

**SEC Compliance Checklist for Quarterly Report on SEC Form 10-Q**

December 2022

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| Company: |  | | | | |
| Quarter Ending: |  |  | Prepared by: |  | Reviewed by: |
| 1st |  |  |  |  |  |
| 2nd |  |  |  |  |  |
| 3rd |  |  |  |  |  |

# ChecklIst application

The Checklist for Quarterly Report on SEC Form 10-Q is now available online. Please ask your Deloitte engagement team to send you the online version.

**INTRODUCTION**

U.S. Securities and Exchange Commission (SEC) Form 10-Q is used for quarterly reports under *Section 13 or 15(d) of the Securities Exchange Act of 1934* (the “Exchange Act”). This checklist summarizes the disclosure requirements of Form 10-Q. It is not to be considered “all inclusive” and is not a substitute for your understanding of the requirements of the form. You are presumed to have a thorough understanding of the rules, regulations, and interpretations of the SEC and its staff and should refer to those rules, regulations, and interpretations, as necessary, in considering particular items in the checklist. This checklist should be used in conjunction with *SEC Compliance Checklist — General*.

Some of the items in this checklist make reference to accounting principles contained in the Accounting Standards Codification and certain SEC regulations and Staff Accounting Bulletins (SAB).

Interpretive information relating to SEC reporting and disclosure may be obtained from the Securities and Exchange Commission Division of Corporation Finance’s [*Financial Reporting Manual*](https://www.sec.gov/divisions/corpfin/cffinancialreportingmanual.shtml) available electronically on the SEC website. Additional SEC interpretive material can be found using the various links on the [*Accounting and Financial Reporting Guidance*](https://www.sec.gov/divisions/corpfin/cfreportingguidance.shtml)page located on the SEC website.

Furthermore, this checklist includes hyperlinks to documents found on DART. Subscription might be needed to access some of the links to DART.

Use of This Checklist

This checklist is provided solely for your intended use and should not be provided to any other person or entity.

Deloitte & Touche LLP is not, by means of this checklist, rendering accounting or other professional advice or services. This checklist is not a substitute for professional advice or services, nor should it be used as the basis for any decision or action that may affect your business.

Deloitte & Touche LLP shall not be responsible for any loss sustained by any person who relies on this checklist.

Disclosure Effectiveness Considerations

When preparing disclosures, registrants should critically assess the nature and extent of their disclosures and provide disclosure on those matters that are significant and most relevant to the entity. The SEC staff has stated that effective disclosures are those that are clear and concise and focus on matters that are both material and specific to the registrant. Appropriate emphasis is also critical. Effective disclosures should emphasize those matters that are most relevant and material to the entity and deemphasize — or exclude entirely — matters that are not. Consequently, registrants are encouraged to continually reevaluate their disclosures and modify them when the nature or relevance of information has changed.

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# General INSTRUCTIONS TO FORM 10-Q

**Due Date**

The Form 10-Q must be filed within the following period for each of the first three quarters of each fiscal year. No quarterly report is required for the fourth quarter.

* 40 days after the end of the quarter covered by the report for large accelerated and accelerated filers (as defined in Exchange Act Rule 12b-2).
* 45 days after the end of the quarter covered by the report for non-accelerated filers.

If a filing date falls on a weekend or a federal holiday, the filing is due on the following business day.

For reporting requirements for short periods that resulted from a change in fiscal year-end, see Exchange Act Rules 13a-10 and 15d-10.

If all or any portion of Form 10-Q cannot be filed timely without unreasonable effort or expense, an automatic extension of up to five calendar days from the prescribed due date is available. Notification on Form 12b-25 is to be filed with the SEC, giving reasons for the delay, and should be filed no later than one business day after the due date of the report. Should one of the causes of the delay be the inability of the auditor to complete its review, a statement provided by the auditor to that effect is to be attached as an exhibit to Form 12b-25.

**Basis of Preparation**

The financial statements are to be prepared in accordance with [Rule 10-01 of Regulation S-X](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-10-interim-financial-statements) and the accounting principles contained in: Accounting Standards Codification (ASC) 270, *Interim Reporting* (“ASC 270”), ASC 235, *Notes to Financial Statements*, and ASC 250, *Accounting Changes and Error Corrections* (“ASC 250”). [SAB Topic 6.G.2](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-6-interpretations-accounting-series-releases#id_G-308954) contains the SEC staff’s views concerning: (1) form of condensed financial statements and (2) reporting requirements for accounting changes in Form 10-Q.

**Incorporation by Reference**

If the Company sends its stockholders (or otherwise publishes) within the period prescribed for filing the Form 10-Q a document containing information meeting some or all of the requirements of Part I (e.g., an informal quarterly report to shareholders), the information called for by Part I may be incorporated by reference from the published document, in answer (or partial answer) to any item(s) of Part I. Copies of the document must be filed as an exhibit. Other information may be incorporated by reference in answer (or partial answer) to any item(s) of Part II under Exchange Act Rule 12b-23.

**General Requirements**

Exchange Act Regulation 12B contains general requirements, such as the kind and size of paper to be used, the legibility of the report, the information to be given whenever the title of securities is required to be stated, and the filing of the report. In addition, each principal executive officer and principal financial officer of the registrant must provide the certification required under Exchange Act Rules 13a-14 and 15d-14.

Regulation 12B should be read in conjunction with Regulation S-T, which governs the preparation and submission of documents in electronic format. Many provisions relating to the preparation and submission of documents in paper format have been superseded by the provisions of Regulation S-T.

The SEC has amended Rule 302(b) of Regulation S-T to permit a signatory to an electronic filing on EDGAR who follows certain procedures to sign an authentication document through an electronic signature that meets certain requirements specified in the EDGAR Filer Manual. This amendment provides signatories with the option of signing an authentication document either manually or electronically.

**Omission of Information by Certain Wholly Owned Subsidiaries**

If on the date of the filing of its report on Form 10-Q, the registrant meets the conditions specified in paragraph (1) below, then such registrant may omit the information called for in the items specified in paragraph (2) below.

