

News Release

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FUEL PRICES AND HOUSING MARKET ERODE CPA EXECUTIVES' VIEW OF THE U.S. ECONOMY Optimism Remains Stable for Individual Companies

NEW YORK (June 12, 2007) – Escalating fuel prices and the weakened housing market are coloring the opinion that C-suite CPAs have of the U.S. economy, according to the Spring 2007 Business and Industry Economic Outlook Survey conducted by the American Institute of Certified Public Accountants (AICPA). Many of these executives also believe that energy availability and the significant number of sub-prime mortgage foreclosures could affect their own businesses.

Less than half of these executives have a favorable view of the economy. Two-thirds expressed concern about fuel prices and energy availability. Other factors contributing to their loss of optimism include the war in Iraq, the change in Congress, debt, inflation, interest rates and declining domestic investment.

Nonetheless, they remain positive about the outlook for their own organization. Two-thirds of the respondents expect their businesses to expand over the next 12 months. Although ninety-five percent noted employee and benefit costs as a challenge, most organizations continue to expect increases in revenues, profits and the number of employees.

Most executives are expecting increases in revenues as opposed to profits. Employee costs coupled with a limited ability to raise prices have reduced the expectations of profit increases. Spending plans remain stable.

“What’s particularly interesting is that despite reservations about the U.S. economy, companies continue to have a healthy outlook on their own businesses within the next twelve months, and anticipate continued stability in terms of revenue and hiring expectations,” said John

Morrow, AICPA Vice President for Members in Business, Industry and Government. “It is worth noting that in spite of the organizations’ concerns about energy prices and the housing market, they do not yet see them as having a major impact on the financial results of their organizations’.”

Staff-related issues, including retention and availability of professionals with management and specialized skills, account for four of the top five challenges faced by organizations. And, regulatory challenges rounded the top five, with materials, supplies and equipment costs close behind.

Methodology

The survey, was conducted by the AICPA Business & Industry members between April 10, and May 9, 2007, and represents the views of 1,354 AICPA members across a wide spectrum of industries. Of that number, 52 percent serve as CFOs, 22 percent were controllers and 14 percent were CEOs or COOs. Sixty-five percent of respondents came from privately owned entities, 16 percent were from public companies, ten percent came from government, education and not-for-profits and 5 percent were from foreign owned companies.

The complete survey results are available on the AICPA Financial Management Center Web site at <http://fmcenter.aicpa.org/>

The American Institute of Certified Public Accountants (www.aicpa.org) is the national, professional association of CPAs, with approximately 330,000 members, including CPAs in business and industry, public practice, government, and education. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies; federal, state and local governments; and non-profit organizations. It also develops and grades the Uniform CPA Examination.

Headquartered in New York, the AICPA also maintains offices in Washington, D.C.; Durham, N.C.; and Lewisville, TX.

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