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

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

June 2021

The content of the U.S. GAAP Checklist[[1]](#footnote-2) has been revised to reflect updates to professional pronouncements from April 1, 2021, through June 30, 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 has been retired.

**ACCOUNTING GUIDANCE ISSUED DURING THE QUARTER**

There was one ASU issued by the FASB (the “Board”) during the three-month period ending June 30, 2021:

* **[2021-04 —](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176176593141&d=&pagename=FASB%2FDocument_C%2FDocumentPage) *[Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176176593141&d=&pagename=FASB%2FDocument_C%2FDocumentPage)***

This ASU was issued on May 3, 2021. The amendments in this ASU clarify and reduce diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (e.g., warrants) that remain equity classified after modification or exchange. The guidance clarifies whether an issuer should account for a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as (1) an adjustment to equity and, if so, the related earnings per share (EPS) effects, if any, or (2) an expense and, if so, the manner and pattern of recognition.

The amendments in this ASU affect all entities that issue freestanding written call options that are classified in equity. The amendments do not apply to modifications or exchanges of financial instruments that are within the scope of another Topic and do not affect a holder’s accounting for freestanding call options.

The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments.

Early adoption is permitted for all entities, including adoption in an interim period. If an entity elects to early adopt the amendments in this ASU in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period.

**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.

* [**2021-04 — *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force)***](https://www.fasb.org/cs/ContentServer?c=Document_C&cid=1176176593141&d=&pagename=FASB%2FDocument_C%2FDocumentPage)

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

* [260-10-45, *Earnings Per Share — Overall — Other Presentation*](https://techlib.deloitteresources.com?link=content/2_1132144/topic-260-10-45-subsect-01-109256-47372)
* [470-50-40*, Debt — Modifications and Extinguishments — Derecognition*](https://techlib.deloitteresources.com?link=content/2_1133825/topic-470-50-40-subsect-01-112629-47894)
* [505-10-60, *Equity — Overall — Relationships*](https://techlib.deloitteresources.com?link=content/2_1133970/topic-505-10-60-subsect-01-112645-47933)
* [815-40-35*, Derivatives and Hedging — Contracts in Entity’s Own Equity — Subsequent Measurement*](https://techlib.deloitteresources.com?link=content/2_1136220/topic-815-40-35-subsect-01-114006-48556)
* [815-40-50*, Derivatives and Hedging — Contracts in Entity’s Own Equity — Disclosure*](https://techlib.deloitteresources.com?link=content/2_1136220/topic-815-40-50-subsect-01-114008-48558)

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:

* [718-10-15, *Compensation — Stock Compensation — Overall — Scope and Scope Exceptions*](https://techlib.deloitteresources.com?link=content/2_1134800/topic-718-10-15-subsect-01-113896-48167)
* [815-40-55, *Derivatives and Hedging — Contracts in Entity’s Own Equity — Implementation*](https://techlib.deloitteresources.com?link=content/2_1136220/topic-815-40-55-subsect-01-114009-48559)
* [815-40-65, *Derivatives and Hedging — Contracts in Entity’s Own Equity — Transition*](https://techlib.deloitteresources.com?link=content/2_1136220/SL123482061-238011-539011)



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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 has been retired. [↑](#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)