



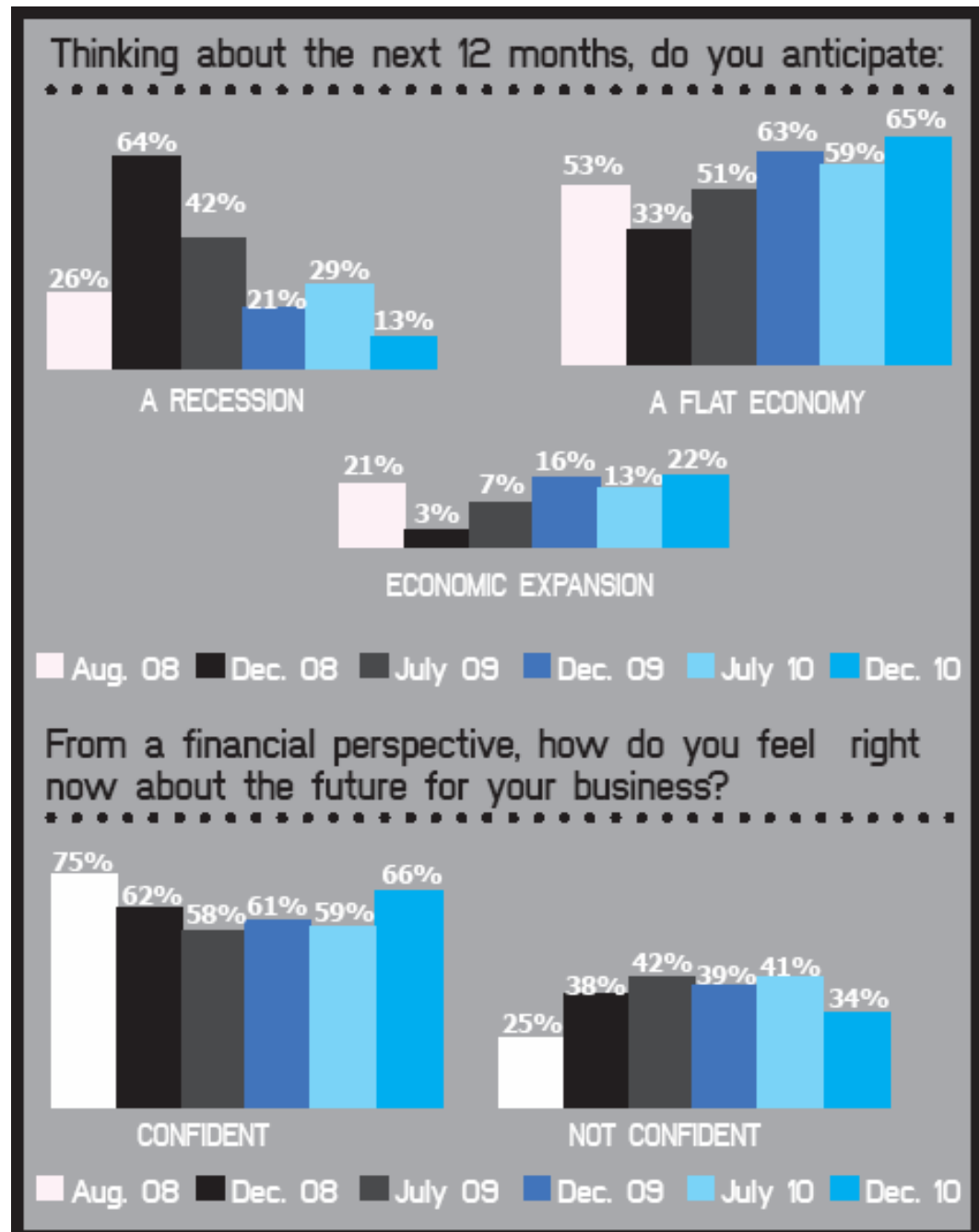
**2010 Year-End
Economic Report
&
2011 Small Business
Taxation Survey**

