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**ECONOMIC SENTIMENT TURNS CAUTIOUSLY OPTIMISTIC AMONG CFOs AND
CPA EXECUTIVES AS PESSIMISM EASES, NEUTRALITY RISES**

Many Foresee Recovery in First Quarter 2010: AICPA Outlook Survey

Durham-Chapel Hill, N.C. (May 13, 2009) – Pessimism about the U.S. economy among chief financial officers and senior-level executive Certified Public Accountants eased in the Second Quarter, according to a new survey conducted by the American Institute of Certified Public Accountants and the University of North Carolina’s Kenan-Flagler Business School.

Arleen Thomas, AICPA’s senior vice president for member competency and development, said the shift in sentiment indicates financial executives and CPAs see the economy contracting at a slower pace and suggests the U.S. recession may be reaching a bottom. “For the first time in a year, sentiment is improving in our quarterly economic outlook survey. We see a significant shift from pessimistic to neutral on the economy which suggests a leveling of confidence. At the same time, CFOs and CPAs are remaining cautious as they continue to grapple with difficult decisions within their organizations,” she said.

Fifty-two percent of CPA executives expressed pessimism about the U.S. economy over the next 12 months, a decline of 30 percentage points from the first quarter’s all-time high of 83 percent of respondents who had said they were “pessimistic” or “very pessimistic.” Optimism rose in the current quarter to 19 percent, up from only 5 percent of respondents who had said that they were “optimistic” about the U.S. economy three months ago. Twenty-eight percent were “neutral” on the U.S. outlook in the latest survey.

“This is the first encouraging news we’ve seen in a long time,” said UNC Kenan-Flagler Accounting Professor Mark Lang, Ph.D. “There seems to be a broad consensus that the worst of the downturn is over for the US economy. On the other hand, it is disconcerting that, while managers are generally more optimistic than they had been, they appear to be conservative in their investment and hiring plans. Overall, the results suggest that we may have reached a bottom, but improvements in spending and employment are likely to be very gradual.”

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Respondents still expect the downturn to last until 2010. Forty percent expect a recovery in the first half of 2010, consistent with 41 percent in the prior survey who didn't expect recovery to begin until the first half of 2010. Similarly, 19 percent don't expect recovery until the second half of 2010 again stable with results in the first quarter when 20 percent predicted recovery in the second half of 2010. Twenty-eight percent said they expect a turnaround sooner in the second half of this year.

Increases in consumer spending (31 percent) and improvement in the housing market (23 percent) are seen as two primary drivers of a recovery, according to respondents who were generally more optimistic about their own organizations than the economy at-large. Seventeen percent said they are looking for an increase in manufacturing to be a primary driver of improvement in their own businesses.

Fifty-three percent expect a decrease in sales and revenue over the next 12 months, a slight decline in negative outlook from 60 percent of respondents who held the same outlook in the first quarter. Similarly, 45 percent expect a reduction in employment, down five percentage points from 50 percent who had said three months earlier that they expect the number of employees to decrease.

A large number of companies are continuing to cope with the recession through compensation and hiring freezes, layoffs, capital spending cuts, and travel restrictions.

Customer demand and access to capital/cost of capital were the top two challenges facing companies. Collecting receivables and employee health care costs tied for third place as a top challenge to businesses.

Methodology

The second quarter Business and Industry Economic Outlook Survey, which was conducted via an online questionnaire from April 22 to May 5, included 1,071 CPAs who hold leadership positions as chief executives, chief operating officers, chief financial officers or controllers in their companies. The overall margin of error was plus-or-minus 3 percentage points. More information and full poll results are available on the AICPA Financial Management Center Website at fmcenter.aicpa.org.

About UNC Kenan-Flagler

The University of North Carolina at Chapel Hill's Kenan-Flagler Business School is known for innovative research and extraordinary learning experiences. Its commitment to developing socially responsible, results driven leaders distinguishes its programs, which educate people at every stage of their careers. UNC Kenan-Flagler prepares business leaders to manage successfully in the global business environment through its Master of Accounting, MBA, MBA for Executives, undergraduate BSBA, Ph.D. and Executive Development programs. The Frank Hawkins Kenan Institute of Private Enterprise helps business and government tackle problems with impact on society. <http://www.kenan-flagler.unc.edu/>

About the AICPA

The American Institute of Certified Public Accountants (www.aicpa.org) is the national, professional association of CPAs, with more than 350,000 CPA members in business and industry, public practice, government, education, student affiliates, and international associates. It sets ethical standards for the profession and U.S. auditing standards for audits of private companies, nonprofit organizations, federal, state and local governments. It develops and grades the Uniform CPA Examination. The AICPA publishes the Web site www.IFRS.com to inform members and the public about international accounting standards.

The AICPA maintains offices in New York, Washington, D.C., Durham, N.C., Ewing, N.J., and Lewisville, Texas.