[Company Letterhead]

To: Audit Committee / Board of Directors
From: Management / External Auditors
Date: [Insert Date]
Subject: Management Letter on ASC 606 Revenue Recognition Implementation

Dear [Recipient Name],

The purpose of this letter is to summarize the findings and internal control assessments regarding the implementation of ASC 606, *Revenue from Contracts with Customers*.

1. Scope of Implementation

Management has completed the transition from legacy GAAP to the five-step model required by ASC 606. This review covers the following revenue streams:
[Insert Revenue Stream 1]
[Insert Revenue Stream 2]

2. The Five-Step Analysis

- **Step 1: Identify the contract(s) with a customer** - Reviewed for enforceable rights and payment terms.
- **Step 2: Identify the performance obligations** - Evaluated distinct goods or services within contracts.
- **Step 3: Determine the transaction price** - Assessed variable consideration, including discounts and rebates.
- **Step 4: Allocate the transaction price** - Allocated price based on Standalone Selling Prices (SSP).
- **Step 5: Recognize revenue** - Determined if revenue is recognized at a point in time or over time.

3. Internal Control Observations

We have identified the following areas where internal controls were updated to ensure compliance:

- **Contract Review:** Enhanced documentation for non-standard contract terms.
- **Data Integrity:** Improved tracking of performance obligation completion dates.
- **Disclosures:** Implementation of new quantitative and qualitative disclosure requirements.

4. Significant Judgments and Estimates

Management utilized judgment in the following areas during the period:
- Estimation of variable consideration using the [Expected Value / Most Likely Amount] method.
- Determination of Standalone Selling Prices for bundled offerings.

5. Conclusion

Based on our assessment, the company's revenue recognition policies are materially aligned with ASC 606 standards, and the internal controls over financial reporting are functioning effectively as of [Insert Date].

Sincerely,

[Signature]
[Name]
[Title]