April 19, 2011



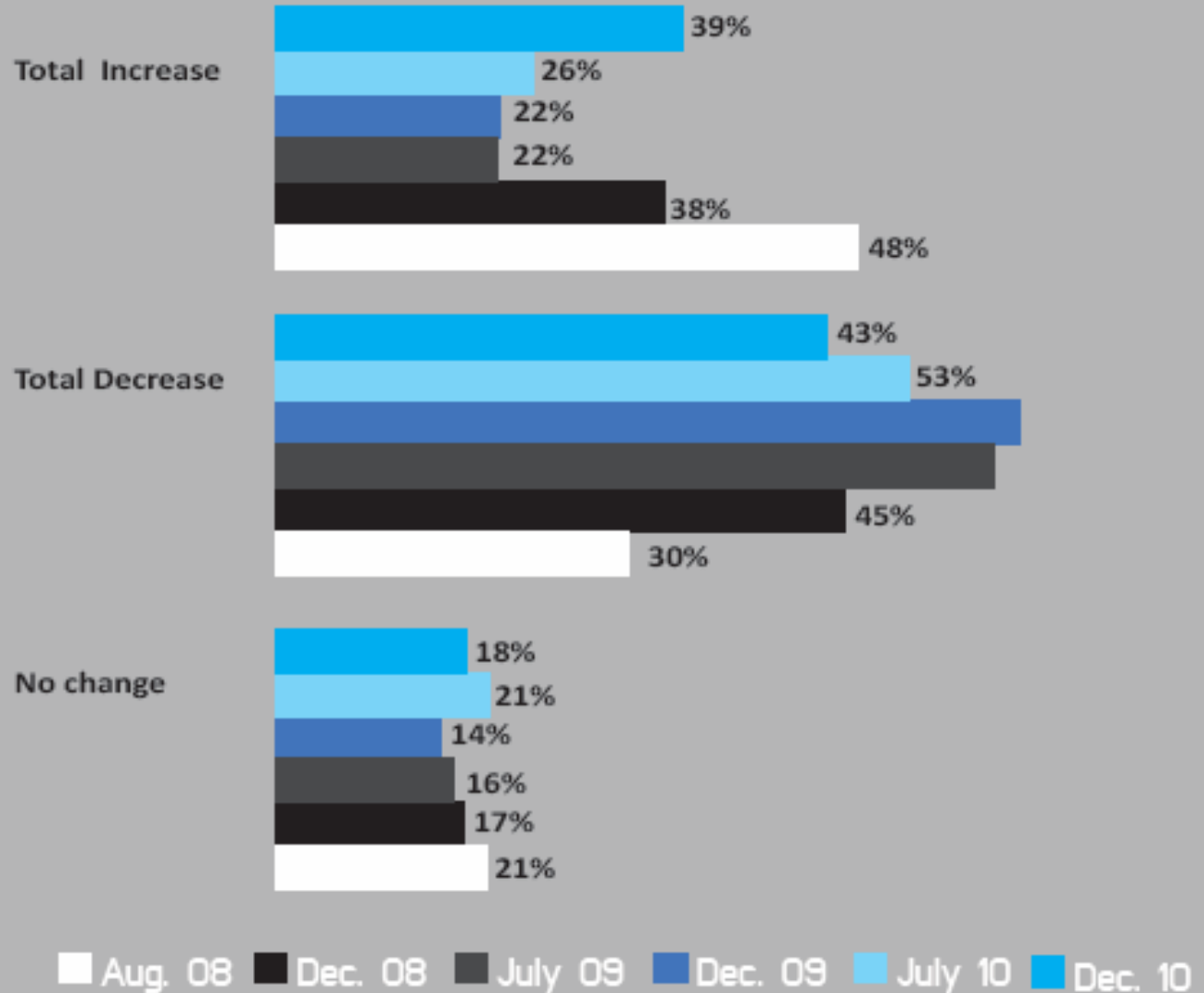
The majority of small-business owners expect the U.S. economy to be flat in the coming year, however those expecting a recession was more than halved, from 29 percent down to 13 percent.

Small businesses are feeling more optimistic about the outlook of their own business than they were six months ago, and more optimistic than they have been in the last two years.

