



FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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July 21, 2008

Financial Accounting Standards Board
Emerging Issues Task Force
401 Merritt 7
Norwalk, Connecticut 06856-5116

Re: FASB Emerging Issues Task Force
Draft Abstract EITF Issue 08-05, "Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement"

To Mr. Russell G. Goldman, Chairman:

The Accounting Principles and Auditing Standards Committee (the Committee) of the Florida Institute of Certified Public Accountants is pleased to offer the following comments on the draft abstract for EITF Issue 08-05, *Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement*. We commend the Board and the EITF for addressing this issue which we believe, based on recent events in the market, is needed in a timely basis.

Generally, the Committee is in agreement with the draft abstract and its planned transition for financial statement preparers. However, the Committee does not agree with the proposed measurement in paragraph 6. The Committee believes that a third-party credit enhancement does provide a benefit to the issuer (typically a more favorable interest rate); and, as such, the measurement of the related liability should include the fair value effect of such credit enhancement. Additionally, the Committee believes it is possible to calculate the fair value of an inseparable credit enhancement using generally accepted financial valuation techniques. Therefore, we believe the fair value of any underlying credit enhancement should be included in the fair value of the related liability and presented as a contra liability (rather than an asset) on the financial statements of the issuer.

We appreciate this opportunity to comment on and participate in the due process associated with this draft abstract of the EITF. Members of the Committee are available to discuss any questions you may have regarding this response.

Very truly yours,

John Young

John Young, CPA, Chairman
FICPA Accounting Principles and Auditing Standards Committee

Committee Members Coordinating this Response: Troy Y. Manning CPA
Lynda Dennis CPA