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Revenue Recognition, First in a Series: Implementation Guidance

AUDIT, CONSTRUCTION, ENERGY & RESOURCES, NOT-FOR-PROFIT
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Although the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (ASU 2014-09), more than two years ago, many companies have not yet initiated their implementation plan. The prospect of replacing transaction-based or industry-specific revenue recognition guidance that has been followed 'forever' with the principles-based approach of ASU 2014-09 is quite daunting. If potentially changing one's fundamental daily accounting practices are not enough, the idea that this new standard could change the way business is executed is downright scary! So, where do you start?

It is always a good idea to understand the many nuances of your business operations and the various processes involved in generating revenue, along with the common industry accounting practices related thereto. However, doesn't ASU 2014-09 remove all industry-specific revenue recognition accounting guidance? While that is true, the American Institute of Certified Public Accountants (AICPA) recognized the importance of developing reference materials for particular circumstances or situations that occur in specific industries. In this connection, the AICPA has formed sixteen industry task forces to help develop a new accounting guide on revenue recognition that will provide illustrative examples for how to apply ASU 2014-09. The industries involved with this project are as follows:

1. Aerospace and Defense
2. Airlines
3. Broker-Dealers
4. Construction Contractors and Engineering
5. Depository Institutions
5. Gaming
7. Healthcare
3. Hospitality
9. Insurance
0. Investment Asset Management
1. Not-for-Profit
2. Oil and Gas
3. Power and Utility
4. Software

5. Telecommunications

6. Timeshare

If you have questions regarding revenue recognition, please [contact Schneider Downs](#) or visit our [Our Thoughts On blog](#).

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