[Date]

[Recipient Name]
[Title]
[Company Name]
[Address]

Subject: Audit Findings - Variable Consideration in Revenue Recognition

Dear [Recipient Name],

We have completed our audit procedures regarding the company's measurement and recognition of variable consideration for the fiscal period ending [Date]. Under the current accounting framework, entities must estimate the amount of consideration to which they expect to be entitled in exchange for transferring promised goods or services.

Our key findings and observations are outlined below:

1. Identification of Variable Consideration
The audit identified the following components of variable consideration within your revenue contracts: [e.g., discounts, rebates, refunds, credits, price concessions, or performance bonuses].

2. Estimation Methodology
The company utilized the [Expected Value / Most Likely Amount] method to estimate variable consideration. Our testing confirmed that the chosen method was applied consistently; however, we noted the following: [Insert specific findings, e.g., updates needed for historical data inputs].

3. Constraint on Variable Consideration
We reviewed the company's assessment regarding the constraint. It was determined that [a significant reversal of revenue is / is not] probable. [Insert details regarding the adequacy of the buffer or conservative estimates used].

4. Internal Control Recommendations
During our review, we noted the following areas for improvement in internal controls:

- [Recommendation 1]
- [Recommendation 2]

Conclusion
Based on our findings, [state whether the revenue recognition complies with accounting standards]. We recommend that management [insert required action or adjustment].

Please review these findings and provide your formal response by [Date]. We are available to discuss these matters at your earliest convenience.

Sincerely,

[Your Name/Signature]
[Title]
[Audit Firm Name]