1. Conditions for availability of the relief specified in paragraph (2) below:
2. All of the registrant’s equity securities are owned, either directly or indirectly, by a single person which is a reporting company under the Exchange Act and which has filed all the material required to be filed pursuant to Section 13, 14, or 15(d) thereof, as applicable;
3. During the preceding 36 calendar months and any subsequent period of days, there has not been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the registrant or its subsidiaries, and there has not been any material default in the payment of rentals under material long-term leases; and
4. There is prominently set forth, on the cover page of the Form 10-Q, a statement that the registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.
5. Registrants meeting the conditions specified in paragraph (1) above are entitled to the following relief:
6. Such registrants may omit the information called for by Item 2 of Part I, *Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A),* provided that the registrant includes in the Form 10-Q a management’s narrative analysis of the results of operations explaining the reasons for material changes in the amount of revenue and expense items between the most recent fiscal year-to-date period presented and the corresponding year-to-date period in the preceding fiscal year. Explanations of material changes should include, but not be limited to, changes in the various elements which determine revenue and expense levels such as unit sales volume, prices charged and paid, production levels, production cost variances, labor costs, and discretionary spending programs. In addition, the analysis should include an explanation of the effect of any changes in accounting principles and practices or method of application that have a material effect on net income as reported.
7. Such registrants may omit the information called for in the following Part II Items: Item 2, *Changes in Securities*; Item 3, *Defaults Upon Senior Securities.*
8. Such registrants may omit the information called for by Item 3 of Part I, *Quantitative and Qualitative Disclosures About Market Risk*.

