Use of This Quarterly Update

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

July 2025

The content of the U.S. GAAP Checklist has been revised to reflect updates to professional pronouncements from April 1, 2025, through June 30, 2025. 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 include within its scope[[1]](#footnote-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 may not appear as “pending content” in the Codification due to maintenance within the GAAP Checklist tool. However, transition guidance would be linked to pending content paragraphs and is available in Section 65 of each respective ASC Topic. Section 15 of each respective ASC Topic within the Codification can be viewed to determine whether 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 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.deloitte.com) for guidance on the Checklist offered through the Disclosure Analytics suite.

**ACCOUNTING GUIDANCE ISSUED DURING THE QUARTER**

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 the ASUs issued this quarter, however, is not included in the checklist. When this is resolved, a message will be displayed on opening the GAAP Checklist application.

Two ASUs were issued by the FASB (the “Board”) during the three-month period ending June 30, 2025:

* [**2025-03 — Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity**](https://www.fasb.org/page/ShowPdf?path=ASU%202025-03.pdf&title=Accounting%20Standards%20Update%20No.%202025-03%20Business%20Combinations%20(Topic%20805)%20and%20Consolidation%20(Topic%208)

In May 2025, the FASB issued [ASU 2025-03](https://www.fasb.org/page/ShowPdf?path=ASU%202025-03.pdf&title=Accounting%20Standards%20Update%20No.%202025-03%20Business%20Combinations%20(Topic%20805)%20and%20Consolidation%20(Topic%208), which revises the guidance in ASC 805[[2]](#footnote-3) on identifying the accounting acquirer in a business combination in which the legal acquiree is a variable interest entity (VIE). The ASU is intended to improve comparability between business combinations that involve VIEs and those that do not. Under the ASU, a reporting entity involved in a business combination effected primarily by the exchange of equity interests must consider the factors in ASC 805-10-55-12 through 55-15 to determine which entity is the accounting acquirer *regardless of whether the legal acquiree is a VIE*. More specifically, when considering those factors, the reporting entity can determine that a transaction in which the legal acquiree is a VIE represents a reverse acquisition (in which the legal acquirer is identified as the acquiree for accounting purposes). As a result, comparability is increased with business combinations in which the legal acquiree is a voting interest entity (VOE).

See Deloitte’s May 30, 2025, [Heads Up](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2025/fasb-asu-2025-03-identifying-acquirer-business-combination-variable-interest-entity-vie-asc-805)for a summary of the amendments made by ASU 2025-03.

* [**2025-04 — Compensation — Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer**](https://www.fasb.org/page/ShowPdf?path=ASU%202025-04.pdf&title=ASU%202025-04%E2%80%94Compensation%E2%80%94Stock%20Compensation%20(Topic%20718)%20and%20Revenue%20from%20Contracts%20with%20Customers%20(T)

In May 2025, the FASB issued [ASU 2025-04](https://www.fasb.org/page/ShowPdf?path=ASU%202025-04.pdf&title=ASU%202025-04%E2%80%94Compensation%E2%80%94Stock%20Compensation%20(Topic%20718)%20and%20Revenue%20from%20Contracts%20with%20Customers%20(T), which clarifies the guidance in both ASC 606[[3]](#footnote-4) and ASC 718[[4]](#footnote-5) on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer. The ASU is intended to reduce diversity in practice and improve existing guidance, primarily by revising the definition of a “performance condition” and eliminating a forfeiture policy election for service conditions associated with share-based consideration payable to a customer. In addition, the ASU clarifies that the guidance in ASC 606 on the variable consideration constraint does not apply to share-based consideration payable to a customer “regardless of whether an award’s grant date has occurred” (as determined under ASC 718).

See Deloitte’s May 16, 2025, [Heads Up](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2025/asu-2025-04-fasb-clarifies-guidance-share-based-consideration-payable-customer)for a summary of clarifications made by ASU 2025-04.

**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.

* [**2025-03 — Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity**](https://www.fasb.org/page/ShowPdf?path=ASU%202025-03.pdf&title=Accounting%20Standards%20Update%20No.%202025-03%20Business%20Combinations%20(Topic%20805)%20and%20Consolidation%20(Topic%208)

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

* [805-10-55](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-10-55), *Business Combinations — Overall — Implementation Guidance and Illustrations*
* [805-10-65](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-10-65), *Business Combinations — Overall — Transition and Open Effective Date Information*

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

* [805-10-25](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-10-25), *Business Combinations — Overall — Recognition*
* [805-50-25](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc805-50-25), *Business Combinations — Related Issues — Recognition*
* [810-10-30](https://dart.deloitte.com/USDART/home/codification/broad-transactions/asc810-10-30), *Consolidation — Overall — Initial Measurement*
* [**2025-04 — Compensation — Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer**](https://www.fasb.org/page/ShowPdf?path=ASU%202025-04.pdf&title=ASU%202025-04%E2%80%94Compensation%E2%80%94Stock%20Compensation%20(Topic%20718)%20and%20Revenue%20from%20Contracts%20with%20Customers%20(T)

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, transition, or SEC Materials guidance, but the sections were amended in the Codification to reflect the clarifications made in the ASUs as described above:

* [606-10-55](https://dart.deloitte.com/USDART/home/codification/revenue/asc606-10-55), *Revenue from Contracts with Customers — Overall — Implementation Guidance and Illustrations*
* [606-10-65](https://dart.deloitte.com/USDART/home/codification/revenue/asc606-10-65), *Revenue from Contracts with Customers — Overall — Transition and Open Effective Date Information*
* [718-10-15](https://dart.deloitte.com/USDART/home/codification/expenses/71x/asc718-10-15), *Compensation — Stock Compensation — Overall — Scope and Scope Exceptions*

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

* [606-10-32](https://dart.deloitte.com/USDART/home/codification/revenue/asc606-10-32), *Revenue from Contracts with Customers — Overall — Measurement*
* [718-10-35](https://dart.deloitte.com/USDART/home/codification/expenses/71x/asc718-10-35), *Compensation — Stock Compensation — Overall — Subsequent Measurement*



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1. Users complete framing questions within the Checklist in the Deloitte Disclosure Analytics suite to determine which Topics and Subtopics are included in the checklist based on what is applicable for the entity. [↑](#footnote-ref-2)
2. FASB Accounting Standards Codification (ASC) Topic 805, *Business Combinations*. [↑](#footnote-ref-3)
3. FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. [↑](#footnote-ref-4)
4. FASB Accounting Standards Codification Topic 718, *Compensation — Stock Compensation*. [↑](#footnote-ref-5)