September 5, 2014

Technical Director
Financial Accounting Standards Board
File Reference No. 2014-220
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Electronically submitted: Via e-mail to director@fasb.org

Re: Proposed Accounting Standards Update: Income Statement — Extraordinary and Unusual items (Subtopic 225-20), Simplifying Income Statement Presentation By Eliminating the Concept of Extraordinary Items

Marcum LLP ("we" or "our") is pleased to submit its responses to the Questions for Respondents in the Financial Accounting Standards Board’s (the "Board’s") Simplification Initiative regarding extraordinary and unusual items:

Question 1: Should the concept of extraordinary items be eliminated from GAAP? If not, why not?

We support the elimination of the concept of extraordinary items from GAAP. Since the current concept of extraordinary items is infrequently encountered in practice, the concept has been challenging to apply. However, we do see a need for the Board to reconsider the adequacy of the remaining guidance related to the determination of unusual or infrequently occurring items as discussed after our response to Question 3 below.

Question 2: Should the proposed Update be applied prospectively to extraordinary items occurring after the date of adoption?

We support the prospective application of the proposed Update. However, we also support optional retrospective application for any extraordinary items in comparative prior periods presented. Given the potential dramatic change in financial statement presentation as a result of the proposed Update, continuing to present items which were previously considered extraordinary in comparative periods may be an undesirable alternative.

Question 3: Should the proposed Update be effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted? Should there be a delay in the effective date for entities other than public business entities and why?
Given the ease with which this proposed Update can be applied in practice, we believe it should be made effective as soon as practicable, subject to the Board’s ability to finalize its deliberations on the proposed Update. In that regard, we would suggest it become effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2014.

For the same reason stated above (namely the ease of application), we do not see the need to delay the effective date for entities other than public businesses by an additional year.

Comments Regarding the Determination of Unusual or Infrequently Occurring Items

We concur with the Board’s decision to retain the broad principle of providing for the separate presentation and disclosure of unusual or infrequent events or transactions within reported results of continuing operations. However, we have seen situations within our firm’s own practice, from reviewing the financial statements of non-clients, and from discussions with practitioners at other public accounting firms, where current practice has strayed significantly from the types of events and transactions originally suggested in the Board’s existing definitions of “infrequency of occurrence” or “unusual nature”.

For example, the AICPA’s 2013 Edition of Accounting Trends and Techniques include two presentation and disclosure examples of “unusual or infrequently occurring items”:

EXAMPLE No. 1 – Presented (1) gains and losses on legal settlements, (2) certain business acquisition related costs, (3) executive severance payments and (4) a loss on debt repurchased by an operating segment within the financial statement line item “other expense”.

EXAMPLE No. 2 – Presented (1) business separation costs, (2) acquisition and integration costs and (3) tax indemnification income related to the resolution of routine foreign tax audits, among others as being “unusual items”.

We do not believe that many of the items identified above meet the definition of being either “infrequently occurring” or “unusual”. We believe that current practice could be improved if the Board were to take this opportunity to enhance the implementation guidance provided at 225-20-55 (pages 12-13 of the proposed Update) to restrict separate disclosure only to those items that truly meet the definition of “infrequently occurring” or “unusual”. Items that do not meet the stated definitions would have to be included within the typical line items within recurring operations (such as “selling, general and administrative expenses”). One way the Board might consider clarifying this issue is by providing implementation guidance with specific examples of transactions that are not considered to be either “unusual” or infrequently occurring”. Examples of the types of transactions we do not generally consider to be either “infrequently occurring” or “unusual” and thus, should NOT be classified as a separate financial statement line on the face of the income statement include:
1. Compensation or related items such as the following:
   a. Employee severance payment arrangements
   b. Earn-out payments
   c. Change of control payments
   d. Expense reimbursements for items such as litigation or other contingencies
   e. Any form of bonus payment arrangements
   f. Any share based expense or phantom stock payments

2. Occupancy related expense payments of any kind

3. Gains or losses from insurance reimbursements related to property, tortuous acts against the entity, and any theft losses

4. The results of routine tax audits

Additional implementation guidance would provide clarity to assist in the determination of the types of unusual or infrequently occurring items that qualify for presentation as a separate line item on the face of the income statement. We would not object to the identification of transactions that do not meet the enhanced definitions of “unusual” or “infrequently occurring” being disclosed in the notes to the financial statements, provided the notes clarify items that are included within financial statement line items such as “selling, general and administrative expenses” or similar recurring expense categories.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Very truly yours,

Marcum LLP

[Signature]

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