|  | | **Complied with Yes/No** | | | | | | | | | |  | | **Where Disclosed or Reason** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **1Q** | |  | | **2Q** | |  | | **3Q** | |  | | **Omitted** | |
| PART I. FINANCIAL INFORMATION | |  | |  | |  | |  | |  | |  | |  | |
| **Item 1. Financial Statements** | |  | |  | |  | |  | |  | |  | |  | |
| Financial statements required may be condensed and unaudited. Separate statements of other entities otherwise required by Regulation S-X may be omitted [S-X Rule 10-01(a)(l)]. | |  | |  | |  | |  | |  | |  | |  | |
| The periods for which interim statements are required in registration statements are given in [Regulation S-X Rules 3-01 through 3-04](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-3-general-instructions-financial-statements).  For Form 10-Q, the following are required [S-X Rule 10-01]: | |  | |  | |  | |  | |  | |  | |  | |
| **1. Balance Sheet** | |  | |  | |  | |  | |  | |  | |  | |
| a. Periods required: | |  | |  | |  | |  | |  | |  | |  | |
| (1) End of current quarter. | |  | |  | |  | |  | |  | |  | |  | |
| (2) End of preceding fiscal year (which may be condensed to the same degree as the interim balance sheet). | |  | |  | |  | |  | |  | |  | |  | |
| (3) End of corresponding quarter of preceding year — only if necessary to understand the impact of seasonal fluctuations on financial condition. | |  | |  | |  | |  | |  | |  | |  | |
| b. Required Contents: | |  | |  | |  | |  | |  | |  | |  | |
| (1) Include only major (numbered) captions as specified in [S-X Rule 5-02](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-5-commercial-industrial-companies#insertedId1-303238) (or, for certain specialized industries, the appropriate Article of Regulation S-X, if applicable), except for inventories.  Disclose, either on the face of the balance sheet or in the notes, raw materials, work in process, and finished goods, if applicable. The SEC staff believes that management will be able to make reasonable estimates of inventory components based on their knowledge of the registrant’s production cycle, the costs (labor and overhead) associated with this cycle, as well as the relative sales and purchasing volume of the registrant [[SAB Topic 6-G(2)(a)(2)](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-6-interpretations-accounting-series-releases#id_G-308954)]. | |  | |  | |  | |  | |  | |  | |  | |
| (2) Major captions may be combined if the test for condensation in Part IV of this checklist is met. | |  | |  | |  | |  | |  | |  | |  | |
| (3) Amounts included in prior balance-sheet captions should be reclassified to conform the current quarter’s balance-sheet presentation [[SAB Topic 6-G(2)(a)(1)]](https://dart.deloitte.com/USDART/tree/vsid/308954#SL183887096-308954). | |  | |  | |  | |  | |  | |  | |  | |
| **2.** **Income Statement[[1]](#footnote-2)** | |  | |  | |  | |  | |  | |  | |  | |
| a. Periods required: | |  | |  | |  | |  | |  | |  | |  | |
| (1) Current quarter. | |  | |  | |  | |  | |  | |  | |  | |
| (2) Year-to-date for the current year. | |  | |  | |  | |  | |  | |  | |  | |
| (3) Corresponding period(s) of the preceding year. | |  | |  | |  | |  | |  | |  | |  | |
| See cumulative 12-month statements, below. | |  | |  | |  | |  | |  | |  | |  | |
| b. Required Contents: | |  | |  | |  | |  | |  | |  | |  | |
| (1) Include major (numbered) captions as specified in [S-X Rule 5-03](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-5-commercial-industrial-companies#insertedId2-303238) (or, for certain specialized industries, the appropriate Article of Regulation S-X, if applicable). | |  | |  | |  | |  | |  | |  | |  | |
| (2) Major captions may be combined if the test for condensation in Part IV of this checklist is met. | |  | |  | |  | |  | |  | |  | |  | |
| (3) State the (a) basis of the earnings per share (EPS) computation, and (b) the number of shares used in the computation of EPS. See S-X Rule 10-01(b)(2). | |  | |  | |  | |  | |  | |  | |  | |
| (4) Amounts included in the statement of comprehensive income should be reclassified to conform to the current presentation [[SAB Topic 6-G(2)(a)(1)](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-6-interpretations-accounting-series-releases#SL183887096-308954)]. | |  | |  | |  | |  | |  | |  | |  | |
| **3. Comprehensive Income and Other Comprehensive Income** | |  | |  | |  | |  | |  | |  | |  | |
| (1) Current quarter. | |  | |  | |  | |  | |  | |  | |  | |
| (2) Year-to-date for the current year. | |  | |  | |  | |  | |  | |  | |  | |
| (3) Corresponding period(s) of the preceding year. | |  | |  | |  | |  | |  | |  | |  | |
| See cumulative 12-month statements, below. | |  | |  | |  | |  | |  | |  | |  | |
| b. Required Contents: | |  | |  | |  | |  | |  | |  | |  | |
| [See guidance in [FRM[[2]](#footnote-3) 1120, *Unaudited Interim Period Financial Statements*](https://dart.deloitte.com/USDART/home/accounting/sec/financial-reporting-manual/topic-1-registrant-s-financial-statements#ussecsp_fm1120-99911).] | |  | |  | |  | |  | |  | |  | |  | |
| 1. The statement of comprehensive income may be presented as either: (1) a single statement of comprehensive income or (2) two separate but consecutive statements composed of the income statement and a separate statement, which begins with net income and separately presents the components of other comprehensive income, a total of other comprehensive income, and a total of comprehensive income.   Note — An entity reporting comprehensive income in a single continuous statement must present its components in two sections, net income and other comprehensive income. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Changes in the accumulated balances for each component of other comprehensive income included in that separate component of equity should be presented on the face of the financial statements or as a separate disclosure in the notes. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Reclassification adjustments out of accumulated other comprehensive income should be presented on the face of the statement in which the components of other comprehensive income are presented or in the notes to the financial statements. | |  | |  | |  | |  | |  | |  | |  | |
| **4. Statement of Cash Flows** | |  | |  | |  | |  | |  | |  | |  | |
| a. Periods required: | |  | |  | |  | |  | |  | |  | |  | |
| (1) Year-to-date for the current year. | |  | |  | |  | |  | |  | |  | |  | |
| (2) Corresponding period of the preceding year. | |  | |  | |  | |  | |  | |  | |  | |
| See cumulative 12-month statements, below. | |  | |  | |  | |  | |  | |  | |  | |
| b. Required Contents: | |  | |  | |  | |  | |  | |  | |  | |
| (1) May be abbreviated by starting with a single figure for net cash flows from operating activities. (Information about individual noncash investing and financing activities may also be abbreviated by reporting them in related disclosure when the test for condensation in Part IV of this checklist is met.) | |  | |  | |  | |  | |  | |  | |  | |
| (2) Changes in investing and financing cash flows may be combined if the test for condensation in Part IV of this checklist is met. | |  | |  | |  | |  | |  | |  | |  | |
| **5. Disclosure of Changes in Stockholders’ Equity for Interim Periods:**  a. Periods required:  (1) Year-to-date for the current year.  (2) Quarter-to-date subtotals.  (3) Comparative period(s) of the prior year (i.e., a reconciliation covering each period for which a statement of comprehensive income is presented).  b. Required Contents: An analysis of the changes in each caption of stockholders’ equity and noncontrolling interests presented in the balance sheets, including dividend-per-share-amounts for each class of shares.  Note: Such disclosures can be provided in a separate consolidated statement of changes in equity or in the notes to the consolidated financial statements, or a combination thereof. See the [Appendix of Financial Reporting Alert 18-11](https://dart.deloitte.com/USDART/home/publications/deloitte/financial-reporting-alerts/2018/18-11-clarifying-interim-stockholders-equity#SL501911260-436590) for examples of the two financial statement presentation options for these interim disclosures. | |  | |  | |  | |  | |  | |  | |  | |
| **6. Cumulative 12-Month Statements** | |  | |  | |  | |  | |  | |  | |  | |