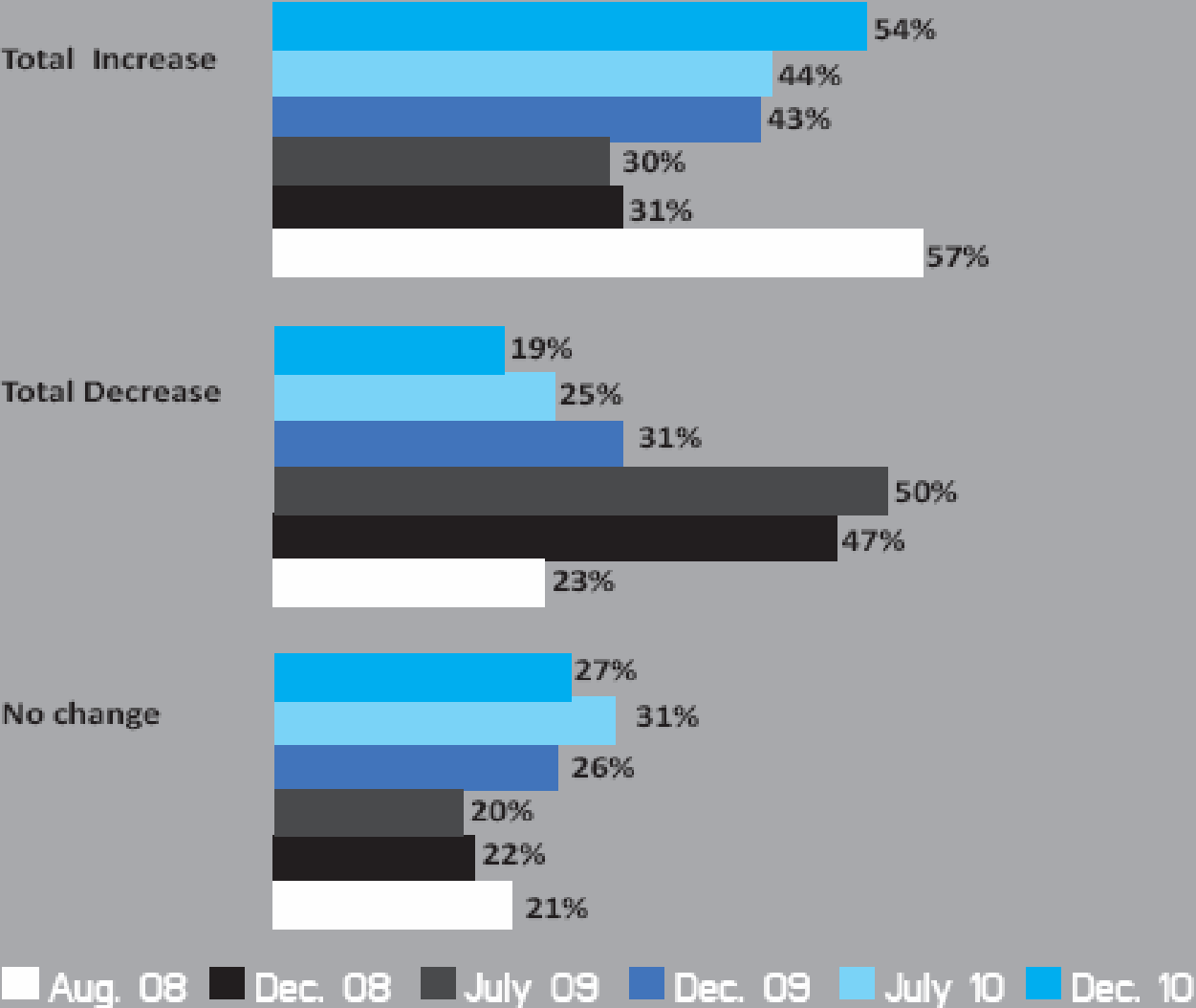


The number of small businesses reporting an increase in revenues rose from 26 percent in July to 39 percent in December—the largest increase reported since the 2008 Mid-Year Economic Report.

Changes in gross sales/revenues over the last 12 months:



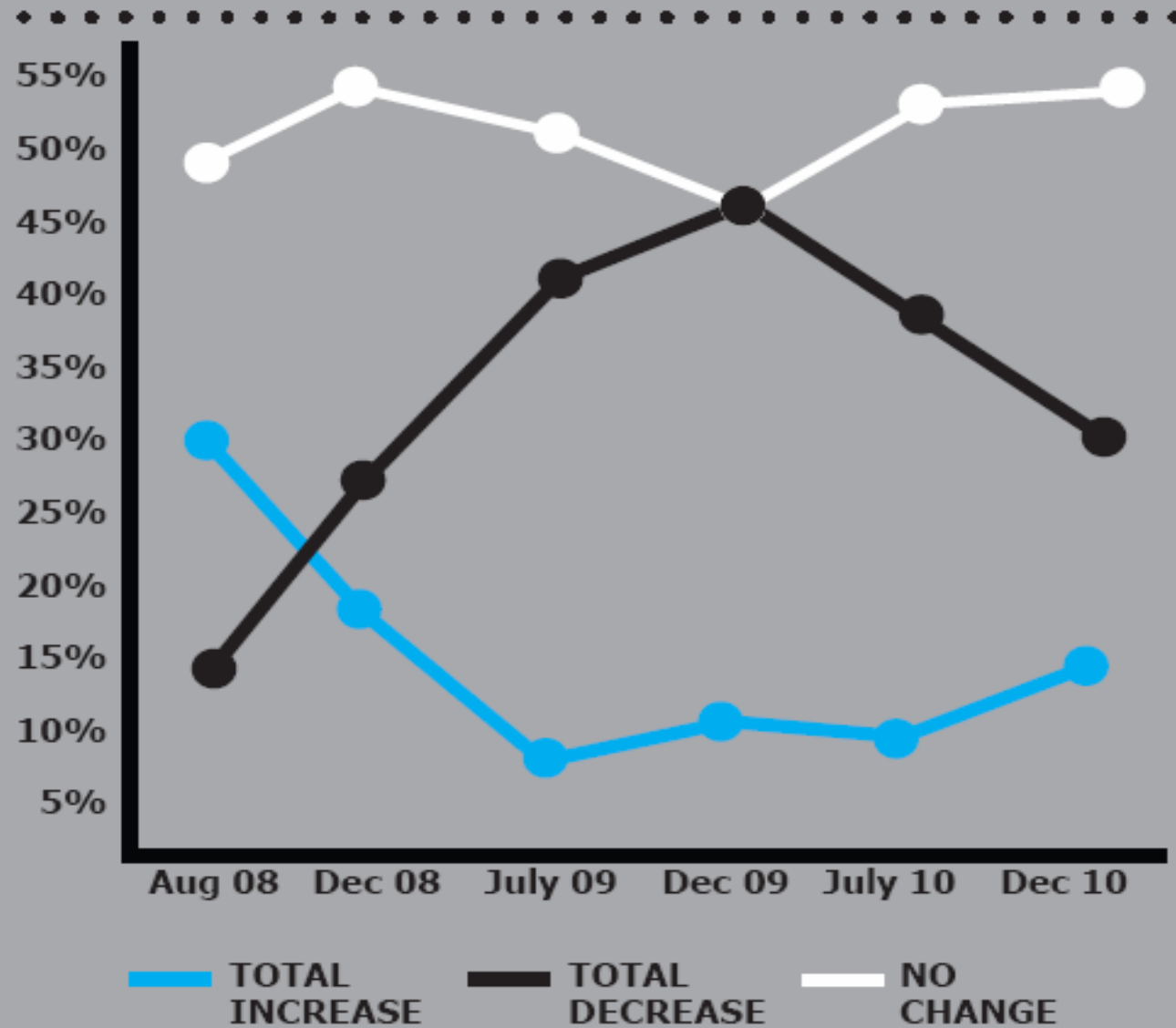
Changes expected in gross sales/revenues over the next 12 months:



Also, for the first time since the 2008 Mid-Year Report, a majority of respondents are projecting an increase in revenues in the coming 12 months.

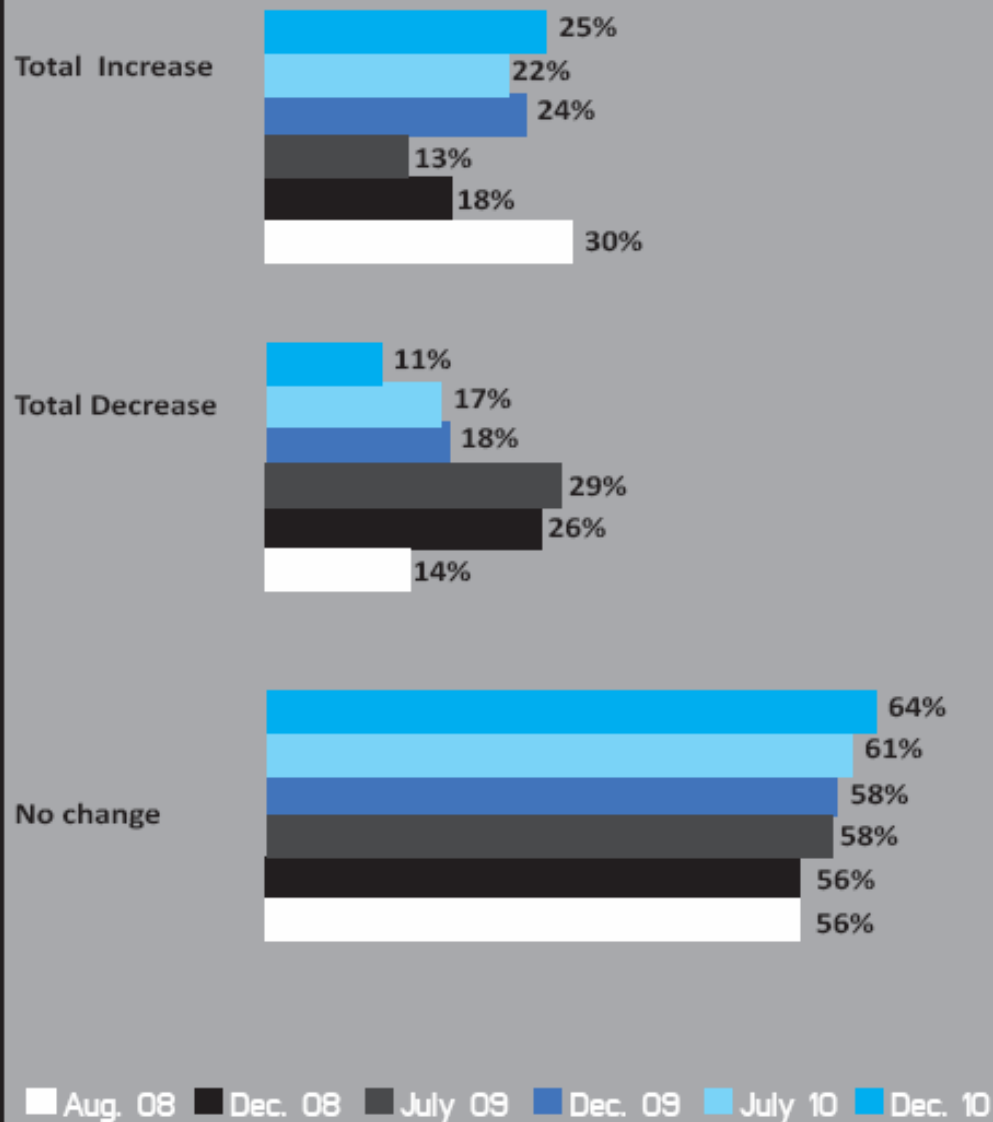
Despite modest gains in employment over the last 12 months—15 percent report hiring new employees up from 11 percent in July—small businesses still show a net decrease in employment.

