FEATURED TOPIC

"AMERICAN RESCUE PLAN" — COVID 19 ECONOMIC RELIEF PROPOSAL

MARCUM - HOFSTRA CEO SURVEY

The Marcum LLP-Hofstra University CEO Survey is a periodic gauge of middle-market CEOs' outlook on the current business environment and their priorities and concerns for the next 12 months.

No. 1, 2021

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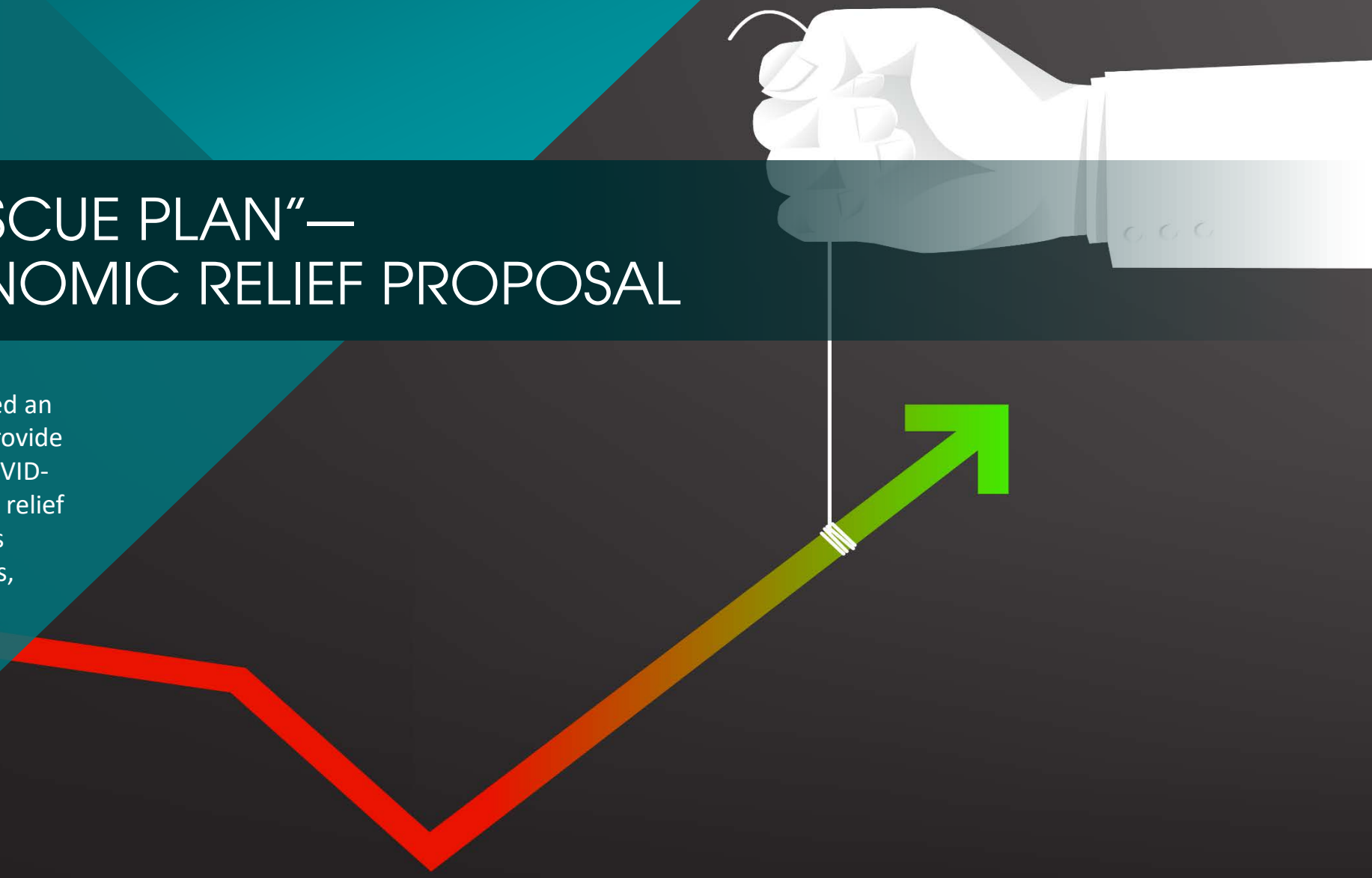
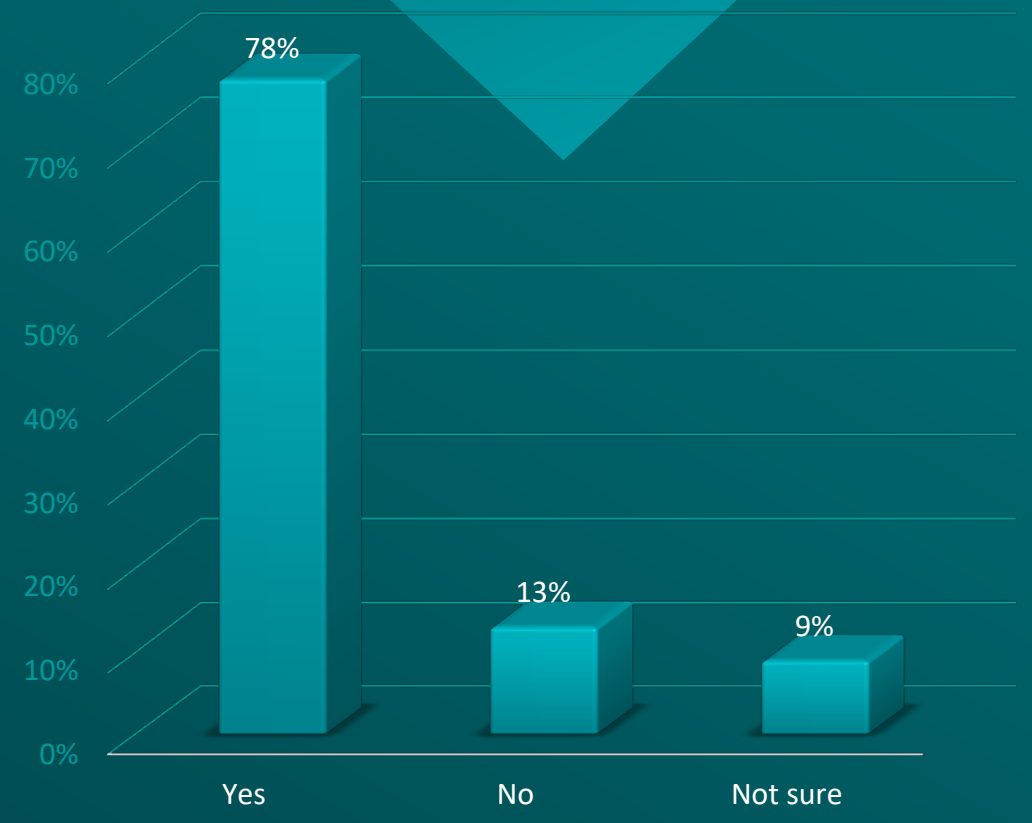
"AMERICAN RESCUE PLAN"— COVID 19 ECONOMIC RELIEF PROPOSAL