| In addition to the periods mentioned above, the registrant may provide statements of comprehensive income and cash flows for the 12 months ending at the interim reporting date, for both the current and preceding year.  [Note: Registrants engaged in seasonal production and sale of a single-crop agricultural commodity may provide comparative 12-month statements ending with the current quarter, *in lieu of* the year-to-date statements of income and cash flows mentioned above.] [[S-X Rule 10-01(](https://dart.deloitte.com/USDART/tree/vsid/303244#SL180765881-303244)c)(4)] | |  | |  | |  | |  | |  | |  | |  | |
| **7.** **Consideration of Material Amounts**  Notwithstanding the condensation requirements, [S-X Rule 4-02](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-4-rules-general-application#insertedId1-303237) still applies, and immaterial amounts need not be shown separately. | |  | |  | |  | |  | |  | |  | |  | |
| If during the most recent interim period presented the registrant or any of its consolidated subsidiaries entered into a combination between entities under common control, supplemental disclosure of the separate results of the combined entities for periods prior to the combination shall be given, with appropriate explanations. | |  | |  | |  | |  | |  | |  | |  | |
| **8.** **Footnote Disclosures** | |  | |  | |  | |  | |  | |  | |  | |
| The interim financial information must include disclosures (either on the face of the statements or in the accompanying footnotes) sufficient as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding year, and the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Thus, footnote disclosure may be omitted, which would substantially duplicate the disclosure contained in the most recent annual report to security holders or the latest audited financial statements (such as statement of accounting policies, details of accounts [which have not changed significantly in amount or composition since the latest year-end], and detailed disclosures prescribed by [S-X Rule 4-08](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-4-rules-general-application#insertedId6-303237)). | |  | |  | |  | |  | |  | |  | |  | |
| a. Events subsequent to the end of the most recent year that have a material impact on the registrant must be disclosed (e.g., significant changes in accounting principles/practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization, including significant new borrowings or modification of existing financing arrangements; and changes in the reporting entity resulting from business combinations or dispositions) [S-X Rule 10-01(a)(5); ASC 270-10-50-1; ASC 270-10-50-7]. | |  | |  | |  | |  | |  | |  | |  | |
| b. Where material contingencies exist, disclosure must be provided *even though a significant change since year-end may not have occurred* [S-X Rule 10-01(a)(5); ASC 270-10-50-6]. | |  | |  | |  | |  | |  | |  | |  | |
| c. All schedules required by [Article 12 of Regulation S-X](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-12-form-content-schedules/general#insertedId0-303246) may be omitted. | |  | |  | |  | |  | |  | |  | |  | |
| d. Representation by management [[S-X Rule 10-01(b)(8)](https://dart.deloitte.com/USDART/tree/vsid/303244#SL180765876-303244)]. Unaudited interim financial statements furnished are to reflect all normal and recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented, and a statement to that effect is to be included in Form 10-Q. The footnotes must include, if applicable, information describing the nature and amount of any adjustments that are other than normal and recurring in nature. | |  | |  | |  | |  | |  | |  | |  | |
| e. Prior-period adjustments [[S-X Rule 10-01(b)(7)](https://dart.deloitte.com/USDART/tree/vsid/303244#SL180765875-303244)]. For any material retrospective prior-period adjustment made during any period covered by Form 10-Q, disclose the effect of the change on net income (in total and per share) and upon the balance of retained earnings. If results of operations for any period presented have been adjusted retrospectively by an item subsequent to the initial reporting of such period, similar disclosure of the effect of the change shall be made. | |  | |  | |  | |  | |  | |  | |  | |
| f. Changes in method of accounting [[S-X Rule 10-01(b)(6)](https://dart.deloitte.com/USDART/tree/vsid/303244#SL180765874-303244)]. In addition to the disclosure requirements of ASC 270 and ASC 250, the following must be included: | |  | |  | |  | |  | |  | |  | |  | |
| (1) File as an exhibit ([S-K Item 601, Exhibit 18](https://dart.deloitte.com/USDART/tree/vsid/303265#SL180770026-303265)), in the first 10-Q filed after the date of an accounting change, a letter from the independent accountants stating whether the change is to an alternative principle that is preferable under the circumstances. If the change occurs in the fourth quarter, the preferability letter may be included in Form 10-K [SAB Topic 6-G(2)(b).[[3]](#footnote-4) If the change was made in response to a standard adopted by the FASB, new SEC rule, SAB, or interpretation, which required such change, no letter is required. | |  | |  | |  | |  | |  | |  | |  | |
| g. Summarized statement of comprehensive income information of (1) majority-owned unconsolidated subsidiaries, and (2) 50 percent-or-less-owned persons may need to be included in a footnote to the condensed statements [[S-X Rule 10-01(b)(1)](https://dart.deloitte.com/USDART/tree/vsid/303244#SL180765869-303244)]. | |  | |  | |  | |  | |  | |  | |  | |
| A company is generally required to include summarized income statement information in a footnote to its interim financial statements for each equity method investment whose significance exceeds 20% under either of the following tests:  • Investment test.  • Income test by using the lesser of significance calculated for the income or revenue component, as applicable. The summarized income statement information for each significant equity method investment should include year-to-date information for both the current and prior-year interim period.  Separate interim financial statements of the EMI are not required. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Disclosure of the impact that recently issued accounting standards will have on the financial statements of the registrant when adopted in a future period. The following disclosures should generally be considered by the registrant:   • A brief description of the new standard, the date that adoption is required and the date that the registrant plans to adopt, if earlier.  • A discussion of the methods of adoption allowed by the standard and the method expected to be utilized by the registrant, if determined.  • A discussion of the impact that adoption of the standard is expected to have on the financial statements of the registrant, unless not known or reasonably estimable. In that case, a statement to that effect may be made.  • Disclosure of the potential impact of other significant matters that the registrant believes might result from the adoption of the standard (such as technical violations of debt covenant agreements, planned or intended changes in business practices, etc.) is encouraged. [[SAB Topic 11M](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-11-miscellaneous-disclosure#id_M-308959)] | |  | |  | |  | |  | |  | |  | |  | |
| 1. Interim Period Financial Statement Disclosures upon Adoption of a New Accounting Standard   When a registrant adopts a new accounting standard in an interim period, the registrant is expected to provide both the annual and the interim period financial statement disclosures prescribed by the new accounting standard, to the extent not duplicative. These disclosures should be included in each quarterly interim financial statements in the year of adoption. [See guidance in [FRM[[4]](#footnote-5) 1500, *Interim Period Reporting Considerations (All Filings)*](https://dart.deloitte.com/USDART/home/accounting/sec/financial-reporting-manual/topic-1-registrant-s-financial-statements#SL43404610-99911).] | |  | |  | |  | |  | |  | |  | |  | |
| 1. Debt or Preferred Stock Registered Under the Securities Act Guaranteed by One or More Affiliates of the Issuer.   Provide the disclosures required by [Regulation S-X Rule 13-01](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-13-financial-non-financial-disclosures) applicable to the interim periods if the parent company elects to provide such disclosures in the notes to the financial statements (See *SEC Compliance Checklist – General*). | |  | |  | |  | |  | |  | |  | |  | |
