

Stacey Sutay

From: Dennis Heaps [dennis.heaps@Unishippers.com]
Sent: Friday, November 07, 2003 7:33 PM
To: Director - FASB
Cc: betsy@franchise.org
Subject: File Reference No.1082-300

Letter of Comment No: 14
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Dear Director, TA&I-FSP,

As a small business franchisor, I appreciate the opportunity to comment on FASB Staff Position 46-e. The potential economic impact of FIN 46 on small businesses such as us and upon our franchisees would be significant. Complying with FIN 46 would cause a severe financial hardship on the franchisor and franchisee through man hours and the costs associated with an audit.

In our case we have approximately 300 small to medium size franchise business owners in our system. Each is a privately-held entity that is independently owned and operated separate from the franchisor. Many of our franchisees are one-person operations that do not have many financial controls in place and do not get annual audits of any kind. The requirements of FIN 46 requiring all franchisees to use the same outside auditor, adhere to accounting principles dictated by the franchisor, providing full financial statement information to the franchisor would be prohibitive to many of our franchisees and be viewed as another "big brother" ploy by the franchisor adding unneeded stress to these fragile relationships. These costly hardships could not be borne by many smaller franchise operators potentially causing them to close down their business. The value of this information seems to be quite suspect.

Franchise organizations contribute more than \$1 trillion to the US economy annually and implementation of FIN 46 would have a serious negative impact on franchise expansion denying entrepreneurs the ability to own their own businesses. This would also adversely affect the numerous jobs created by franchising organizations.

It is my hope that alternative solutions could be found to deal with the issue that FASB is trying to address with FIN 46.

Regards,
Dennis Heaps
Chief Financial Officer
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