

# Letter of Explanation for Adjustments in Revenue Recognition Practices

Date: [Insert Date]

To: [Recipient's Name]

[Recipient's Title]

[Company Name]

[Company Address]

[City, State, Zip Code]

Dear [Recipient's Name],

We are writing to inform you about recent adjustments in our revenue recognition practices that will impact our financial reporting. These changes are in accordance with the updated standards set by the Financial Accounting Standards Board (FASB).

The primary reason for this adjustment is to enhance the accuracy and transparency of our financial statements. By aligning our revenue recognition procedures with the latest guidelines, we aim to provide our stakeholders with a clearer view of our financial performance.

Specifically, the changes involve:

- Implementation of the new revenue recognition standard (ASC 606).
- Updated criteria for identifying performance obligations in contracts.
- New methods for estimating variable consideration.

We believe these adjustments will lead to improved consistency and comparability in our financial reporting. Our team is available to discuss the implications of these changes in greater detail should you have any questions or require further clarification.

Thank you for your understanding and support as we implement these important changes.

Sincerely,

[Your Name]

[Your Title]

[Company Name]

[Contact Information]