| **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A)**  MD&A must be included in Form 10-Q to enable the reader to assess material changes in financial condition and results of operations between the periods specified in (1) and (2) below. MD&A should consider known trends and uncertainties, including the impact of inflation and price changes if such conditions are present or is reasonably likely to have a material impact on revenues or income. | |  | |  | |  | |  | |  | |  | |  | |
| Registrant may presume that users of the interim financial information have read or have access to the discussion and analysis for the preceding fiscal year when preparing the discussion and analysis. | |  | |  | |  | |  | |  | |  | |  | |
| The registrant’s discussion of material changes in results of operations shall identify any significant elements of income or loss from continuing operations that do not arise from or are not necessarily representative of the registrant’s ongoing business. | |  | |  | |  | |  | |  | |  | |  | |
| Registrants are encouraged but are not required to discuss forward-looking information. Any forward-looking information supplied is expressly covered by the safe harbor rule for projections. See Rule 175 under the Securities Act, Rule 3b-6 under the Exchange Act and Securities Act Release No. 6084 (June 25, 1979). | |  | |  | |  | |  | |  | |  | |  | |
| Registrant should disclose:  1. Material changes in financial condition. Discuss material changes from the end of the preceding year to the date of the current interim balance sheet. If the interim statements include an interim balance sheet as of the end of the corresponding quarter of the preceding year, material changes in financial condition from that date to the date of the current interim balance sheet must also be discussed. If discussions of changes from both the end and the corresponding interim date of the preceding year are required, the discussions may be combined. | |  | |  | |  | |  | |  | |  | |  | |
| 2. Material changes in results of operations. Discuss material changes in the most recent year-to-date period and the corresponding year-to-date period of the preceding year. Also, if an income statement for the most recent quarter (and comparative quarter) is included, discuss material changes with respect to either (1) the corresponding fiscal quarter of the prior year or (2) the immediately preceding fiscal quarter. The registrant should disclose (1) any known trends or uncertainties that have had or are reasonably likely to have a material impact on revenues or income and (2) any known events that are “reasonably likely to cause a material change in the relationship between costs and revenues (such as known or reasonably likely future increases in costs.)  If the immediately preceding sequential quarter is discussed, then provide in summary form the financial information for that immediately preceding sequential quarter that is subject of the discussion or identify the registrant’s prior filings on EDGAR that present such information. If there is a change in the form of presentation from period to period that forms the basis of comparison from previous periods provided pursuant to this paragraph, the registrant must discuss the reasons for changing the basis of comparison and provide both comparisons in the first filing in which the change is made  Also, if the registrant has elected to provide an income statement for the 12-month period ending at the interim reporting date, MD&A must cover material changes in that 12-month period and the corresponding 12-month period of the preceding year. | |  | |  | |  | |  | |  | |  | |  | |
| 3. Material changes in sources of liquidity and capital resources, including cash needs for known contractual or other obligations in the near term and long-term. The registrant’s disclosures should include (1) material cash requirements as of the end of the latest fiscal period, (2) the anticipated source of funds needed to satisfy those cash requirements, and (3) the general purpose of such requirements. Material cash requirements are intended to encompass capital expenditures as well as expenditures for human capital, intellectual property, contractual obligations, off-balance-sheet arrangements, and other such requirements. | |  | |  | |  | |  | |  | |  | |  | |
| 4. Registrant should consider the impact of other significant events or circumstances on its MD&A disclosures including, but not limited to those, listed in the “Other Reportable Events” section below. | |  | |  | |  | |  | |  | |  | |  | |
| 1. When there are material changes from what was disclosed in the most recent annual filing, registrants should disclose critical accounting estimates (CAE) made in accordance with generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant.   For each CAE disclosed, the registrant should discuss, to the extent material and reasonably available, (1) why the CAE is subject to uncertainty, (2) how much the CAE or assumption (or both) has changed during the relevant period, and (3) the sensitivity of reported amounts to the methods, assumptions, and estimates underlying the CAE’s calculation. Disclosure of CAEs should supplement, but not duplicate, the description of accounting policies or other disclosures in the notes to the financial statements. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Provide the disclosures required by Regulation S-X Rule 13-01 if the parent company elects to provide such disclosures in the MD&A (see the *SEC Compliance Checklist – General*). | |  | |  | |  | |  | |  | |  | |  | |
| **Item 3. Quantitative and Qualitative Disclosures About Market Risk** | |  | |  | |  | |  | |  | |  | |  | |
| 1. Furnish the information required by [Item 305 of Regulation S-K](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-300-financial-information#insertedId4-303262) (Rule 305(c)). Refer to *SEC Compliance Checklist — General* (Regulations S-X and S-K) for detailed guidance. | |  | |  | |  | |  | |  | |  | |  | |
| a. Discussion and analysis shall be provided to enable the reader to assess the sources and effects of material changes in information (i.e., the quantitative and qualitative market risk disclosures) that would be provided under Item 305 of Regulation S-K from the end of the preceding fiscal year to the date of the most recent interim balance sheet. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 4. Controls and Procedures** | |  | |  | |  | |  | |  | |  | |  | |
| 1. Furnish the information required by Items 307, “Disclosure Controls and Procedures,” and 308(c), “Internal Control over Financial Reporting,” of Regulation S-K. Refer to *SEC Compliance Checklist — General.* | |  | |  | |  | |  | |  | |  | |  | |
| **PART II. OTHER INFORMATION** | |  | |  | |  | |  | |  | |  | |  | |
| Form 10-Q must contain all of the following item numbers and captions. The text of the items may be omitted provided the responses clearly indicate the coverage of the item. Any item that is inapplicable, or for which the answer is negative, may be omitted. If substantially the same information has been previously reported, it need not be reported on Form 10-Q again. Information need not be presented in Part II if it is already disclosed in the financial information in Part I and is incorporated by reference into Part II by means of a statement to that effect in Part II. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 1. Legal Proceedings** | |  | |  | |  | |  | |  | |  | |  | |
| Must include the information required by S-K Item 103.   1. Discuss, hyperlink or cross-reference to the description of legal proceedings in the financial statements or other areas where legal matters are described material legal proceedings that have occurred during the current reporting period.   [Note: A legal proceeding need only be reported in Form 10-Q filed for the quarter in which it first became a reportable event and in subsequent quarters in which there have been material developments.] The [final rule](https://www.sec.gov/rules/final/2020/33-10825.pdf) increases the quantitative threshold to $300,000 but also permits the registrant to elect a higher threshold, limited to the lesser of $1 million or 1 percent of its current assets on a consolidated basis, if the registrant determines that such threshold is more reasonably designed to result in the disclosure of material environmental proceedings. A registrant must disclose this alternative threshold in each annual and quarterly report.] | |  | |  | |  | |  | |  | |  | |  | |
