**Use of This Quarterly Update**

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

March 2022

The content of the U.S. GAAP Checklist has been revised to reflect updates to professional pronouncements from January 1, 2022, through March 31, 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 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[[1]](#footnote-2) 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.

**ACCOUNTING GUIDANCE ISSUED DURING THE QUARTER**

There were two ASUs issued by the FASB (the “Board”) during the three-month period ending March 31, 2022:

* **[2022-01 —](https://techlib.deloitteresources.com/?link=content/2_620390) *[Derivatives and Hedging (Topic 815): Fair Value Hedging — Portfolio Layer Method](https://techlib.deloitteresources.com/?link=content/2_620390)***

On March 28, 2022, the FASB issued ASU 2022-01, which clarifies the guidance in ASC 815 on fair value hedge accounting of interest rate risk for portfolios of financial assets. The ASU amends the guidance in ASU 2017-12 (released on August 28, 2017) that, among other things, established the “last-of-layer” method for making the fair value hedge accounting for these portfolios more accessible. ASU 2022-01 renames that method the “portfolio layer” method and addresses feedback from stakeholders regarding its application.

Under current guidance, the last-of-layer method enables an entity to apply fair value hedging to a stated amount of a closed portfolio of prepayable financial assets (or one or more beneficial interests secured by a portfolio of prepayable financial instruments) without having to consider prepayment risk or credit risk when measuring those assets. ASU 2022-01 expands the scope of this guidance to allow entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets. This scope expansion is consistent with the FASB’s efforts to simplify hedge accounting and allows entities to apply the same method to similar hedging strategies.

ASU 2022-01’s amendments are effective as follows:

* For public business entities, fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.
* For all other entities, fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.

The guidance may be early adopted if an entity has adopted ASU 2017-12 for the corresponding period.

An entity that elects a multiple-layer hedging strategy should apply ASU 2022-01’s requirements prospectively. Further, aside from the disclosure requirements in other areas of GAAP, an entity should apply the amendments related to the fair value hedge basis adjustments under the portfolio layer method on a modified retrospective basis by making a cumulative-effect adjustment to the opening balance of retained earnings. An entity may choose to apply the other GAAP disclosure requirements prospectively or retrospectively.

In addition, as of the adoption date, an entity may reclassify debt securities that qualify as being in a portfolio layer hedging relationship from the held-to-maturity category to the available-for-sale category if the entity intends to include those securities in a portfolio designated in a portfolio layer method hedge. An entity must determine which securities to reclassify within 30 days of the adoption date of the ASU and must include those reclassified securities within a portfolio layer method hedging relationship within those 30 days.

See Deloitte’s March 29, 2022, [*Heads Up*](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2022/fasb-clarifies-hedge-guidance) for a comprehensive summary of the amendments made by ASU 2022-01.

* [**2022-02 — *Financial Instruments — Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures***](https://techlib.deloitteresources.com/?link=content/2_620428)

On March 31, 2022, the FASB issued ASU 2022-02, which eliminates the accounting guidance on troubled debt restructurings (TDRs) for creditors in ASC 310-40 and amends the guidance on “vintage disclosures” to require disclosure of current-period gross write-offs by year of origination. The ASU also updates the requirements related to accounting for credit losses under ASC 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty.

ASU 2022-02 supersedes the accounting guidance for TDRs for creditors in ASC 310-40 in its entirety and requires entities to evaluate all receivable modifications under ASC 310-20-35-9 through 35-11 to determine whether a modification made to a borrower results in a new loan or a continuation of the existing loan. The ASU also amends other subtopics to remove references to TDRs for creditors.

In addition to the elimination of TDR guidance, an entity that has adopted ASU 2022-02 no longer considers renewals, modifications, and extensions that result from reasonably expected TDRs in their calculation of the allowance for credit losses in accordance with ASC 326-20.

The ASU also requires a number of new disclosures requirements.

