



Credit Union National Association

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Filed via tspolley@f-a-f.org



LETTER OF COMMENT NO. 54

February 11, 2008

Ms. Teresa S. Polley
Chief Operating Officer
Financial Accounting Foundation
401 Merritt 7
Norwalk, CT 06856-5116

RE: Comment on Proposed Changes to Oversight, Structure, and
Operations of the FAF, FASB, and GASB

Dear Ms. Polley:

The Credit Union National Association (CUNA) appreciates the opportunity to provide its views in response to the request for comments on the Financial Accounting Foundation's (FAF) proposed changes to the oversight, structure, and operations of the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). CUNA represents approximately 90 percent of our nation's 8,400 federal and state-chartered credit unions, which serve nearly 87 million members. This letter was developed under the auspices of CUNA's Accounting Task Force, which I have chaired since its inception in 2003.

As a former member of the Financial Accounting Standards Advisory Council (FASAC) and a current member of the Small Business Advisory Committee (SBAC) I have had the opportunity to be involved with the standard setting process for the last five years.

The FAF has proposed changes to both the size and composition of the FASB board. Specifically, the proposal would reduce the size of FASB from seven to five members and would limit to one the number of individuals with expertise in certain areas, such as auditing and financial statement preparation.



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CUNA understands that the proposed changes are designed to increase efficiency. However, it is unclear from the request for comments whether such changes would result in greater efficiency or would result simply in some modifications that do not significantly improve the current process. We believe that the requirement of a simple majority vote rather than the size of the board contributes greater to efficient and timely standards while the seven-member size of the board provides additional views for consideration.

Further, as it is unclear how the FASB will interact with the International Accounting Standards Board as global standards become more widely accepted, it is difficult to foresee how meaningful the proposed changes are or will become.

In setting the FASB's technical agenda several advisory groups, such as FASAC and SBAC, provide important constituent input. We strongly encourage the continued use of these resources. Sufficient constituent input that is seriously considered is a critical factor in the standard setting process. As such we believe that a majority of the board should continue to set the agenda.

One of the proposals would expand the universe of individuals and organizations that would be allowed to nominate candidates for the FAF Board of Trustees. We believe this could be positive, as long as the board seeks to include the broadest range of qualified candidates, including eligible representatives from credit unions and not-for-profit entities.

The request for comments state that under the revised procedures, the Trustees would take a more active role in ensuring the effectiveness of the standard setting process. If this results in improved and timelier communication of important accounting proposals and interpretations, as well as greater assurances that affected parties have a voice in raising concerns, we think this could be a positive change. We also feel strongly that the standard setters' independence must be maintained. We would welcome the opportunity to talk with you further about enhancing the process for public comment, regardless of whether the proposed changes are adopted or not.

New accounting standards and interpretations are increasingly significant for credit unions, as well as the financial marketplace, and we urge the FAF to provide a more thorough explanation to stakeholders of how its changes will improve its oversight and the processing of accounting issues before advancing this proposal.

Thank you for the opportunity to share our comments. If you have any further questions, please feel free to contact me, CUNA's Deputy General Counsel Mary Dunn at mdunn@cuna.com or Regulatory Research Counsel Luke Martone at lmartone@cuna.com.

Sincerely,

Scott M. Waite
Senior Vice President – Chief Financial Officer
Patelco Credit Union
and Chairman,
Credit Union National Association's
Accounting Task Force