Changes in number of employees over the last 12 months:



Although 25 percent project employment increases in the coming 12 months, the number of small-business owners projecting no change in employment is at its highest point in nearly three years.

Changes expected to the number of employees over the next 12 months:

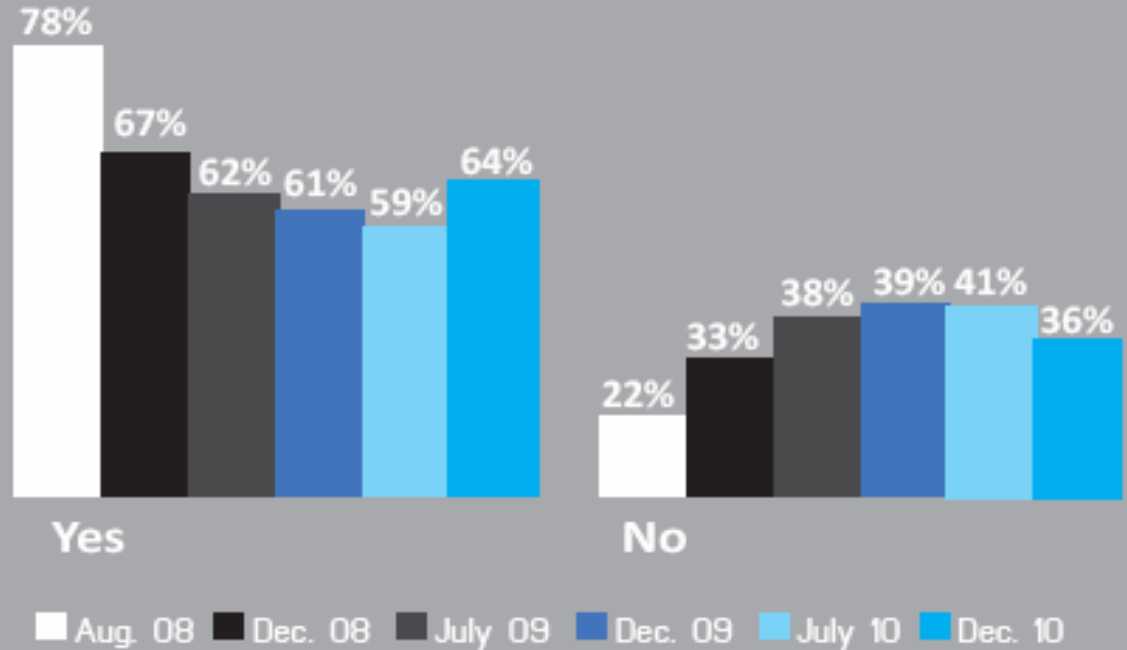


What types of financing has your company used within the past 12 months to meet your capital needs?

	Aug. 08	Dec. 08	July 09	Dec. 09	July 10	Dec. 10
Bank loan	50%	44%	53%	46%	43%	45%
Earnings of the business	49%	51%	43%	43%	42%	45%
Credit cards	41%	49%	43%	41%	39%	36%
Used no financing	17%	22%	16%	21%	21%	21%
Vendor credit	22%	27%	29%	24%	20%	23%
Private loan (friends or family)	12%	16%	20%	18%	19%	15%
Leasing	9%	8%	9%	8%	10%	9%
Other (please specify)	8%	8%	6%	7%	7%	7%
Small Business Administration loan	5%	3%	4%	4%	4%	4%
Private placement of debt	2%	4%	3%	2%	4%	2%
Selling/pledging accounts receivable	2%	3%	3%	3%	3%	4%

