

Revenue Recognition Overview

Date: [Insert Date]

To: [Recipient Name]

From: [Your Name]

Subject: Overview of Revenue Recognition for Financial Reporting

Dear [Recipient Name],

This letter serves to provide you with an overview of our revenue recognition practices in accordance with the applicable financial reporting standards.

1. Revenue Recognition Principles

Our revenue recognition policy adheres to the criteria set forth in [insert relevant accounting standard, e.g., ASC 606 or IFRS 15]. Revenue is recognized when control of a good or service is transferred to the customer, typically at the point of sale.

2. Key Components

- **Identifying Contracts:** Each transaction is evaluated to determine the existence of a contract.
- **Performance Obligations:** We identify distinct performance obligations within each contract.
- **Transaction Price:** The transaction price is determined based on the consideration expected in exchange for goods or services.
- **Allocating the Transaction Price:** The total transaction price is allocated to the identified performance obligations.
- **Recognizing Revenue:** Revenue is recognized as we satisfy our performance obligations.

3. Disclosures

We ensure that our financial statements include adequate disclosures regarding revenue recognition policies, performance obligations and disaggregation of revenue.

Should you have any questions or need further clarification on our revenue recognition practices, please feel free to reach out.

Thank you for your attention to this important aspect of our financial reporting.

Sincerely,

[Your Name]

[Your Position]

[Your Company]