Use of This Quarterly Update

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

December 2024

The content of the U.S. GAAP Checklist has been revised to reflect updates to professional pronouncements from October 1, 2024, through December 31, 2024. 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.disclosureanalytics.deloitte.com/helpDocs/quickrefguide) 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 December 31, 2024:

[**2024-03 – Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses**](https://www.fasb.org/page/ShowPdf?path=ASU%202024-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202024-03%E2%80%94Income%20Statement%E2%80%94Reporting%20Comprehensive%20Income%E2%80%94Expense%20Disaggre)

In November 2024, the FASB issued [ASU 2024-03](https://www.fasb.org/page/ShowPdf?path=ASU%202024-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202024-03%E2%80%94Income%20Statement%E2%80%94Reporting%20Comprehensive%20Income%E2%80%94Expense%20Disaggre) in order to improve the disclosures about a public business entity’s expenses and address requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The amendments in ASU 2024-03 require disclosure, in the notes to the financial statements, of specified information about certain costs and expenses in interim and year-end reporting periods. Specifically, entities will be required to:

1. Disclose the amounts of (a) purchase of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil- and gas-producing activities included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that includes items (a)-(e).
2. Include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements.
3. Disclosure a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
4. Disclose the total amount of selling expenses and, in annual reporting periods, an entity’s definition of selling expenses.

The amendments in this ASU apply to all public business entities and are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments are to be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements.

See Deloitte’s November 8, 2024, [Heads Up](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2024/fasb-issues-final-standard-on-dise)for a comprehensive summary of the amendments made by [ASU 2024-03](https://www.fasb.org/page/ShowPdf?path=ASU%202024-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202024-03%E2%80%94Income%20Statement%E2%80%94Reporting%20Comprehensive%20Income%E2%80%94Expense%20Disaggre).

[**2024-04 — Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments**](https://www.fasb.org/page/ShowPdf?path=ASU%202024-04.pdf&title=Accounting%20Standards%20Update%202024-04%E2%80%94Debt%E2%80%94Debt%20with%20Conversion%20and%20Other%20Options%20(Subtopic%20470-20):%20I)

In November 2024, the FASB issued [ASU 2024-04](https://www.fasb.org/page/ShowPdf?path=ASU%202024-04.pdf&title=Accounting%20Standards%20Update%202024-04%E2%80%94Debt%E2%80%94Debt%20with%20Conversion%20and%20Other%20Options%20(Subtopic%20470-20):%20I) to improve the relevance and consistency in the application of induced conversion guidance in Subtopic 470-20, *Debt— Debt with Conversion and Other Options*. Questions about the application of the induced conversion guidance became more prevalent due to amendments that became effective upon adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity.* The amendments in ASU 2024-04 clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion.

The amendments in this Update affect entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion. The amendments in this ASU are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis.

See Deloitte’s December 3, 2024,[Heads Up](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2024/fasb-issues-final-standard-induced-conversions-convertible-debt-instruments)for a comprehensive summary of the amendments made by [ASU 2024-04](https://www.fasb.org/page/ShowPdf?path=ASU%202024-04.pdf&title=Accounting%20Standards%20Update%202024-04%E2%80%94Debt%E2%80%94Debt%20with%20Conversion%20and%20Other%20Options%20(Subtopic%20470-20):%20I).

**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.

* [**2024-03 – Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)**](https://www.fasb.org/page/ShowPdf?path=ASU%202024-03.pdf&title=ACCOUNTING%20STANDARDS%20UPDATE%202024-03%E2%80%94Income%20Statement%E2%80%94Reporting%20Comprehensive%20Income%E2%80%94Expense%20Disaggre)

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

* [220-40-50](https://dart.deloitte.com/USDART/home/codification/presentation/asc220-40-50)*, Income Statement—Reporting Comprehensive Income — Expense Disaggregation Disclosures — Disclosure*
* [270-10-50](https://dart.deloitte.com/USDART/home/codification/presentation/asc270-10-50)*, Interim Reporting — Overall — Disclosure*

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:

* [220-10-05](https://dart.deloitte.com/USDART/home/codification/presentation/asc220-10-05)*, Income Statement—Reporting Comprehensive Income — Overall — Overview and Background*
* [220-40-55](https://dart.deloitte.com/USDART/home/codification/presentation/asc220-40-55)*, Income Statement—Reporting Comprehensive Income — Expense Disaggregation Disclosures — Implementation Guidance and Illustrations*
* [220-40-65](https://dart.deloitte.com/USDART/home/codification/presentation/asc220-40-65)*, Income Statement—Reporting Comprehensive Income — Expense Disaggregation Disclosures — Transition and Open Effective Date Information*
* [**2024-04 — Debt—Debt with Conversion and Other Options (Subtopic 470-20)**](https://www.fasb.org/page/ShowPdf?path=ASU%202024-04.pdf&title=Accounting%20Standards%20Update%202024-04%E2%80%94Debt%E2%80%94Debt%20with%20Conversion%20and%20Other%20Options%20(Subtopic%20470-20):%20I)

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

* [470-20-40](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-20-40)*, Debt — Debt with Conversion and Other Options — Derecognition*

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:

* [470-20-05](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-20-05)*, Debt — Debt with Conversion and Other Options — Overview and Background*
* [470-20-55](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-20-55)*, Debt — Debt with Conversion and Other Options — Implementation Guidance and Illustrations*
* [470-20-65](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-20-65)*, Debt — Debt with Conversion and Other Options — Transition and Open Effective Date Information*
* [470-50-15](https://dart.deloitte.com/USDART/home/codification/liabilities/asc470-50-15)*, Debt — Modifications and Extinguishments — Scope and Scope Exceptions*



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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. [↑](#footnote-ref-2)