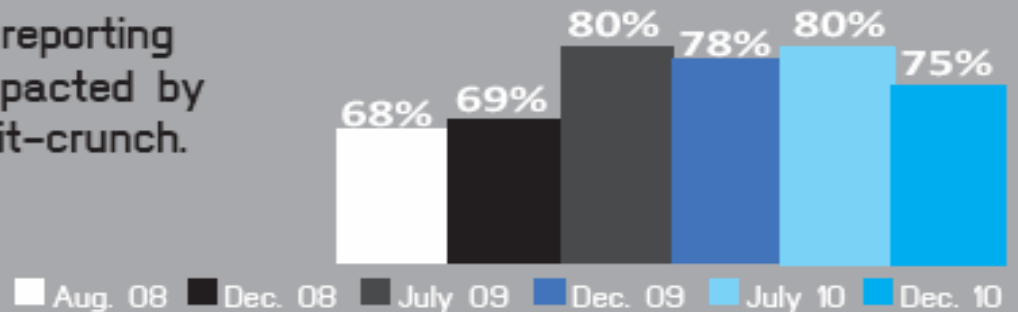
In the last six months, there has been a slight increase in small-business use of bank loans, business earnings and vendor credit while small-business credit card usage decreased.

Is your business able to obtain adequate financing?



The number of small businesses impacted by the credit crunch today is 75 percent—the lowest it has been in two years.

Small-business owners reporting being impacted by the credit-crunch.



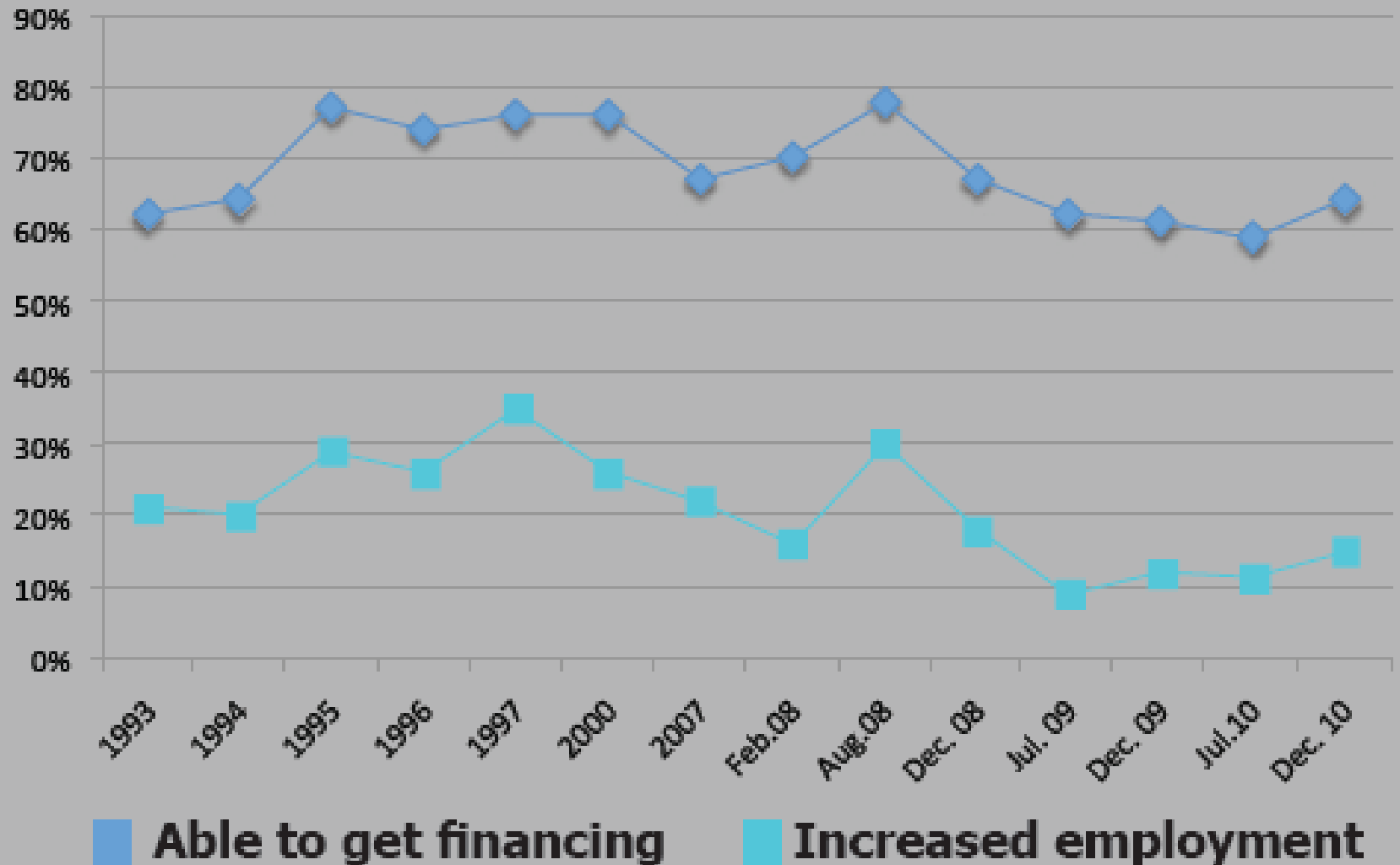
If capital availability is a problem for your business, what is the effect on your operations?



