

Date: [Insert Date]

To: [Insert Name of Recipient/Board of Directors/Audit Committee]

From: [Insert Name/Title of Management/Auditor]

Subject: Management Letter on Revenue Recognition Compliance for Deferred Revenue Amortization

Dear [Recipient Name],

The purpose of this letter is to communicate our findings regarding the company's compliance with revenue recognition standards, specifically focusing on the accuracy and maintenance of deferred revenue amortization schedules for the fiscal period ending [Insert Date].

1. Compliance Overview

Management is responsible for ensuring that revenue is recognized in accordance with [Insert Accounting Standard, e.g., ASC 606 or IFRS 15]. Our review focused on the systematic recognition of revenue over time for performance obligations satisfied beyond a single reporting period.

2. Accuracy of Amortization Schedules

We have evaluated the schedules used to reclassify deferred revenue into earned revenue. Our findings indicate that:

- Service start and end dates align with contractual obligations.
- The methodology for straight-line or milestone-based recognition is applied consistently.
- Monthly reconciliations between the subsidiary ledger and the general ledger are being performed.

3. Identified Observations

[Insert specific observations, such as: "No material exceptions were noted" OR "We identified minor discrepancies in the timing of revenue triggers for certain multi-year contracts"].

4. Recommendations

To ensure continued compliance and data integrity, we recommend the following:

- [Recommendation 1, e.g., Automating manual spreadsheet entries to reduce human error].
- [Recommendation 2, e.g., Implementing a secondary review process for high-value contract entries].

5. Conclusion

Based on our assessment, the deferred revenue amortization processes currently in place provide reasonable assurance that revenue is recognized in the correct accounting periods. Management remains committed to maintaining robust internal controls over financial reporting.

Sincerely,

[Your Signature]
[Your Printed Name]
[Your Title]