The Biden Administration has proposed an "American Rescue Plan" that would provide additional relief in response to the COVID-19 pandemic. The plan includes direct relief to families through stimulus payments and increased unemployment benefits, in addition to aid to businesses and communities.

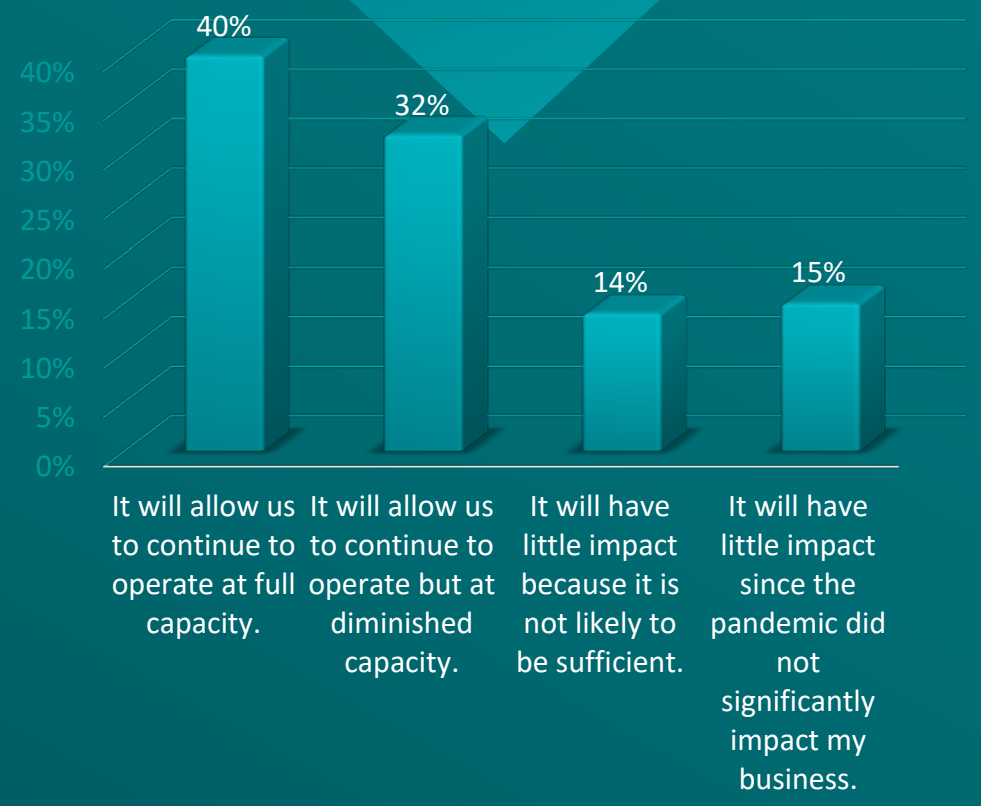


Do you believe this stimulus program is necessary for the recovery of the U.S. economy over the coming year?