| 1. Discuss, hyperlink or cross-reference all legal proceedings that have been terminated during the period covered by the report by providing information required by [Regulation S-K Item 103](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-100-business#insertedId2-303260), including the date of termination and a description of the disposition. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 1A. Risk Factors**   1. Present any material changes from risk factors as previously disclosed in the registrant’s Form 10-K. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Registrant should consider the impact of other significant events or circumstances on its risk factor disclosures including, but not limited to those, listed in the ”Other Reportable Events” section below. | |  | |  | |  | |  | |  | |  | |  | |
| 1. If registrant decides to repeat all the risks: 2. Registrants with more than 15 pages of disclosures in the Risk Factors section to provide a summary of such factors. The summary must be no more than two pages and consist of “a series of concise, bulleted or numbered statements summarizing the principal factors.” | |  | |  | |  | |  | |  | |  | |  | |
| 1. Require registrants to organize the risk factors under relevant headings and disclose any risk factors that generally apply to an investment in securities at the end of the Risk Factors section under a separate caption. | |  | |  | |  | |  | |  | |  | |  | |
|  | |  | |  | |  | |  | |  | |  | |  | |
| **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds** | |  | |  | |  | |  | |  | |  | |  | |
| 1. Furnish the information required by [Item 701 of Regulation S-K](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-700-miscellaneous#:~:text=229.701%20%E2%80%94%20(Item%20701)%20Recent%20sales%20of%20unregistered%20securities%3B%20use%20of%20proceeds%20from%20registered%20securities.), “Recent Sales of Unregistered Securities — Use of Proceeds of Registered Securities,” as to all equity securities of the registrant sold by the registrant during the period covered by the report that were not registered under the Securities Act. If the Item 701 information previously has been included in a current report on Form 8-K, it need not be furnished. | |  | |  | |  | |  | |  | |  | |  | |
| 2.If required by Rule 463 of the Securities Act of 1933, furnish the information required by Item 701(f), “Use of Proceeds,” of Regulation S-K. (Rule 463 requires that following the effective date of the first registration statement filed under the Securities Act by an issuer, the issuer or successor issuer shall report the use of proceeds on its first periodic report filed pursuant to sections 13(a) and 15(d) of the Exchange Act after the effectiveness of its registration statement, and thereafter on each of its subsequent periodic reports filed pursuant to sections 13(a) and 15(d) of the Exchange Act through the later of disclosure of the application of all the offering proceeds, or disclosure of the termination of the offering.) | |  | |  | |  | |  | |  | |  | |  | |
| 3. Furnish the information required by [Item 703 of Regulation S-K](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-700-miscellaneous#:~:text=229.703%20%E2%80%94%20Purchases%20of%20equity%20securities%20by%20the%20issuer%20and%20affiliated%20purchasers.) for any repurchase made in the quarter covered by the report. Provide tabular information disclosures covering repurchases made on a monthly basis. For example, if the quarter began on January 16 and ended on April 15, the chart would show repurchases for the months from January 16 through February 15, February 16 through March 15, and March 16 through April 15. | |  | |  | |  | |  | |  | |  | |  | |
| 4. Report working capital restrictions and other limitations upon the payment of dividends. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 3. Defaults Upon Senior Securities** | |  | |  | |  | |  | |  | |  | |  | |
| 1. If there has been any material default in (1) payment of principal, interest, a sinking or purchase fund installment, or (2) any other material default not cured within 30 days, with respect to any indebtedness of the registrant or any of its significant subsidiaries exceeding 5 percent of the total assets of the registrant and its consolidated subsidiaries:    1. identify the indebtedness,    2. state the nature and amount of the default, and    3. the total arrearage on the date of filing Form 10-Q.   (Refers only to defaults present after expiration of any grace period and compliance with any notice requirements.) | |  | |  | |  | |  | |  | |  | |  | |
| 1. If any material arrearage in the payment of dividends has occurred, or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock that is registered or that ranks prior to any class of registered securities, or with respect to any class of preferred stock of any significant subsidiary of the registrant:    1. give the title of the class,    2. state the nature of the arrearage or delinquency.    3. state the amount and the total arrearage in the payment of dividends on the date of filing Form 10-Q. | |  | |  | |  | |  | |  | |  | |  | |
| The information required by Item 3 need not be made if previously disclosed on a Form 8-K. Further, Item 3 does not need to be answered as to any default or arrearage with respect to any class of securities all of which is held by, or for the account of, the registrant or its totally held subsidiaries. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 4. Mine Safety Disclosures**  If applicable, disclose that the information related to mine safety violations or other regulatory matters as required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and [Item 104 of Regulation S-K](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-100-business#:~:text=229.104%20%E2%80%94%20(Item%20104)%20Mine%20safety%20disclosure.) (17 CFR 229.104) is included in Exhibit 95 to the quarterly report. | |  | |  | |  | |  | |  | |  | |  | |
| **Item 5. Other Information** | |  | |  | |  | |  | |  | |  | |  | |
| 1. The registrant must report under this item any information required to be disclosed in a report on Form 8-K during the period covered by this Form 10-Q, but not reported, whether or not otherwise required by this Form 10-Q. If disclosure is made under this item, it need not be repeated on Form 8-K, which would otherwise be required to be filed with respect to such information or in a subsequent Form 10-Q. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Furnish the information required by [S-K, Item 407 (c)(3)](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-400-management-certain-security-holders#SL180769041-303263). | |  | |  | |  | |  | |  | |  | |  | |
| **Item 6. Exhibits** | |  | |  | |  | |  | |  | |  | |  | |
| Exhibits must be furnished in accordance with [Regulation S-K, Item 601](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/229-regulation-s-k/229-600-exhibits#insertedId0-303265), including: | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 2, *Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 3, *(i) Articles of Incorporation or (ii) Bylaws*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 4, *Instruments Defining the Rights of Security Holders, Including Indentures*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 10, *Material Contracts*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 13, *Annual Report to Security Holders, Form 10-Q or Quarterly Report to Security Holders* | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 15, *Letter Regarding Unaudited Interim Financial Information*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 18, *Letter Regarding Change in Accounting Principles*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 23,[[5]](#footnote-6) *Consents of Experts and Counsel*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 24, *Power of Attorney*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 31, *Rule 13a-14(a)/15d-14(a) Certifications*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 32, *Section 1350 Certifications*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 95, *Mine Safety Disclosure Exhibit*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 99, *Additional Exhibits*. | |  | |  | |  | |  | |  | |  | |  | |
| * Exhibit 101, Interactive *Data File.* | |  | |  | |  | |  | |  | |  | |  | |
|  | |  | |  | |  | |  | |  | |  | |  | |
| **Other Reportable Events** | |  | |  | |  | |  | |  | |  | |  | |
