September 26, 2014

Technical Director
Financial Accounting Standards Board
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Via e-mail – director@fasb.org


Plante & Moran PLLC is the 13th largest public accounting firm in the United States and serves a wide range of public and non-public entities in multiple industries. We appreciate the efforts of the Financial Accounting Standards Board (Board) to reduce the cost and complexity associated with the incremental reporting requirements for extraordinary items. Following, please find our responses to the specific Questions for Respondents in the above referenced Exposure Draft, along with other comments for the Board’s consideration.

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

**Response 1:** Yes, we agree with the proposed Update that the concept of extraordinary items should be eliminated from GAAP. We believe there is a significant amount of confusion in practice when it comes to determining if an item should be considered both unusual in nature and infrequent in occurrence. Due to this confusion, significant time is spent by financial statement preparers, auditors, and users analyzing whether an event qualifies as extraordinary. This uncertainty can lead to decreased comparability as similar events may be classified differently by entities.

We also believe, based on the established definitions for “unusual nature” and “infrequency of occurrence” and conclusions reached on past events, it is rare that events qualify as extraordinary items. In addition, when the Emerging Issues Task Force reached a consensus in Issue No. 01-10 that losses and costs incurred as a result of the September 11, 2001 terrorist attacks did not qualify as an extraordinary item, it in effect set a bar against which all future events evaluated for extraordinary item treatment were measured. In our experience, this EITF consensus had the effect of limiting the number and types of events that were classified as extraordinary.

With the limited use of extraordinary item reporting in practice, we believe eliminating the concept of extraordinary items will not result in a significant decrease in information to users of financial statements. While the proposed Update would eliminate the concept of extraordinary items and the requirement to present extraordinary items as a separate line item on the face of
the statement of operations, it would not eliminate the required disclosures for events that are unusual in nature or infrequent in occurrence.

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

**Response 2:** We agree that the proposed Update should be applied prospectively. Given the limited number of events that are classified as extraordinary items and the fact that these items would continue to be separately reported as unusual or infrequently occurring events, we do not believe there is a significant benefit to financial statement users of retroactive application. We believe the potential benefit to financial statement users is outweighed by the costs that would be incurred to restate previous years to remove extraordinary items from the financial statements of those periods.

**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?

**Response 3:** Yes, we believe the proposed Update should be effective for interim and annual periods in years beginning after December 15, 2015. We do not believe there should be a delay in the effective date for non-public entities. As there is not expected to be any incremental costs to preparers of financial statements, we do not believe there is a reason to delay the effective date for non-public entities.

**Other Comments:** We also offer the following additional comments for consideration by the Board:

With the proposed modifications to the presentation and disclosure requirements in Sections 45 and 50 of ASC 225-20, we suggest the Board consider removing paragraph ASC 225-20-50-3 as it duplicates the requirements in paragraph ASC 225-20-45-16. If paragraph 50-3 is not deleted, we suggest the word “material” be added to the first sentence of paragraph 50-3 for consistency with paragraph 225-20-45-16. As modified, the first sentence of paragraph 50-3 would read (in part) “The nature and financial effects of each *material* event or transaction that is unusual in nature or occurs infrequently…”

Thank you again for the opportunity to comment on this exposure draft. We would be pleased to respond to any questions the Board or its staff may have about these comments. Please direct any questions to David Grubb at david.grubb@planteamoran.com or 248.223.3745.

Very truly yours,

**PLANTE & MORAN, PLLC**