

Stacey Sutay

From: Director - FASB
Sent: Tuesday, November 11, 2003 7:57 AM
To: Stacey Sutay
Subject: FW: FIN 46 comments

-----Original Message-----

From: Steven S. West [mailto:aldohio@wowway.com]
Sent: Sunday, November 09, 2003 11:38 PM
To: Director - FASB
Cc: trennick@americanleakdetection.com; johng@franchise.org
Subject: FIN 46 comments

Director,

In regards to the implementation of FIN 46 and my franchise please consider the following:

I am in business for myself and only report gross sales to my franchisor. As I understand it, FIN 46 would require us to report all income, expense, and balance sheet information and it would make the franchisor responsible for the accuracy of those statements. This would require an entire system to be audited and use the same internal controls for this purpose. First of all, the costs to our already shrinking bottom line would be too great. Second, we are a geographically diverse system. Of the hundreds of us in the system no two are alike. Even when I owned two territories that were close geographically the markets were completely different. How could we be expected to standardize accounting and still maintain our margins?

Our franchisor has no stake in the assets of our business. We have a license to use a name and network with similar, but not identical, businesses. Therefore, I respectfully request that clarification be made regarding franchisor/franchisee relations where the franchisor has no equity ownership and only receives royalty income. At a minimum the implementation date should be deferred to allow consideration of how this accounting procedure will be implemented across so many diverse and complex systems.

In closing, franchising is a huge segment of the small business community and is always a bright spot no matter what the economy is doing. Please consider the signal this would send to many would be business owners that might see this as too cumbersome to overcome. We should all be working to remove the barriers to entry into the greatest economy in the world, not adding to them.

Thank you for your consideration in this matter.

Regards,
Steven S. West
Owner
American Leak Detection of Central Ohio