

From: Tucker, Terry <ttucker@pinefcu.com>
Sent: Tuesday, March 05, 2019 11:35 AM
To: Russell Golden <rggolden@fasb.org>
Subject: IS A SKUNK JUST A CAT THAT SMELLS BAD?

Dear Board Member Golden,

We've all seen the Pepe Le Pew cartoon where the black cat crawls under a freshly painted white fence and ends up with a white stripe down her back leading our favorite skunk to pursue his new love interest. Alas, a black cat with a white stripe, is still a cat.....not a skunk. I pointed this out because a credit union is not a financial institution with publicly or privately traded stock like many other financial institutions. In fact, **there is no stock** to be traded. None. Not any. Credit unions are completely owned by their members as not-for-profit cooperatives. For that reason, as someone who was a Commercial Banker for 12 years before moving to the not-for-profit sector in 1993, I believe the Financial Accounting Standards Board is totally missing the mark by applying CECL to the not-for-profit Credit Union Financial Institutions. Banks have stock holders, credit unions do not have stock holders.

In the early 1990's many credit unions used cash basis accounting. As they grew larger, they were encouraged by the NCUA to move to accrual accounting to even out the income and expenses and offer a clearer view of the business. Many credit unions put extra funds into their Allowance for Loan Losses account just in case it might be needed due to layoff's or plant closures. Credit Unions have always been rather conservative in their nature and history shows that most have had more funds reserved for loan losses than were actually used or needed. To that end, I respectfully request the FASB Board reconsider exempting the credit unions from CECL due to the cost of compliance and the lack of benefit to anyone. Just as it does not make sense to sell a size 12 shoe to someone with a size 9 foot, CECL does not appear to add any value whatsoever to the financial statements of credit unions. It is not a fit.

My analogies are quite simple, but sometimes less is more. The simple truth is credit unions are totally owned by their members, and have no other goal than serving them. CECL adds zero value to that end and will require resources which could better be used to help the members of the credit union.

Sincerely,

Terry Tucker, Operations Manager/U.S. Treasury Contact Officer

**Pine Federal Credit Union
5100 Jefferson Parkway
Pine Bluff, AR 71602**

**870-247-5100
870-247-0922 FAX
800-284-1919 Toll Free**

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www.pinefcu.com