| 1. **Participation in “sanctionable activities” with Iran or Syria** — In accordance with the Iran Threat Reduction and Syria Human Rights Act of 2012 (the “Iran-Syria Act”), registrants are required to disclose contracts, transactions, or other arrangements that are linked to “sanctionable activities” with Iran and Syria.   These disclosure requirements are applicable for any registrant that is required to file annual or quarterly reports under Section 13(a) of the Exchange Act. In addition, the registrant would also need to disclose any sanctionable activities conducted by its subsidiaries and affiliates.  In addition to disclosing these activities in its Form 10-K or Form 10-Q, the registrant must also file a separate notice through EDGAR (i.e., the IRANNOTICE) that the information required to be disclosed has been included in its annual or quarterly report. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Regardless of the significance of the activity, a registrant or any of its affiliates meting any of the disclosure requirements discussed above must disclose any “sanctionable activities” with Iran and Syria as defined in the Iran-Syria Act, including:   [Visit the U.S. Department of State website for a definition of sanctionable activities covered by the Iran-Syria Act.] | |  | |  | |  | |  | |  | |  | |  | |
| 1. Detailed description of each of the foregoing activities. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Nature and extent of the “sanctionable activities.” | |  | |  | |  | |  | |  | |  | |  | |
| 1. The amounts of gross revenue and net profit attributable to each activity. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Whether the registrant, or, if applicable, its affiliate intends to continue the activity. | |  | |  | |  | |  | |  | |  | |  | |
| 1. Upon disclosure in Form 10-K or Form 10-Q, the issuer must concurrently file separately with the SEC a notice that the information required to be disclosed has been included in its annual or quarterly report. The SEC staff has issued, *Notice required by the Iran Threat Reduction and Syria Human Rights Act of 2012 to be filed through EDGAR* that provides that issuers submit these notices on a new form type called IRANNOTICE. | |  | |  | |  | |  | |  | |  | |  | |
| 1. The registrant has updated its Form 10-Q, Part 2, Item 1A, *Risk Factors* to address any significant risk associated with potential or actual cybersecurity security-related risk or cyber-attacks. 2. If there have been cybersecurity breaches in the past, disclose such breaches rather than disclosing that there is a risk of attack, including the cybersecurity incident and its consequence to provide context if such breach was not previously disclosed in the Form 10-K or if material updates have occurred. | |  | |  | |  | |  | |  | |  | |  | |
| 1. The registrant has considered the impact of a security breach or cyber-attack on its Form 10-Q, including but not limited to the impact on Part 1, Item 2, *Management’s Discussion and Analysis of Financial Conditions* and Results of Operations and Part 1, Item 4T, *Controls and Procedures.* | |  | |  | |  | |  | |  | |  | |  | |
| [Note: At the February 2014 Practicing Law Institute “SEC Speaks in 2014 Conference,” the SEC staff reminded registrants that:   * + Disclosures should be scaled and not include too much detail that could potentially provide a “roadmap” that would expose a registrant to cyber-attack.   + Boilerplate cybersecurity disclosures should be avoided and instead should include such information as (1) the aspects of the business that are subject to risks, (2) updates for new information, and (3) cost estimates, if possible and material.   + Disclosures *should not* state that there is a risk of a cybersecurity breach after the occurrence of an actual cyber-attack; rather, such registrants should disclose that they have experienced security breaches or cyber-attacks. | |  | |  | |  | |  | |  | |  | |  | |
| 1. **Restructuring related disclosures –** [SAB Topic 5P](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-5-miscellaneous-accounting#id_P-308953)    1. The staff often has requested greater disaggregation and more precise labeling when exit and involuntary termination costs are grouped in a note or income statement line item with items unrelated to the exit plan. For the reader’s understanding, the staff has requested that discretionary, or decision-dependent, costs of a period, such as exit costs, be disclosed and explained in MD&A separately. Also, to improve transparency, the staff has requested disclosure of the nature and amounts of additional types of exit costs and other types of restructuring charges that appear quantitatively or qualitatively material, and requested that losses relating to asset impairments be identified separately from charges based on estimates of future cash expenditures. | |  | |  | |  | |  | |  | |  | |  | |
| * 1. The staff frequently reminds registrants that in periods subsequent to the initiation date that material changes and activity in the liability balances of each significant type of exit cost and involuntary employee termination benefits (either as a result of expenditures or changes in/reversals of estimates or the fair value of the liability) should be disclosed in the footnotes to the interim and annual financial statements and discussed in MD&A. In the event a company recognized liabilities for exit costs and involuntary employee termination benefits relating to multiple exit plans, the staff believes presentation of separate information for each individual exit plan that has a material effect on the balance sheet, results of operations or cash flows generally is appropriate. | |  | |  | |  | |  | |  | |  | |  | |
| **OTHER REPORTING REQUIREMENTS**  **Part III. REVIEW BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM** | |  | |  | |  | |  | |  | |  | |  | |
| 1. The interim financial statements included in Form 10-Q may be unaudited. [Rule 10-01(d) of Regulation S-X](https://dart.deloitte.com/USDART/home/accounting/sec/rules-regulations/210_reg_s-x_edit/210-10-interim-financial-statements#:~:text=(d)%20Interim%20review%20by%20independent%20public%20accountant.) requires that the interim financial statements must be reviewed by an independent public accountant prior to filing of Form 10-Q. The review is to be conducted in accordance with the procedures set forth in [PCAOB AS 4105](https://pcaobus.org/oversight/standards/auditing-standards/details/AS4105), *Interim Financial Information* (PCAOB AS 4105). Such a review need not be disclosed in the Form 10-Q. *However, if in any filing, the registrant states that the interim financial statements have been reviewed, the independent public accountant’s PCAOB AS 4105 report must be filed with the interim financial statements*.  **[Note: Quarterly Reviews for Filings on Form 10-Q — The Staff stated that if an independent auditor has not reviewed a registrant’s financial statements included in Form 10-Q as required, the registrant must disclose that their auditor did not perform the review. If the review has not been performed, the Staff will consider the filing to be materially deficient and the registrant will lose its Form S-3 eligibility to incorporate certain information by reference and its ability to register shares on Form S-8.** | |  | |  | |  | |  | |  | |  | |  | |
| 2. Pursuant to [Exhibit 15 of S-K Item 601](https://dart.deloitte.com/USDART/tree/vsid/303265#SL180770023-303265), an accountant’s letter must be filed acknowledging an awareness of the use in a 1933 Act filing of a review report on unaudited interim financial information with the registration statement, an amendment thereto, or in a Form 10-Q that is incorporated by reference into the registration statement. | |  | |  | |  | |  | |  | |  | |  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Part IV. ADDITIONAL CONSIDERATIONS**  1. Test for Condensation |  |  |  |  |  |  |  |
| While condensation of financial statements is allowed, it is not required. |  |  |  |  |  |  |  |
| A registrant that previously combined captions in a Form 10-Q, but is required to present such captions separately in the Form 10-Q for the current quarter, must reclassify amounts presented in the prior periods for comparative purposes to conform with the captions presented for the current quarter [[SAB Topic 6-G(2)(a)(1)](https://dart.deloitte.com/USDART/home/accounting/sec/sec-staff-bulletins/staff-accounting-bulletins/topic-6-interpretations-accounting-series-releases#SL183887096-308954)]. |  |  |  |  |  |  |  |

