******Use of This Quarterly Update**

U.S. GAAP Checklist —   
Quarterly Update: First Quarter

March 2021

The content of the U.S. GAAP Checklist[[1]](#footnote-2) has been revised to reflect updates to professional pronouncements from January 1, 2021, through March 31, 2021. This supplement describes the changes to the FASB Accounting Standards Codification (the “Codification”) issued as Accounting Standards Updates (ASUs) for the most recent quarter ended.

**UPDATING THE U.S. GAAP CHECKLIST**

Users of the U.S. GAAP Checklist who initiated a checklist prior to this update and determine that one or more of the ASUs issued affect the period under audit will need to do the following:

* Request the Deloitte engagement team to initiate a new checklist. This new checklist will supplement the previous checklist created.
* Using the list of updated guidance below, frame the checklist to scope[[2]](#footnote-3) in only the applicable updated guidance. To determine whether the guidance applies, users may view the updated guidance in the checklist by expanding the Codification tree to the Subsection level and clicking on the Subsection title (usually “General”). The updated guidance generally will appear as “pending content” in the Codification. Transition guidance is linked to pending content paragraphs. Section 15 of each respective ASC Topic within the Codification can be viewed to determine if the guidance applies to the entity. The preparer may also consider Section 55 of each respective ASC Topic within the Codification for implementation guidance and illustrations.

Once the initiation and framing are complete, the new supplemental checklist will include only questions related to the updated guidance that was scoped into that checklist. For users of the U.S. GAAP Checklist that have yet to initiate a checklist prior to this update, the update to the Codification will be automatically incorporated into the newly initiated checklist.

See the [*Quick Reference Guide*](https://checklist.disclosureanalytics.deloitte.com/helpDocs/quickrefguide) for guidance on the Checklist offered through the Disclosure Analytics suite.

If you historically used the legacy checklist tool and have a previously created checklist, see the [*Client User Guid**e (Decem**ber 2011)*](https://dart.deloitte.com/obj/1/vsid/129129) for additional guidance on the U.S. GAAP Checklist Tool. Note that as of June 1, 2020, users are no longer able to create new quarterly or year-end checklists or roll forward existing checklists using this legacy tool, which will be retired in Spring 2021.

**ACCOUNTING GUIDANCE ISSUED DURING THE QUARTER**

There were three ASUs issued by the FASB (the “Board”) during the three-month period ending March 31, 2021:

* **[2021-01 —](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176175899139&d=&pagename=FASB%2FDocument_C%2FDocumentPage) *[Reference Rate Reform (Topic 848): Scope](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176175899139&d=&pagename=FASB%2FDocument_C%2FDocumentPage)***

This ASU was issued on January 7, 2021. This ASU refines the scope of ASC 848 and clarifies some of its guidance as part of the Board’s monitoring of global reference rate reform activities. The ASU permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows, for computing variation margin settlements, and for calculating price alignment interest (PAI3) in connection with reference rate reform activities under way in global financial markets (the “discounting transition”).

The amendments in this update are effective for all entities as follows:

Contract Modifications:

Entities are to use either of the following approaches to apply the amendments to modifications to the terms of the derivatives affected by the discounting transition:

* Retrospective as of any date from the beginning of an interim period that includes March 12, 2020.
* Prospective from any date within an interim period that includes or is after January 7, 2021, up to the date that the financial statements are available to be issued.

Hedging Relationships:

Entities are to apply the amendments to either of the following types of eligible hedging relationships affected by the discounting transition:

* Those existing as of the beginning of the interim period that includes March 12, 2020.
* Those entered into after the beginning of the interim period that includes March 12, 2020.

The amendments do not apply to (1) contract modifications made or new hedging relationships entered into after December 31, 2022 or (2) existing hedging relationships evaluated for periods after December 31, 2022, unless an entity elects to apply certain optional expedients that permit the accounting effects to be retained through the end of the hedging relationships that extend beyond December 31, 2022. Under those optional expedients, an entity would:

* Use a reasonable approach to modify the fair value hedge basis adjustment in a fair value hedge accounted for under the shortcut method.
* No longer periodically evaluate the conditions in ASC 815-20-25-104(d) and (g) when using the shortcut method for a fair value hedge. However, the entity’s application of the shortcut method would cease after December 31, 2022, if the entity elects the optional expedient to add one or more, or a proportion of, basis swaps to a fair value hedging relationship as a result of the discounting transition.
* Use a reasonable approach to adjust the amount recorded in Accumulated Other Comprehensive Income (AOCI) for a cash flow hedge affected by a receipt or payment of a cash settlement (or equivalent) as a result of the discounting transition.
* Continue to use a subsequent assessment method under which perfect effectiveness is assumed in accordance with ASC 848-50-35-4 through 35-9 for a cash flow hedge if the entity elected the practical expedient that permits it to use a reasonable approach to adjust the amount recorded in AOCI as a result of the discounting transition.

