

**2022 Interim Audit Closing Memo**

# **World Taekwondo**

**November 4, 2022**



## **I. Interim Audit Accounting Issue**

### **1. Recognition of Kukkiwon Subsidy Revenue**

In March 2022, an agreement on a new funding payment method was signed with Kukkiwon. In order to proceed with accounting for revenue in accordance with business accounting standards, a detailed judgment on the agreement contents is required, but the agreement does not document specific details, such as the calculation method for cost. For example:

- Calculation method for paid cost (period, etc.)
- Time of cost payment
- Calculation method for early termination

If possible, detailed documentation of the calculation method for cost will be helpful for clear accounting.

### **2. Timeliness of Expense Recognition**

As of the end of September 2022, unpaid expenses are expressed as negative (-) accounts. A person in charge explained that the bill data cannot be processed when each department fails to submit the disbursement documents on corporate card usage details.

As of November 4, 2022, an estimated total of 160 million won in corporate card usage details, which have not yet been processed with disbursement documents or billing data, includes usage details from January 2022.

Untimely recognition of expenses may compromise the accuracy of financial records or lead to inaccuracies in debt reporting. Therefore, it is advisable to reconcile accounts promptly within a specified timeframe and process disbursement documents or bill data within a designated period after using a corporate card for expenses.

### **3. Classification of Financial Products**

World Taekwondo (WT) subscribes financial products, such as fixed deposits for Olympic dividends. Currently, WT processes all its fixed deposits, including the short and long terms, within the fixed deposit (quick asset) account. According to business accounting standards, financial products must be classified and account processed as a cash equivalent account if the expiration date is “within 3 months” at the time of registration, a short-term financial product if the expiration date is longer than 3 months but less than 1 year, and a long-term financial product if the expiration date exceeds 1 year.

## **II. Audit Schedule**

### **1. Future Audit Schedule**

#### (1) External Confirmation

- Financial Institution Confirmation Letter: Scheduled for online inquiry and postal inquiry at the end of December / Additional announcement will be given later
- Debt Confirmation Letter: As of the end of December, scheduled for sending at the end of January / Additional announcement will be given later
- Attorney Confirmation Letter: External inquiry on law firms involved during the period (require additional details of the lawsuit)

#### (2) Final Audit

- Audit Date: TBD