ASU 2022-02’s amendments are effective as follows:

* For entities that have already adopted ASU 2016-13, the amendments in ASU 2022-02 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.
* For entities that have not yet adopted ASU 2016-13, the amendments in ASU 2022-02 are effective upon adoption of ASU 2016-13.

Entities are permitted to early adopt these amendments, including adoption in any interim period, provided that the amendments are adopted as of the beginning of the annual reporting period that includes the interim period of adoption. In addition, entities are permitted to elect to early adopt the amendments related to TDR accounting and related disclosure enhancements separately from the amendments related to the vintage disclosures.

Entities may elect to apply the updated guidance on TDR recognition and measurement by using a modified retrospective transition method, which would result in a cumulative-effect adjustment to retained earnings, or to adopt the amendments prospectively. If an entity elects to adopt the updated guidance on TDR recognition and measurement prospectively, the guidance should be applied to modifications occurring after the date of adoption. The amendments on TDR disclosures and vintage disclosures should be adopted prospectively

See Deloitte’s April 4, 2022, [*Heads Up*](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2022/fasb-issues-asc-326-update) for a comprehensive summary of the amendments made by ASU 2022-02.

**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.

* [**2022-01 — *Derivatives and Hedging (Topic 815): Fair Value Hedging — Portfolio Layer Method***](https://techlib.deloitteresources.com/?link=content/2_620390)

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

* [310-10-35, *Receivables — Overall — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-10-35#283b1203-3ddf-11e6-8541-99b75b1e61fe)
* [320-10-35, *Investments — Debt Securities — Overall — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc320-10-35?nav=jtl)
* [326-20-30, *Financial Instruments — Credit Losses — Measured at Amortized Cost — Initial Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-30?nav=jtl)
* [326-30-35, *Financial Instruments — Credit Losses — Available-for-Sale Debt Securities — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-30-30#75e05f8a-3de6-11e6-8541-216f90b7c23f)
* [815-10-50, *Derivatives and Hedging — Overall — Disclosure*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-10-50#95987207-3e20-11e6-8541-37e045e0ed0a)
* [815-20-25, *Derivatives and Hedging — Hedging — General — Recognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-20-25#b0c7af9c-3e24-11e6-8541-993f9e30eb98)
* [815-20-45, *Derivatives and Hedging — Hedging — General — Other Presentation*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-20-45#baac3002-3e24-11e6-8541-318d7ade624d)
* [815-25-35, *Derivatives and Hedging — Fair Value Hedges — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-25-35#b6255955-3e22-11e6-8541-4bbd40d44610)
* [815-25-40, *Derivatives and Hedging — Fair Value Hedges — Derecognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-25-40#a45cbd72-3e22-11e6-8541-5b23535ce534)
* [860-20-40, *Transfers and Servicing — Sales of Financial Assets — Derecognition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc860-20-40#52aa774d-3e5e-11e6-8541-b5f2d8c97b27)
* [948-310-35, *Financial Services — Mortgage Banking — Receivables — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/industry/9xx/asc948-310-35#0f46f42d-3e9b-11e6-8541-394601341d4e)

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:

* [326-20-55, *Financial Instruments — Credit Losses — Measured at Amortized Cost — Implementation*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-55#56f3332f-3de6-11e6-8541-c770e9f58710)
* [815-10-55, *Derivatives and Hedging — Overall — Implementation*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-10-55#b480e362-3e20-11e6-8541-5b22602e9816)
* [815-20-55, *Derivatives and Hedging — Hedging — General — Implementation*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-20-55#c523b2b6-3e22-11e6-8541-63f6c9fc2fd4)
* [815-25-55, *Derivatives and Hedging — Fair Value Hedges — Implementation*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-25-55#5eededd3-3e22-11e6-8541-bbab151d0206)
* [815-20-65, *Derivatives and Hedging — Hedging — General — Transition*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc815-20-65#2c21a0e0-3e17-11e6-8541-715eaa5d72da)
* [**2022-02 — *Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures***](https://techlib.deloitteresources.com/?link=content/2_620428)