	Dec. 10
Unable to grow business or expand operations	41%
Reduced the number of employees	24%
Unable to finance increased sales	18%
Reduced benefits to employees	17%
Unable to increase inventory to meet demand	13%
Closed stores or branches	4%
Other	4%











Thirteen percent of small businesses report being unable to increase inventory to meet demand and 18 percent said they were unable to finance increased sales, meaning that a lack of capital is hampering growth opportunities.

Correlation Between Availability of Capital and Employment Growth



Small-business owners overwhelmingly cited economic uncertainty as the most significant challenge to the future growth and survival of their business, down from 73 percent just six months ago.

What are the three most significant challenges to the future growth and survival of your business?

		JULY 10	DEC. 10
	ECONOMIC UNCERTAINTY	73%	68%
	DECLINE IN CUSTOMER SPENDING	47%	42%
	COST OF HEALTH INSURANCE	37%	37%
	REGULATORY BURDENS	29%	30%
	FEDERAL TAXES	36%	27%
	LACK OF AVAILABLE CAPITAL	29%	26%
	GROWING NATIONAL DEBT*	N/A	19%
	STATE AND LOCAL TAXES	22%	19%
	COST OF EMPLOYEE BENEFITS, NOT INCLUDING HEALTH INSURANCE	7%	10%
	COST OF EMPLOYEE SALARIES	8%	10%

Ever-present economic uncertainty is likely driving the high number of small businesses who ranked reducing the national deficit and reducing tax burden the top two issues for Congress and administration to address.

Which one of the following issues do you believe Congress and President Obama's administration should address first?

	Dec. 10
Reduce the national deficit	23%
Reducing the tax burden	19%
Reign-in costs of health care reform	17%
Reducing the regulatory burden on businesses	17%
Increase small business access to capital	15%
Reform the estate tax	4%
Improving education to provide a qualified domestic workforce	3%

More than a third of small-business owners spends two full work weeks every year dealing with federal taxes.

FIGURE 7 - TIME SPENT ON FEDERAL TAXES

Approximately how much time do you spend each year dealing with federal taxes?,
(i.e. calculating payroll, self-employment or any other business-related tax, filing reports, working with your accountant, estate planning, etc)



