



October 18, 2003

To Whom It May Concern,

As the elected officers of the Board of Directors of the Ocean Beach People's Organic Food Cooperative, we are writing to comment on Proposed FASB Staff Position No FAS 150-c. We support deferring the effective date of Statement 150 for mandatorily redeemable financial instruments of nonpublic entities for a minimum of one year with two years being optimal. It could take cooperative businesses and other nonpublic entities at least that long to make the changes in their capitalization plans and structures that this pronouncement might require. We request your Board to defer the effective date to the fiscal periods beginning after December 15, 2005.

Further, we request that the Board clarify that member equity in a cooperative business is not mandatorily redeemable when the co-op board of directors retains its authority when and if to redeem equity. The by-laws of many cooperatives state exactly this, and courts have affirmed that the board of a cooperative can "exercise the discretion it has been granted to determine when the cooperative is financially able to redeem patronage equity." Great Rivers Cooperative v. Farmland Industries, 198 F. 3rd 685 (1999). The board does not have this discretion for debt owed by the cooperative.

Reclassifying member equity in a cooperative as a liability on the balance sheet could result in a legal obligation to redeem that equity. Members of cooperatives ioin primarily to receive the benefit from patronizing the business, not to receive a return on their investment. Members provide equity capital to the cooperative to help finance its business operations, but they recognize that this equity is risk capital. Making member equity a mandatory obligation of the cooperative would seriously impair cooperatives' ability to raise and retain capital for business operations and would compromise the authority of the board of directors, which is now recognized by law.

-4765 Voltaire Street • San Diego, California 92107 • 619.224.1387 • 619.224.5089 fax -

We ask for your help in clarifying this issue.

Sincerely,

Steve Myrick President

Treasurer

Vice-President

dith Greenwald Šecretary

Proposed FSP on Statement 150 (FSP FAS 150-c)

Comment Letter No. 15