|  | | | | | |  |  | **Complied with Yes/No** | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | |  |  | **1Q** |  | **2Q** |  | **3Q** |
| **A.** **Regulation S-X, Rule 10-01(a)(2) Balance-Sheet Test** | | | | | |  |  |  |  |  |  |  |
| Total Assets | | | | | |  | **(A)** |  |  |  |  |  |
| 10 percent of (A) | | | | | |  | **(B)** |  |  |  |  |  |
| Amount for this major balance-sheet caption from preceding year-end balance sheet | | | | | |  | **(C)** |  |  |  |  |  |
| 25 percent of (C) | | | | | |  | **(D)** |  |  |  |  |  |
| Amount (D) is added to and subtracted from amount at (C), to obtain range | | | | | |  |  |  |  |  |  |  |
|  | (E) |  | to |  | **(1Q)** |
|  |  |  | to |  | **(2Q)** |
|  |  |  | to |  | **(3Q)** |
| If this quarter’s balance-sheet caption amount is less than (B) and falls within the range in (E), it may be combined with other captions. | | | | | |  |  |  |  |  |  |  |
| Test is met. (*Yes or No*) | | | | | |  |  |  |  |  |  |  |
| **B. Regulation S-X, Rule 10-01(a)(3) Statement of Comprehensive Income Test** | | | | | |  |  |  |  |  |  |  |
| Loss years are excluded in calculating average net income. If losses were incurred in all three years, the average loss is used for the test. | | | | | |  |  |  |  |  |  |  |
| Test should be made for each item required to be disclosed in the statement. | | | | | |  |  |  |  |  |  |  |
| Net Income: 1st prior year | | | | | |  | **(A)** |  |  |  |  |  |
| 2nd prior year | | | | | |  | **(B)** |  |  |  |  |  |
| 3rd prior year | | | | | |  | **(C)** |  |  |  |  |  |
| Total | | | | | |  | **(D)** |  |  |  |  |  |
| Average: (D) divided by 3 (or lesser number, if loss years are omitted) | | | | | |  | **(E)** |  |  |  |  |  |
| 15 percent of (E) | | | | | |  | **(F)** |  |  |  |  |  |
| Comparable amount for this major caption from the corresponding interim period of the preceding year. | | | | | |  | **(G)** |  |  |  |  |  |
| 20 percent of (G) | | | | | |  | **(H)** |  |  |  |  |  |
| Amount (H) is added to and subtracted from amount (G) to obtain range | | | | | |  |  |  |  |  |  |  |
|  | **(I)** |  | to |  | **(1Q)** |
|  |  |  | to |  | **(2Q)** |
|  |  |  | to |  | **(3Q)** |
| If the statement of comprehensive income caption is less than (F) and falls within the range in (I), it may be combined with other captions. | | | | | |  |  |  |  |  |  |  |
| Test is met. (*Yes or No*) | | | | | |  |  |  |  |  |  |  |
| Notwithstanding these tests, Rule 4-02 applies, and items not material not need to be shown separately, except that registrants reporting under Article 9, “Bank Holding Companies,” shall show investment securities gains or losses separately regardless of size pursuant to Regulation S-X, Rule 10-‑01(a)(3). | | | | | |  |  |  |  |  |  |  |
| **C.** **Regulation S-X, Rule 10-01(a)(4) Statement of Cash Flows Test** | | | | | |  |  |  |  |  |  |  |
| Years in which there is cash used in operations are excluded in calculating the average total cash provided from operations. If all three years show cash used in operations, the average “use” is used for test [SAB Topic 6-G(2)(a)(3)]. | | | | | |  |  |  |  |  |  |  |
| Net cash flows from operating activities; | | | | | |  |  |  |  |  |  |  |
| 1st prior year | | | | | |  | **(A)** |  |  |  |  |  |
| 2nd prior year | | | | | |  | **(B)** |  |  |  |  |  |
| 3rd prior year | | | | | |  | **(C)** |  |  |  |  |  |
| Total | | | | | |  | **(D)** |  |  |  |  |  |
| Average — (D) divided by 3 (or lesser number, if years with cash used in operations are omitted) | | | | | |  | **(E)** |  |  |  |  |  |
| 10 percent of (E) | | | | | |  | **(F)** |  |  |  |  |  |
| Individual changes in investing and financing cash flows exceeding (F) must be detailed. | | | | | |  |  |  |  |  |  |  |
| Test is met. (*Yes or No*) | | | | | |  |  |  |  |  |  |  |
| Notwithstanding these tests, Regulation S-X, Rule 4-02 applies, and items not material not need be shown separately. | | | | | |  |  |  |  |  |  |  |
| Note: A schedule of changes in noncash current items is not required on the quarterly statement of cash flows. The amount of cash interest and income taxes paid during the quarters is also not required. | | | | | |  |  |  |  |  |  |  |

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1. Requirements to present an income statement shall be interpreted to mean the statement of comprehensive income, presented in one of the two formats discussed in the comprehensive income section below. [↑](#footnote-ref-2)
2. SEC Division of Corporation Finance, *Financial Reporting Manual.* [↑](#footnote-ref-3)
3. As noted in the [*2014 AICPA Conference on Current SEC and PCAOB Developments*](https://dart.deloitte.com/USDART/ov-resource/203dd20f-3f4e-11e6-95db-e302ff712ca3.pdf), registrants may be able to demonstrate that a change in the goodwill impairment testing date is an immaterial change in the application of an accounting principle. The staff indicated that it will no longer request a preferability letter in such instances if the change is prominently disclosed in the registrant’s financial statements. [↑](#footnote-ref-4)
4. SEC Division of Corporation Finance, *Financial Reporting Manual.* [↑](#footnote-ref-5)
5. Where the opinion of the expert or counsel has been incorporated by reference into a previously filed [Securities Act](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=10789b661700d72ebabefad1b6231f06&term_occur=3&term_src=lii:cfr:2014:17:0:-:II:-:229:229.600:229.601) registration statement. [↑](#footnote-ref-6)