Total sample (N=250)

What impact would this stimulus program likely have on your business in the coming year?



Total sample (N=250)

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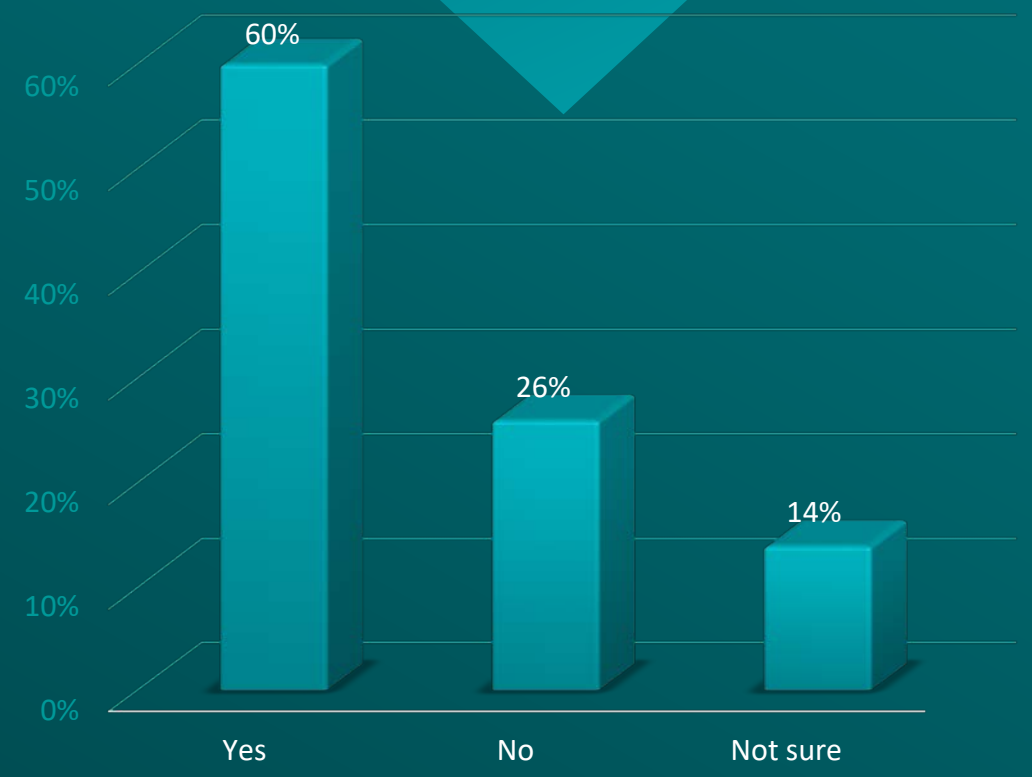
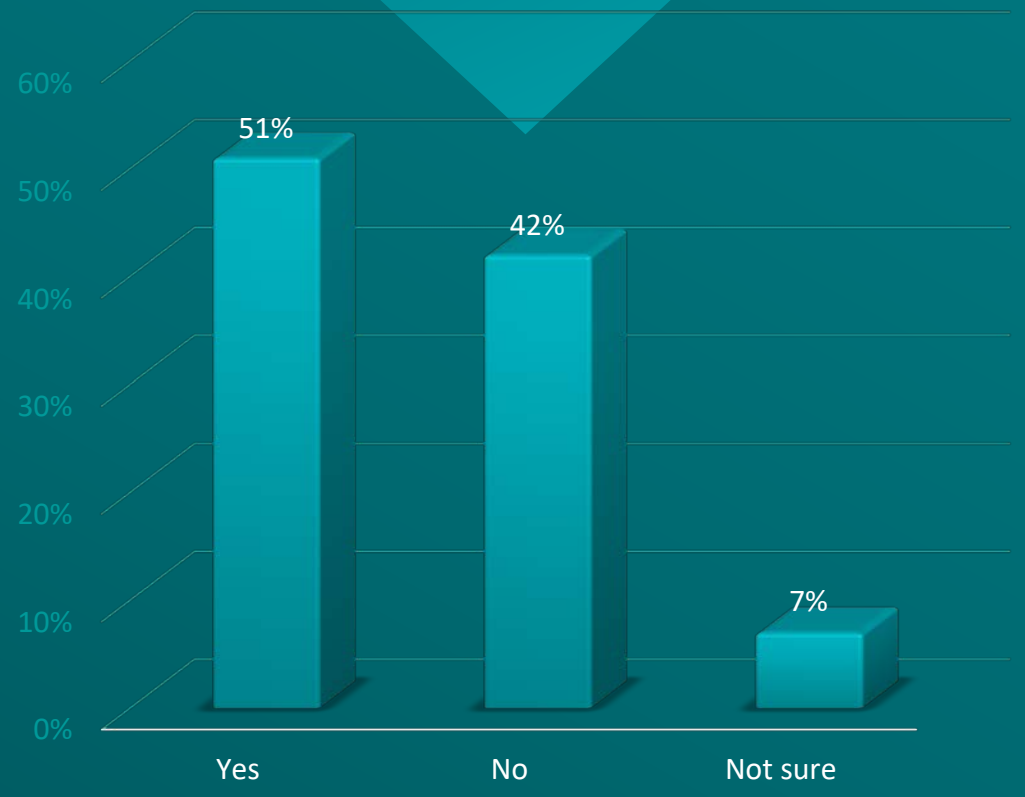
When COVID-19 vaccines become widely available to the general population, is it likely that you will require your on-site employees to be vaccinated?



