Date: [Insert Date]

To: [Insert Name of Controller/CFO]
Company: [Insert Company Name]
Subject: Post-Audit Review: ASC 606 Capitalized Contract Costs

Dear [Insert Name],

Following the completion of the audit for the fiscal period ending [Insert Date], we have finalized our review of the company's treatment of capitalized costs to obtain and fulfill contracts under ASC 606.

1. Scope of Review
Our review focused on the incremental costs of obtaining contracts (e.g., sales commissions) and costs incurred to fulfill a contract that are not within the scope of other GAAP standards. We evaluated the criteria for capitalization, the amortization methods used, and the impairment testing process.

2. Summary of Findings
Based on our procedures, we have noted the following regarding the capitalization of costs:

- **Incremental Costs:** [Insert findings regarding sales commission structures and capitalization thresholds].
- **Amortization Period:** [Insert findings regarding the alignment of amortization with the transfer of goods/services, including expected renewal periods].
- **Fulfillment Costs:** [Insert findings regarding direct labor, materials, and overhead allocation].

3. Identified Adjustments or Observations
[Insert details of any audit adjustments or control deficiencies identified during the testing phase, or state "No significant adjustments were noted"].

4. Recommendations
To ensure continued compliance and improve reporting efficiency, we recommend the following:

- Enhance documentation regarding the "practical expedient" for costs with an amortization period of one year or less.
- Update the impairment assessment model to better reflect changes in expected future consideration.
- [Insert additional recommendations].

We appreciate the cooperation of your team during this review. Please feel free to contact us if you have questions regarding these observations.

Sincerely,

[Insert Name/Signature]
[Insert Title]
[Insert Audit Firm/Department Name]