September 5, 2013

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Comments on Definition of a Public Entity – File Reference No. 2013-310

Dear Director:

On behalf of the Board and Management of Fort Knox Federal Credit Union, I am pleased to present the following comments and observations as it relates to Financial Accounting Standards Board’s (FASB) recent decision to issue an Exposure Draft to amend the Master Glossary of the FASB Accounting Standards Codification to include a definition of a non-public business entity.

As a not-for-profit, member owned financial cooperative, Fort Knox Federal Credit Union believes it is important to recognize that inherent differences do indeed exist between publicly traded companies and not-for-profit entities such as credit unions. For example, unlike most traditional financial institutions, credit unions do not have the ability to issue stock, offer subordinated debt instruments to build capital or pay dividends to outside stockholders.

Credit unions must build capital solely through retained earnings while serving our member-owners who are eligible to join our credit union because they come from a defined field of membership which, by law and regulation, represents who we can serve. We believe these distinctions are not only significant, but unique. Therefore, we believe they warrant careful consideration when determining whether exceptions to GAAP are appropriate going forward. To that end, we commend FASB for issuing this Exposure Draft to solicit comments on ways best to address these inherent differences.

Based on our understanding of the proposal, it appears that not-for-profit organizations would not be considered public or nonpublic entities - thus eliminating the need for a public versus nonpublic distinction for financial reporting purposes. We believe this approach is entirely proper as we are of the strong opinion that not-for profit credit unions and other non-profit entities should be exempted from the level of onerous and costly reporting requirements that should only be applied to publicly traded companies.
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Given that credit unions clearly fall into the not-for-profit category of institutions, we have no objections to the proposed definition of a public entity as long as credit unions are excluded.

While we recognize the proposal states that FASB would consider factors such as user needs and the resources of the not-for-profit on a standard by standard basis when determining whether all, none, or only some not-for-profits will be eligible to apply accounting and reporting alternatives under GAAP, we again urge FASB to carefully consider the unique characteristics and financial structure of credit unions when making such a determination.

We appreciate the willingness of FASB to revisit this issue and believe the proposal, if adopted and finalized, will serve to reduce complexity and significant costs associated with the preparation of financial statements in accordance with GAAP for nonpublic entities without sacrificing transparency.

Again, thank you for the opportunity to express the views of Fort Knox Federal Credit Union on this important proposal. Should you have any questions please do not hesitate to contact me at 502-942-0254, Ext. 6276.

Sincerely,

Ramona Buchanan
Chief Financial Officer