

9-STEP CHECKLIST FOR LOYALTY PROGRAM REPORTING

1. Validate Data



Confirm each period's transactional data ties to your total outstanding point balance before any calculations begin.

2. Allocate Redemptions to Points Earned



Assign each redemption to specific point earnings — most programs use FIFO, but use whatever method your program has established.

3. Update Breakage & Fair Value Estimates



Refresh your breakage rate with current period data and confirm actual member behavior matches your model's predictions.

4. Record Accounting Entries



Post all entries for points earned, redeemed, and expired for the period, incorporating your updated breakage estimate.

5. Seek an Actuarial Opinion



Have a credentialed actuary review and sign off on your liability assumptions — auditors will ask for this.

6. Prepare Financial Disclosures



Draft your ASC 606 / IFRS 15 disclosures: liability roll-forward, revenue recognized from opening balance, and significant judgments.

7. Hedge Exposure



If your liability carries meaningful foreign exchange risk, assess your exposure and consider forward contracts to minimize volatility.

8. Assess Progress vs. Financial Plan



Compare breakage, redemptions, and cash flow against your forecast and investigate any variances above your materiality threshold.

9. Uncover Optimization Opportunities



Use CLV data and redemption patterns to identify program improvements before the new year begins.

Questions about your methodology?

*Secure a meeting at
office.hours@kyros.com*