership dues which have not been increased in over 10 years. While I realize an increase in dues will be concerning to membership, based on a recent survey of NGB membership dues, USAT dues are currently near the lowest in the Olympic Movement. The average dues rate for Olympic and Pan American NGBs is \$52 per person and currently, only five (5) NGBs have dues structures that are less than USAT and their respective average total membership is 548,000 per NGB. This is especially concerning given that we are a combat sport that carries greater risk and therefore higher insurance costs, yet we provide that insurance to our members for significantly less than our fellow NGBs.
- As a result of the incredible performance of our athletes at the recent Pan American Olympic Qualification Tournament, USAT qualified all four (4) of our potential Olympic slots which ensures that our 2012 U.S. Olympic Committee funding will stay intact to effectively fund our preparation leading up to London.

In closing, the Board of Directors and I hope this memorandum is helpful as you review USAT’s 2010 financial documents. As always, I’m available by phone or email to answer questions should you like to discuss any aspect of these documents.

Thank you for your support of USAT! Happy Holidays!