See Deloitte’s January 11, 2021, [*Heads Up*](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2021/fasb-asu-2021-01) for further information.

* [**2021-02 — *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176175985397&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

This ASU was issued on January 28, 2021. The ASU introduces a practical expedient to simplify the application ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASC 606”), for private-company franchisors. When applying the practical expedient, such franchisors are permitted to “account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance.” In addition, the ASU permits private-company franchisors to elect an accounting policy to “recognize the pre-opening services as a single performance obligation.”

For an entity has not yet adopted ASC 606, the entity is required to follow the transition requirements within ASC 606-10-65-1.

If an entity has already adopted ASC 606, the amendments in ASU 2021-02 are effective in interim and annual periods beginning after December 15, 2020. Early adoption is permitted and must be applied retrospectively to the date that ASC 606 was adopted.

See Deloitte’s January 29, 2021, [*Heads Up*](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2021/asc-606-performance-obligations) for further information.

* [**2021-03 — *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176176428664&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

This ASU was issued on March 30, 2021. The amendments in this ASU provide private companies and not-for-profit entities (that elected the accounting alternative for the subsequent measurement of goodwill provided under paragraphs 350-20-35-62 through 35-82) with an accounting alternative to perform the goodwill impairment triggering event evaluation as required in ASC 350-20 as of the reporting period end instead of evaluating goodwill impairment triggering events when they occur (which is a requirement that will remain in effect for all public business entities).

The amendments in this ASU are effective prospectively for fiscal years beginning after December 15, 2019. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021, but private companies and not-for-profit entities cannot retroactively adopt the ASU for interim financial statements that have already been issued in the year of adoption.

The ASU also includes an unconditional one-time option for private companies and not-for-profit entities to prospectively adopt the ASU after its effective date without performing an assessment of preferability under ASC 250, *Accounting Changes and Error Corrections*.

**Changes Reflected in the U.S. GAAP Checklist and Codification**

When the FASB amends the Codification with an ASU, each paragraph that was amended by the ASU is left unchanged (for entities that have not adopted the ASU), but is followed by a paragraph containing “pending content.” Upon adoption of an ASU, entities need to complete the amended Subtopic using the pending content for each paragraph that has been adopted.

* [**2021-01 — *Reference Rate Reform (Topic 848): Scope***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176175899139&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

As a result of this ASU, the following section has been updated in the U.S. GAAP Checklist:

* [848-20-35, *Reference Rate Reform — Contract Modifications — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-20-35)
* [848-30-25*, Reference Rate Reform — Hedging — General — Recognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-30-25)
* [848-40-25, *Reference Rate Reform — Fair Value Hedges — Recognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-40-25)
* [848-50-25*, Reference Rate Reform — Cash Flow Hedges — Recognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-50-25)
* [848-50-35*, Reference Rate Reform — Cash Flow Hedges — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-50-35)

The following sections have not been updated in the U.S. GAAP Checklist because there are no questions in the U.S. GAAP Checklist related to background, scope, implementation, or transition guidance, but the sections were amended in the Codification to reflect the clarifications made in the ASU as described above:

* [848-10-05, *Reference Rate Reform — Overall — Background*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-10-05)
* [848-10-15, *Reference Rate Reform — Overall — Scope*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-10-15)
* [848-10-55, *Reference Rate Reform — Overall — Implementation*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-10-55)
* [848-10-65, *Reference Rate Reform — Overall — Transition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-10-65)
* [848-20-15, *Reference Rate Reform — Contract Modifications — Scope*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-20-15)
* [848-30-15, *Reference Rate Reform — Hedging — General — Scope*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc848-30-15)
* [**2021-02 — *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176175985397&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

As a result of this ASU, the following sections have been updated in the U.S. GAAP Checklist:

