

Financial Reporting Center – Revenue Recognition

Working Draft: Gaming Revenue Recognition Implementation Issue



Issue #6-4: Gaming operator's accounting for base progressive and incremental progressive jackpot amounts

Expected Overall Level of Impact to Industry Accounting:

Minimal

Wording to be Included in the Revenue Recognition Guide:

1. FASB ASC 924-405-25-2 states that "an entity shall accrue a liability at the time the entity has the obligation to pay the jackpot (or a portion thereof as applicable) regardless of the manner of payment." Therefore, an entity will not accrue a base jackpot if payments of the jackpot can be avoided.
2. For the incremental progressive amount, which is based on past play, FinREC believes an accrual would be recorded over the time period in which the incremental progressive jackpot amount is generated, and the accrual would be calculated based on the level of customer play. FinREC believes the offsetting debit would be one of the deductions to arrive at net gaming revenue.

Comments should be received by December 5, 2016, 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.

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