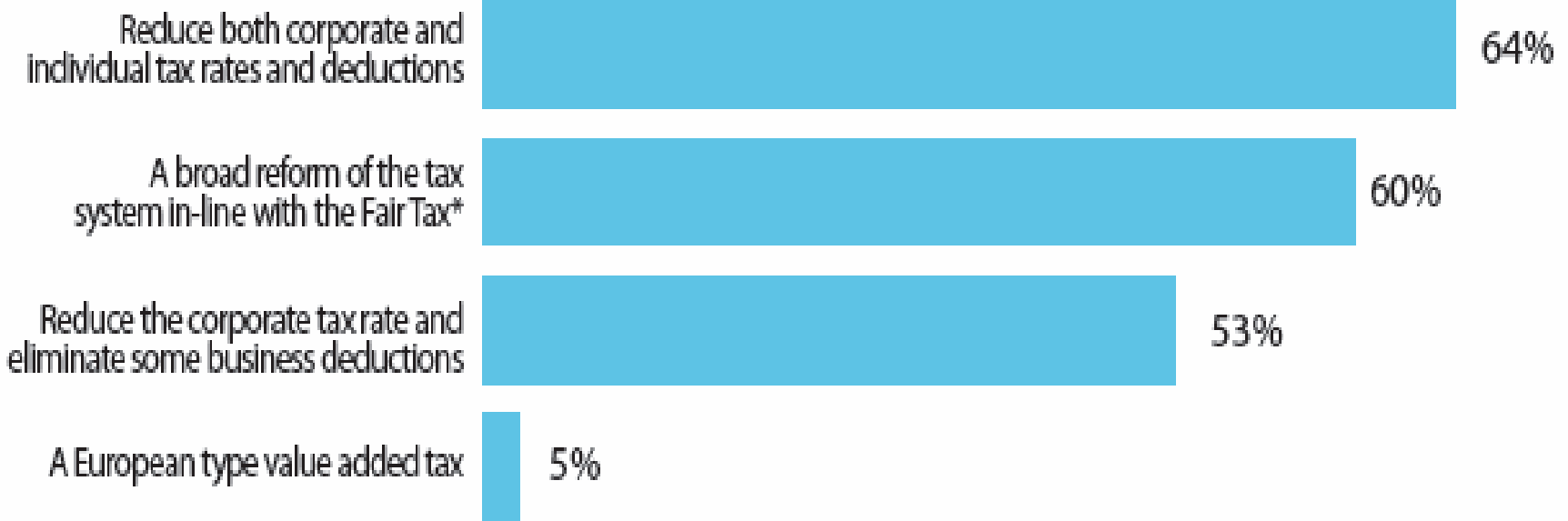
FIGURE 8 - MONEY SPENT ON FEDERAL TAXES

Approximately how much money do you spend each year on the administration of federal taxes not including your owed taxes? (i.e.: accountant fees, internal costs for administration of taxes, legal fees, etc...)



FIGURE 33 - SUPPORT FOR TAX REFORM PROPOSALS

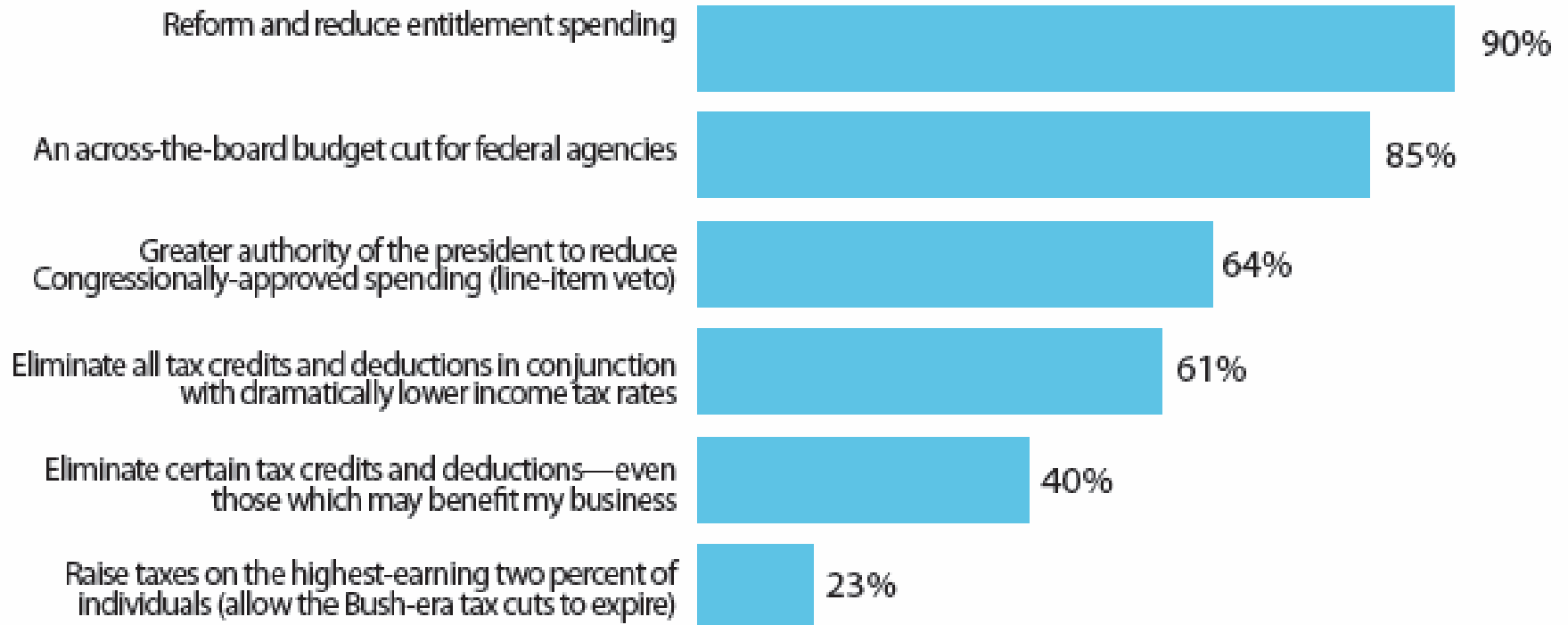
Which of the following tax reform proposals do you support?



*Elimination of all income and corporate tax rates as well as all deductions, and instead implement a 23 percent tax on the end point-of-sale for all goods

FIGURE 34 - SUPPORT FOR DEFICIT REDUCTION PROPOSALS

Which of the following deficit-reducing proposals do you support?



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2010 Year-End
Economic Report.



Please [click here](#)
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2011 Small
Business Taxation
Survey.

