Dear FASB Director,

September 30th, 2014
File Reference No. 2014-220:
Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items

Question 1

**Should the concept of extraordinary items be eliminated from GAAP? If not, why not?**
We concur that extraordinary items should be eliminated from GAAP since they rarely occur and the costs of identifying events that qualify as extraordinary events far outweigh the benefits. Entities spend inordinate amounts of time and resources determining which events qualify as extraordinary for the sole purpose of reporting them as a separate line item on the income statement. In the end, the entity reports the same gain or loss on the income statement whether or not the item is considered extraordinary so what is the point of wasting time and resources just for the separate presentation of the item? Since the users of the financial statements don’t find separate presentation necessary, the usefulness of information presented on the income statement will not be compromised with the elimination of extraordinary items. However, we do feel it is necessary to retain the presentation and disclosure requirements for items that are unusual or infrequent since these items happen far more often than extraordinary items.

Question 2

**Should the proposed Update be applied prospectively to extraordinary items occurring after the date of adoption?**
The only concern we see with requiring prospective application of the update rather than retrospective application is the lack of comparability of financial statements when multiple years are presented. Although there are higher costs associated with retrospective application of the principle, comparability of financial statements would be introduced which is essential for users to make informed decisions.

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 that the proposed update should be effective in annual periods, and interim periods within those annual periods, beginning after December 15, 2015. There is a reasonable amount of time for entities to apply the newly adopted principle and change any software or methods as need be. We also concur with the permission of early adoption of the proposed Update. This may be beneficial to any entities incurring substantial extraordinary losses between now and December 15, 2015 that do not wish to spend time and money on the determination of extraordinary losses. There need not be a delay in the effective date for entities other than public business entities as there would be no benefit to the delay. After all, the main purpose of the proposed Update is to simplify the presentation of the income statement and any delay in its application may actually hinder entities other than public businesses.

Sincerely,

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