

Date of Entry: 9/20/2013

## Respondent information

### Type of entity or individual:

Preparer

### Contact information:

*Organization:* Alabama Credit Union

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## Questions and responses

1a. Please indicate whether you primarily are a preparer, user, or public accountant. If other, please specify.

I am a preparer of our Financial Statements for Alabama Credit Union.

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1b. If you are a preparer of financial statements, please indicate whether your entity today is considered privately held or publicly held and describe your primary business and its size (in terms of annual revenue, the number of employees, or other relevant metric).

As a matter of background, Alabama Credit Union serves 55,000 members and has \$608 million in assets. As a not-for-profit, member owned financial cooperative, Alabama Credit Union believes it is extremely important to highlight and recognize the inherent and significant differences between publicly traded companies and not for profit entities such as credit unions.

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1c. If you are a public accountant, please describe the size of your firm (in terms of number of partners or other relevant metric) and indicate whether your practice focuses primarily on public entities, private entities, or both.

n/a

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1d. If you are a user of financial statements, please indicate in what capacity (for example, lender, investor, analyst, or rating agency) and whether you primarily use financial statements of private entities or those of both private entities and public entities.

n/a

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2. Do you agree with the definition of a public business entity included in this proposed Update? Please explain why.

The Credit Union industry does not interact with outside investors, and as a result, many of the requirements and amendments recently proposed by the FASB will have a significant adverse impact on credit unions, without any positive effects specific to credit unions. In addition, many recent FASB proposals have additionally included onerous and costly reporting requirements that are not relevant to credit unions, as they are intended to assist investors of publicly traded companies. Therefore, Alabama Credit Union strongly agrees with the proposed amended definition to exclude not-for-profit entities (NFPs) from a definition of a PBE. We concur with the proposed Accountings Standard Update. Specifically, we agree that credit unions are excluded from the definition of a PBE given they do not meet any of the criteria defining a public business entity.

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3. Do you agree that a business entity that has securities that are unrestricted and that is required to provide U.S. GAAP financial statements to be made publicly available on a periodic basis pursuant to a legal or regulatory requirement should be considered a public business entity? Please explain why. Can you identify a situation in which an entity would meet this criterion but would not meet any of the other criteria identified in the definition of a public business entity? In addition to what is discussed in paragraph B18 of this proposed Update, do you think further clarification is needed to determine what an unrestricted security is?

We agree with the above considerations for a PBE within the amendment.

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4. Do you agree that no public or nonpublic distinction should be made between NFPs for financial reporting purposes? Instead, the Board would consider whether all, none, or only some NFPs should be permitted to apply accounting and reporting alternatives within U.S. GAAP. Please explain why.

As a not-for-profit, member owned financial cooperative, Alabama Credit Union believes it is extremely important to highlight and recognize the inherent and significant differences between publicly traded companies and not for profit entities such as credit unions. Credit Unions do not have shareholders and their boards of directors are comprised entirely of volunteer members. Unlike most traditional Financial Institutions, credit unions must build capital solely through retained earnings and are unable to issue stock or offer subordinated debt instruments for the purpose of building capital. It is also notable that the primary external users of credit union financial reports are regulatory agencies, the National Credit Union Administration (NCUA) and state specific examination agencies such as the Alabama Credit Union Administration (ACUA).

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5. Should the Board consider whether to undertake a second phase of the project at a later stage to examine whether to amend existing U.S. GAAP with a new definition resulting from this proposed Update? In that second phase of the project, the Board would consider whether to (a) preserve the original scope of guidance in the Codification or (b) change the scope of guidance in the Codification to align with the new definition. Please explain why.

We applaud this proposal and feel this is an extremely necessary amendment to the Master Glossary of the FASB Accounting Standards Codification to include the definition of a PBE and identify the types of organizations that would be excluded from the scope of the Guide, once it is approved. In addition, we respectfully request that the FASB work closely with the regulatory agencies that oversee non-public / private entities that are required to adhere to GAAP to include Credit Unions and allow them to be able to take full advantage of any appropriate flexibility in financial reporting. Finally, we believe this proposal appreciates the key differentiating factors between organizations such as credit unions and others that are publicly traded, and the GAAP reporting requirements can and should be tailored to reflect those differences. We greatly appreciated the Board's work to revisit this issue and believe the proposal, if adopted, will serve to reduce the complexity and significant costs associated with the preparation of financial statements in accordance with GAAP for nonpublic entities without sacrificing transparency.

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ITC comments. Please provide any additional comments on the proposed Invitation to Comment:

Thank you for the opportunity to comment on this proposal. This letter emphasizes the views of Alabama Credit Union on behalf of our members for the 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 public business entity (PBE) and identify the types of organizations that would be excluded from the scope of the Guide, once it is approved.

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EFF comments. Please provide any comments on the electronic feedback process:

Alabama Credit Union strives to put our member's needs first by serving our members with the best in class financial products and service offerings. On behalf of Alabama Credit Union as well as the credit union industry membership as a whole, we thank you very much for your consideration of our views and for the ability to comment our feedback electronically through this process.

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