

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

July 27, 2018

Mr. Russell G. Golden  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, CT 06856

Dear Chairman Golden:

As the organization that develops accounting and reporting standards for organizations in the United States, the Financial Accounting Standards Board's (FASB) actions directly impact millions of small businesses. Pursuant to Rules X and XI of the United States House of Representatives, the Committee on Small Business is conducting oversight of FASB and requesting information regarding Accounting Standards Codification 606, *Revenue from Contracts with Customers* (ASC 606).<sup>1</sup>

Within ASC 606, FASB has determined new standards that may impact revenue recognition for franchisors, and specifically a franchisor's initial franchise fee. ASC 606 changes the long settled process, whereby franchisors recognized the payment initially at the commencing of a business. Unintended consequences could impact the franchise industry, which is instrumental to the United States economy.

In light of our concerns that FASB's actions may produce uncertainty for small businesses and with the ASC 606 compliance date approaching, the Committee requests that FASB provide a staff briefing on this issue. Please contact Robert Yavor with Chairman Chabot at (202) 225-5821 and Justin Pelletier with Ranking Member Velázquez at (202) 225-4038 by August 3, 2018 to schedule this briefing. Thank you for your attention to this matter.

Sincerely,



Steve Chabot  
Chairman



Nydia M. Velázquez  
Ranking Member

<sup>1</sup> CODIFICATION OF ACCOUNTING STANDARDS AND PROCEDURES, Revenue from Contracts with Customers, No. 2014-09 (Fin. Accounting Standards Bd. 2014).