* [952-606-25, *Franchisors — Revenue from Contracts with Customers — Recognition*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606-25)
* [952-606-50, *Franchisors — Revenue from Contracts with Customers — Disclosure*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606#a42183ab-6299-11eb-8e08-bd05adc13bf7)
* [606-10-25, *Franchisors — Revenue from Contracts with Customers — Overall — Recognition*](https://dart.deloitte.com/USDART/home/codification/revenue/asc606-10-25)

The following sections have not been updated in the U.S. GAAP Checklist because there are no questions in the U.S. GAAP Checklist related to background, scope, implementation, or transition guidance, but the sections were amended in the Codification to reflect the clarifications made in the ASU as described above:

* [952-606-05, *Franchisors — Revenue from Contracts with Customers —Background*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606-05)
* [952-606-15, *Franchisors — Revenue from Contracts with Customers — Scope*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606-15)
* [952-606-55, *Franchisors — Revenue from Contracts with Customers — Implementation*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606-55)
* [952-606-65, *Franchisors — Revenue from Contracts with Customers — Transition*](https://dart.deloitte.com/USDART/home/codification/industry/asc952-606-65)
* [**2021-03 — *Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176176428664&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

As a result of this ASU, the following sections have been updated in the U.S. GAAP Checklist:

* [323-10-35, *Investments — Equity Method and Joint Ventures — Overall — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc323-10-35#755d754c-3ddb-11e6-8541-e7e33481b429)
* [350-20-35,](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-35) *[Intangibles — Goodwill and Other — Goodwill — Subsequent Measurement](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-35)*
* [350-20-40, *Intangibles — Goodwill and Other — Goodwill — Derecognition*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-40#a763f390-3de1-11e6-8541-09136c7c4506)
* [350-20-45, *Intangibles — Goodwill and Other — Goodwill — Other Presentation*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-45#880e6f3a-3dde-11e6-8541-3d378dab19a8)
* [350-20-50, *Intangibles — Goodwill and Other — Goodwill — Disclosure*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-50#8a284e90-3dde-11e6-8541-2fb0deb39f5a)
* [805-30-50, *Business Combinations* *— Goodwill or Gain from Bargain Purchase, Including Consideration Transferred — Disclosure*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-30-50#c22ff14a-3e26-11e6-8541-11632329bef2)
* [958-805-35, *Not-for-Profit Entities* *— Business Combinations — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/industry/asc958-805-35#cb811dc1-3e93-11e6-8541-9b6002a2e6b9)
* [958-805-50, *Not-for-Profit Entities* *— Business Combinations — Disclosure*](https://dart.deloitte.com/USDART/home/codification/industry/asc958-805-50#8d890ae5-3e90-11e6-8541-09ebefdb253f)

The following sections have not been updated in the U.S. GAAP Checklist because there are no questions in the U.S. GAAP Checklist related to background, scope, implementation, or transition guidance, but the sections were amended in the Codification to reflect the clarifications made in the ASU as described above:

* [350-20-05, *Intangibles — Goodwill and Other — Goodwill —Background*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-05#2dfee6ab-3ddf-11e6-8541-919e1b7e58fb)
* [350-20-15, *Intangibles — Goodwill and Other — Goodwill — Scope*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-15#233a674f-3ddf-11e6-8541-61ca5dc77981)
* [350-20-55, *Intangibles — Goodwill and Other — Goodwill — Implementation*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-55#b535933e-3dde-11e6-8541-bf716406fcb7)
* [350-20-65, *Intangibles — Goodwill and Other — Goodwill — Transition*](https://dart.deloitte.com/USDART/home/codification/assets/asc350-20-65#09470eec-3ddc-11e6-8541-51a386a75a38)
* [805-20-15, *Business Combinations — Identifiable Assets and Liabilities, and Any Noncontrolling Interest — Scope*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-20-15#08dcf0ab-3e28-11e6-8541-a99431c523c3)



**About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Copyright © 2021 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited

1. The U.S. GAAP Checklist has historically been offered through two platforms: (1) Checklist in the Deloitte Disclosure Analytics suite and (2) the U.S. GAAP Checklist Tool on the Deloitte Financial Reporting Checklists site. The content in both platforms has been updated and the information within this supplement is applicable to both platforms. Note that as of June 1, 2020, users are no longer able to create new quarterly or year-end checklists or roll forward existing checklists using the legacy U.S. GAAP Checklist Tool, which will be retired in Spring 2021. [↑](#footnote-ref-2)
2. Users complete framing questions within the Checklist in the Deloitte Disclosure Analytics suite to scope Topics and Subtopics into the checklist based on what is applicable for the entity. [↑](#footnote-ref-3)