Dopkins & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Adopting the Revenue Recognition Standard

A COLLABORATIVE APPROACH FROM DOPKINS ASSURANCE AND TAX TEAMS

Overview

The new standard replaces most existing revenue recognition guidance contained in US GAAP that previously required revenue to be recognized when the risks and rewards transfer to a customer. The new standard is a principles based model requiring more judgment in determining when the control of goods or services has been transferred to the customer resulting in the recognition of revenue. The terms of sale are key factors in evaluating the timing of revenue recognition. This includes considering significant contract attributes such as: right of return, warranties, bill and hold, consignment arrangements, repurchase agreements, nonrefundable upfront fees, customer acceptance provisions, and customer's unexercised rights. Adopting the new standard has broad implications and may impact many parts of the Company including the financial statements, internal controls, processes, and income taxes.

Timing

For private companies and not-for-profit organizations, the new revenue recognition standard (ASC 606) takes effect for the calendar year ending December 31, 2019 or for 2019-2020 fiscal years and requires consideration of impact on periods previously reported.

The Company's Responsibility

Demonstrate that the accounting system captures and reports revenue in the financial statements and required disclosures in accordance with the new standard.

Recommended Implementation Approach	
1.	Identify distinct categories of revenue transactions containing like sales terms.
2.	Identify performance obligations for each category.
3.	Identify how the transaction price is determined.
4.	Determine how to allocate the transaction price to each performance obligation.
5.	Determine when obligations are satisfied and the timing of when revenue is to be recognized.
6.	Determine the extent of additional required disclosures.
7.	Compare current system processes and controls to recognize revenue and populate required disclosures.
8.	Determine any necessary changes to policies and procedures, and design and implement modifications to system processes and controls to support changes as necessary.
9.	Quantify the impact of adopting the new standard on previously reported balances.
10.	Evaluate income tax implications.

>> During the adoption process significant considerations, evaluations and judgments should be documented and retained to support the Company's positions taken.

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Revenue Recognition Standard Implementation Services

OUR SERVICES

Dopkins & Company is ready and able to assist both clients and non-clients with the significant effort to implement the Revenue Recognition Standard.

We have a methodology and tools to assist in understanding the Standard, identifying revenue streams and contracts, assessing any changes needed for accounting, identifying relevant change to policy for disclosure, and planning for tax implication.

Should your implementation require change to systems, or tax elections, Dopkins One Firm approach will allow involving the right specialist resources to holistically meet your needs.

YOUR REVENUE RECOGNITION TEAM:

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