Use of This Quarterly Update

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

September 2022

The content of the U.S. GAAP Checklist has been revised to reflect updates to professional pronouncements from July 1, 2022, through September 30, 2022. 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 the ASU issued affects the period under audit should consult the [Appendix](#Appendix) and 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 include within its scope[[1]](#endnote-2) 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 this quarter will not 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 whether the guidance applies to an 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 included within the scope of 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.

ACCOUNTING GUIDANCE ISSUED DURING THE QUARTER

One ASU was issued by the FASB (the “Board”) during the three-month period ending September 30, 2022:

* [**2022-04 — *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations***](https://fasb.org/Page/Document?pdf=ASU%202022-04.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202022-04%E2%80%94LIABILITIES%E2%80%94SUPPLIER%20FINANCE%20PROGRAMS%20(SUBTOPIC%20405-50):%20DISCLOSURE%20OF%20SUPPLIER%20FINANCE%20PROGRAM%20OBLIGATIONS)

On September 29, 2022, the FASB issued ASU 2022-04,[[2]](#endnote-3) to enhance the transparency about the use of supplier finance programs. The ASU affects companies that use supplier finance programs in connection with the purchase of goods and services. A supplier finance program allows a buyer to offer its suppliers payment in advance of an invoice due date, which is paid by a third party finance provider based on invoices that the buyer confirms are valid. Entities that use supplier finance programs will be required to disclose the following quantitative and qualitative information in each annual reporting period:

1. The key terms of the program, including a general description of the payment terms and assets pledged as security or other forms of guarantees provided to the finance provider.
2. For the obligations that the buyer has confirmed as valid to the finance provider:
   1. The amount outstanding that remains unpaid by the buyer as of the end of the annual period.
   2. A description of where these obligations are presented on the balance sheet.
   3. A rollforward of those obligations during the annual period, including the amount of funded obligations and obligations paid.

The buyer should disclose the amount of obligations outstanding that the buyer has confirmed as valid to the finance provider as of the end of each interim period.

The amendments in ASU 2022-04 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment to provide rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted.

Except for the amendment to provide rollforward information, which should be applied prospectively, the amendments in ASU 2022-04 should be retrospectively applied to each period in which balance sheet is presented.

See Deloitte’s September 30, 2022, [*Heads Up*](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2022/fasb-asu-supplier-finance-programs) for a comprehensive summary of the amendments made by ASU 2022-04.

## *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. Pending content related to this ASU, however, is not included in the checklist.

* [2022-04 — *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*](https://fasb.org/Page/Document?pdf=ASU%202022-04.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202022-04%E2%80%94LIABILITIES%E2%80%94SUPPLIER%20FINANCE%20PROGRAMS%20(SUBTOPIC%20405-50):%20DISCLOSURE%20OF%20SUPPLIER%20FINANCE%20PROGRAM%20OBLIGATIONS)

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

* 405-50-50*, Liabilities — Supplier Finance Programs — Disclosure*
* [270-10-50*, Interim Reporting — Overall — Disclosure*](https://dart.deloitte.com/USDART/tree/vsid/C_1132221#b7a37c0f-3ddd-11e6-8541-63952cead847)

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:

* [405-10-05](https://techlib.deloitteresources.com/?link=content/2_1133549#1133553), *Liabilities — Overall — Overview and Background*
* [405-50-05](https://techlib.deloitteresources.com/?link=content/2_112309)*, Liabilities — Supplier Finance Programs — Overview and Background*
* [405-50-10](https://techlib.deloitteresources.com/?link=content/2_112309)*, Liabilities — Supplier Finance Programs — Objectives*
* [405-50-15](https://techlib.deloitteresources.com/?link=content/2_112309)*, Liabilities — Supplier Finance Programs — Scope and Scope Exceptions*
* [405-50-55](https://techlib.deloitteresources.com/?link=content/2_112309)*, Liabilities — Supplier Finance Programs — Implementation*
* [405-50-65](https://techlib.deloitteresources.com/?link=content/2_112309)*, Liabilities — Supplier Finance Programs — Transition*

**A****PPENDIX —ASU 2022-04**

[Accounting Standards Update No. 2022-04](https://dart.deloitte.com/USDART/pdf/c390e1f1-e733-4324-934b-edc551dae57f), *Liabilities — Supplier Finance Programs (Subtopic 405-50) — Disclosure of Supplier Finance Program Obligations* was issued in September 2022. The ASU enhances the transparency about an entity’s use of supplier finance programs. The ASU affects entities that use supplier finance programs in connection with the purchase of goods and services. A supplier finance program allows a buyer to offer its suppliers payment in advance of an invoice due date, which is paid by a third-party finance provider based on invoices that the buyer confirms are valid. Entities that use supplier finance programs will be required to disclose the following quantitative and qualitative information in annual reporting periods:

1. The key terms of the program, including a general description of the payment terms and assets pledged as security or other forms of guarantees provided to the finance provider.

2. For the obligations that the buyer has confirmed as valid to the finance provider:

a. The amount outstanding that remains unpaid by the buyer as of the end of the annual period.

b. A description of where these obligations are presented on the balance sheet.

c. A rollforward of those obligations during the annual period, including the amount of funded obligations and obligations paid.

The buyer should disclose the amount of obligations outstanding that the buyer has confirmed as valid to the finance provider as of the end of each interim period.

The amendments in ASU 2022-04 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment to provide rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted.

Except for the amendment to provide rollforward information, which should be applied prospectively, the amendments in ASU 2020-04 should be retrospectively applied to each period in which balance sheet is presented.

**GAAP Checklist Considerations**

Because the pending content related to this ASU is not displayed within the GAAP Checklist, clients and engagement teams should consider the following questions relevant if they have early adopted the Amendments from ASU 2022-04.

• Has the entity provided disclosures about its involvement in supplier finance programs that meet the objectives set forth in the guidance in ASC 405-50-50-1?

• In meeting the objectives set forth in ASC 405-50-50-1, has the entity provided an appropriate level of detail in accordance with the guidance in ASC 405-50-50-2?

• For each annual reporting period presented, has the entity provided the disclosures required by ASC 405-50-50-3?

• For each interim reporting period, has the entity disclosed, as of the end of the period, the amount of obligations outstanding that the entity has confirmed are valid to its finance provide in accordance with the guidance in ASC 405-50-50-4?

• Has the entity provided all applicable disclosure-related guidance required by other Topics at interim dates?

**NOTES**

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1. Users complete framing questions within the Checklist in the Deloitte Disclosure Analytics suite to include within its scope, Topics and Subtopics into the checklist based on what is applicable for the entity. [↑](#endnote-ref-2)
2. [FASB Accounting Standards Update (ASU) No. 2022-04](https://fasb.org/Page/Document?pdf=ASU%202022-04.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202022-04%E2%80%94LIABILITIES%E2%80%94SUPPLIER%20FINANCE%20PROGRAMS%20(SUBTOPIC%20405-50):%20DISCLOSURE%20OF%20SUPPLIER%20FINANCE%20PROGRAM%20OBLIGATIONS) — *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. [↑](#endnote-ref-3)