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

* [270-10-50, *Interim Reporting — Overall — Disclosure*](https://dart.deloitte.com/USDART/home/codification/presentation/asc270-10-50#b7a37c0f-3ddd-11e6-8541-63952cead847)
* [310-10-40, *Receivables — Overall — Derecognition*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-10-40#427fc5df-3ddf-11e6-8541-a9799912016c)
* [310-10-50, *Receivables — Overall — Disclosure*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-10-50#65a592d3-3ddf-11e6-8541-1329defefd97)
* [310-20-35, *Receivables — Nonrefundable Fees and Other Costs — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-20-35?nav=jtl)
* [310-20-40, *Receivables — Nonrefundable Fees and Other Costs — Derecognition*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-20-40#d0bdea85-3dde-11e6-8541-f981d960e0dc)
* [326-20-30, *Financial Instruments — Credit Losses — Measured at Amortized Cost — Initial Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-30#3ffb8834-3de6-11e6-8541-4b82a260bf5c)

* [326-20-50,](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-50%22%20%5Cl%20%22918ce0ba-3de6-11e6-8541-370a0adafc82) *[Financial Instruments — Credit Losses — Measured at Amortized Cost — Disclosure](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-50%22%20%5Cl%20%22918ce0ba-3de6-11e6-8541-370a0adafc82)*
* [360-10-35, *Property, Plant and Equipment — Overall — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/assets/asc360-10-35#af6d8f9d-3dd5-11e6-8541-fb8c27b009b1)
* [842-50-50, *Leases — Leveraged Lease Arrangements — Disclosure*](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc842-50-50#74162029-3e58-11e6-8541-e7e69fd5870b)
* [942-310-30, *Financial Services — Depository and Lending — Receivables — Initial Measurement*](https://dart.deloitte.com/USDART/home/codification/industry/9xx/asc942-310-30#5f8c8b3d-3e5f-11e6-8541-f7a97d5a10cb)
* [978-310-35, *Real Estate — Time Sharing Activities — Receivables — Subsequent Measurement*](https://dart.deloitte.com/USDART/home/codification/industry/97x/asc978-310-35#7815808c-3e8b-11e6-8541-59e911d607a5)

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* [310-10-05, *Receivables — Overall — Background*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-10-05#222d641a-3ddf-11e6-8541-837b4ab83d96)
* [310-10-55, *Receivables — Overall — Implementation*](https://dart.deloitte.com/USDART/home/codification/assets/asc310-10-55#658b7b22-3ddf-11e6-8541-fbf089708ac8)

* [310-20-55,](https://dart.deloitte.com/USDART/home/codification/assets/asc310-20-55%22%20%5Cl%20%22f480e1ef-3dde-11e6-8541-71ccb36ea349) *[Receivables — Nonrefundable Fees and Other Costs — Implementation](https://dart.deloitte.com/USDART/home/codification/assets/asc310-20-55%22%20%5Cl%20%22f480e1ef-3dde-11e6-8541-71ccb36ea349)*
* [320-10-55, *Investments — Debt Securities — Overall — Implementation*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc320-10-55?nav=jtl)
* [326-10-65, *Financial Instruments — Credit Losses — Overall — Transition*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-10-65#6ffac8a8-3dda-11e6-8541-7bd3bbe9a809)
* [326-20-55, *Financial Instruments — Credit Losses — Measured at Amortized Cost — Implementation*](https://dart.deloitte.com/USDART/home/codification/assets/32x/asc326-20-55#56f3332f-3de6-11e6-8541-c770e9f58710)
* [470-60-05, *Debt — Troubled Debt Restructurings by Debtors — Background*](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-60-05#fb151892-3dd9-11e6-8541-57e74d64281e)



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1. 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-2)