September 30, 2014

Ms. Susan M. Cosper  
Technical Director  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

File Reference No. 2014-220

Dear Ms. Cosper:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update, *Income Statement - Extraordinary and Unusual Items (Subtopic 225-20), Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary* (the “proposed ASU”). We support the Board’s Simplification Initiative which was established to identify, evaluate and improve areas of generally accepted accounting principles (GAAP), for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of the financial statements. Our responses to the “Questions for Respondents” on which specific comment is sought on the proposed Update are included below for your consideration.

**Comments on Questions for Respondents**

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

Yes. We support the proposed ASU to eliminate the concept of extraordinary items from GAAP. Eliminating the extraordinary classification would simplify presentation of the income statement and help reduce cost and complexity. The proposed update will not result in a loss of information because the presentation and disclosure guidance for items that are unusual in nature or infrequent in occurrence would be retained.

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

We understand the Board’s concerns that the costs of requiring or permitting retrospective application of the guidance could potentially increase the cost and complexity of transition. However, we also acknowledge that there would be some benefit in terms of comparability if a reporting entity *retrospectively* adjusts its income statement presentation to eliminate any extraordinary items presented in prior periods. We also believe that the costs of retroactive application in most instances would not be that significant. Therefore, we believe that the Board should permit an entity to elect to retrospectively adopt the proposed update.
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?

We agree with the Board’s proposed effective date of annual periods beginning after December 15, 2015 and interim periods within such annual periods. We also agree that early adoption should be permitted. We do not believe there should be a delay in the effective date for entities other than public business entities. The objective of the proposed ASU is to simplify income statement presentation, which should reduce the effort expended by all entities to prepare their financial statements. Thus, there would be no benefit to a delay in the effective date for entities other than public business entities.

We appreciate this opportunity to provide feedback on the proposed guidance and would be pleased to respond to any questions the FASB or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Michael Hoffman at 612.455.9442.

Sincerely,

McGladrey LLP