

Understanding & Implementing Revenue Recognition: Part 2

Webinar Guide – May 1, 2018

Quick Recap

Topic 606 includes all _____ from _____ with _____ with certain exceptions.

NOT included under Topic 606:

- 1.)
- 2.)
- 3.)
- 4.)
- 5.)
- 6.)

Key Principle

Recognize revenue to depict the _____ of goods or services to customers in an amount that reflects the _____ to which the entity _____ to be _____ in exchange for those goods or services.

The Five-Step Model

- 1.
- 2.
- 3.
- 4.
- 5.

Anticipated Implementation Effect

	Preponderance	Expected Accounting Change	Disclosures
Tuition & fees			
Membership dues			
Exchange grants			
Sponsorship revenue			
Royalty revenue			

Effective Dates:

Public entities: _____

Non-public entities: _____

Early adoption: _____

Adoption Methods

Full Retrospective

Modified Retrospective

Full Retrospective (At A Glance)

Practical Expedients

- 1.) No effect on contracts _____ in the same fiscal year.
- 2.) Use of _____ allowed for completed contracts (with variable consideration).
- 3.) Disclosure regarding timing of _____ to be recognized not required for reporting periods presented before the date of initial application.
- 4.) Aggregate the effect of all _____ occurring before the earliest period presented.

Presentation Requirements

Contract Asset _____

Receivable _____

Contract Liability _____

Disclosure Requirements – Public Entities/Conduit Debt Obligors

Objective: To _____ users to understand the _____, _____, _____ and _____ of revenue and cash flows from customer contracts.

Contracts with Customers:

- 1.) Revenue and any _____ losses
- 2.) _____ of revenues
- 3.) Contract balances – a _____ of contract assets and liabilities
- 4.) Performance obligations - when _____, significant _____ terms, nature of goods or services _____ to transfer, obligation for returns and refunds
- 5.) Transaction price to _____ performance obligations

Significant judgments:

- 1.) Determining timing of satisfaction of _____
- 2.) Determining _____ and allocation

Disclosure Requirements – Nonpublic Entities

Contracts with Customers:

- 1.) Revenue and any _____ losses
- 2.) _____ of revenues
- 3.) Opening and closing balances of _____
- 4.) Performance obligations - when _____, significant _____ terms, nature of goods or services _____ to transfer, obligation for returns and refunds

Significant judgments:

- 1.) Methods used to recognize _____
- 2.) Assumption in identifying whether an _____ of variable consideration is constrained

Tuition & Fees Example

Step One

Step Two

Step Three

Step Four

Step Five

Membership Dues Example

Step One _____

Step Two _____

Step Three _____

Step Four _____

Step Five _____

Exchange Grant – Special Considerations

Sponsorship Revenue – Special Considerations

Licenses and Royalties

Exception to the 5-step model - follow guidance: _____

Functional Intellectual Property:

- 1.) Satisfied at a _____
- 2.) Substantial portion of its utility from its _____ functionality
- 3.) Examples: _____

Symbolic Intellectual Property:

- 1.) Satisfied over _____
- 2.) Substantially all of its utility derived from its _____ with the licensor's past or ongoing activities
- 3.) Examples: _____

Exception to the Exception: _____ - recognize revenue at the _____ of when the _____ or _____ occurs or _____ of the performance obligation.

Non-Exchange Grant – Pending Guidance
