

Financial Reporting Center – Revenue Recognition

Working Draft: Gaming Revenue Recognition Implementation Issue



Issue #6-3: Promotional Allowances

Expected Overall Level of Impact to Industry Accounting:
Significant

Wording to be Included in the Revenue Recognition Guide:

1. FinREC believes that the amount of revenue from contracts with customers recognized and reported on the income statement cannot exceed the amount of the transaction price accounted for and determined in accordance with FASB ASC 606. Additionally FASB ASC 606-10-32-28 instructs an entity to allocate the transaction price earned from a contract with its customer to the performance obligations in the contract. Accordingly, FinREC believes historical financial statement presentations which present (1) revenues gross for goods and services that a gaming entity gives to customers as an inducement to gamble, and (2) an offsetting reduction to gross revenues for “promotional allowances” or “complimentaries” to yield net revenues are not in accordance with FASB ASC Topic 606.

Comments should be received by February 1, 2017, and sent by electronic mail to Kim Kushmerick at kkushmerick@aicpa.org, or you can send them by mail to Kim Kushmerick, Accounting Standards, AICPA, 1211 Avenue of the Americas, NY 10036.