Total sample (N=250)

Should the Senate impeachment trial of Donald J. Trump take place?



Total sample (N=250)

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Do you believe this stimulus program is necessary for the recovery of the U.S. economy over the coming year?

"Allow future cash flows to be maintained."

"Due to reduction of revenue, the stimulus will allow us to stay operational until the vaccine is widely available."

"How the U.S. govt believes a few thousand $ will help anyone survive several years of this nonsense is beyond my grasp. We'd be far better off if the government would just lift all restrictions and mandates and let life normalize with or without a body count."

"Continued operations, but business activities curtailed due to Covid exposure risks."

"As a restaurateur, there are differing restrictions constantly. Lockdowns are VERY IMPACTFUL… Our business depends greatly on being able to operate fully, even if it is a diminished capacity due to distance restrictions."

"Giving people $1200 or $2000 isn't going to open up concert venues or restaurants. People aren't going to start traveling internationally. Borders are still closed. Then think about the 6 degrees of the supply chain that are not working."

"I am a sole proprietor in only e-commerce. Shipping and other costs have risen, it is hard to get the skilled help I need and difficult to find even a handyman to keep my buildings in good repair."

"It would allow everyone a chance to try and get back on their feet gradually. Not that the stimulus is the magic money, but it will help…"

"Current government restrictions are restricting our ability to operate at full capacity."

"As of now we just need a boost to stay open, so any help is good."

"Drop in bucket."

"Help us expand our production capacity to meet increased demand."

"I think the amount described is just to cover patches and to pay essential bills but it will not be sufficient to boost the economy… "

"It's the economy. Open it up and let businesses operate without over-taxing them or adding to their costs by regulating them to death as usual."

cont'd

Do you believe this stimulus program is necessary for the recovery of the U.S. economy over the coming year?

"My business is down by 50%. This stimulus will affect us very little. There are no funds for self-employed that don't have employees."

"My business needs access to capital in order to grow and succeed. It is unlikely this will happen now due to lowering credit scores from late payments due to Covid."

"My corporation owns many varied businesses. It is a diverse portfolio and the equity is more than sufficient to maintain operations during any ups and downs."

"We will be able to pay our expenses and rely less on credit that is crippling."

"The money will help, but it will not allow us to operate at 100% capacity."

"These are stop-gap methods. The economy needs to be open. This is the only solution that will really impact businesses now and in the future."

"We are dependent on our customers and clients receiving the infusion of cash from the federal government that they need in order to operate and continue their relationships with our firm."

"We were only affected in the very beginning, as a significant portion of our business was considered non-essential. Now we have more problems with material shortages related to the tariffs... "

"We will be able to maintain current employees and have more operating capacity without downsizing."

"Our main clientele are small and medium-sized businesses, those hardest hit by pandemic-related problems. An influx of investments and money to those smaller businesses would help increase spending to those businesses and should increase our sales accordingly."

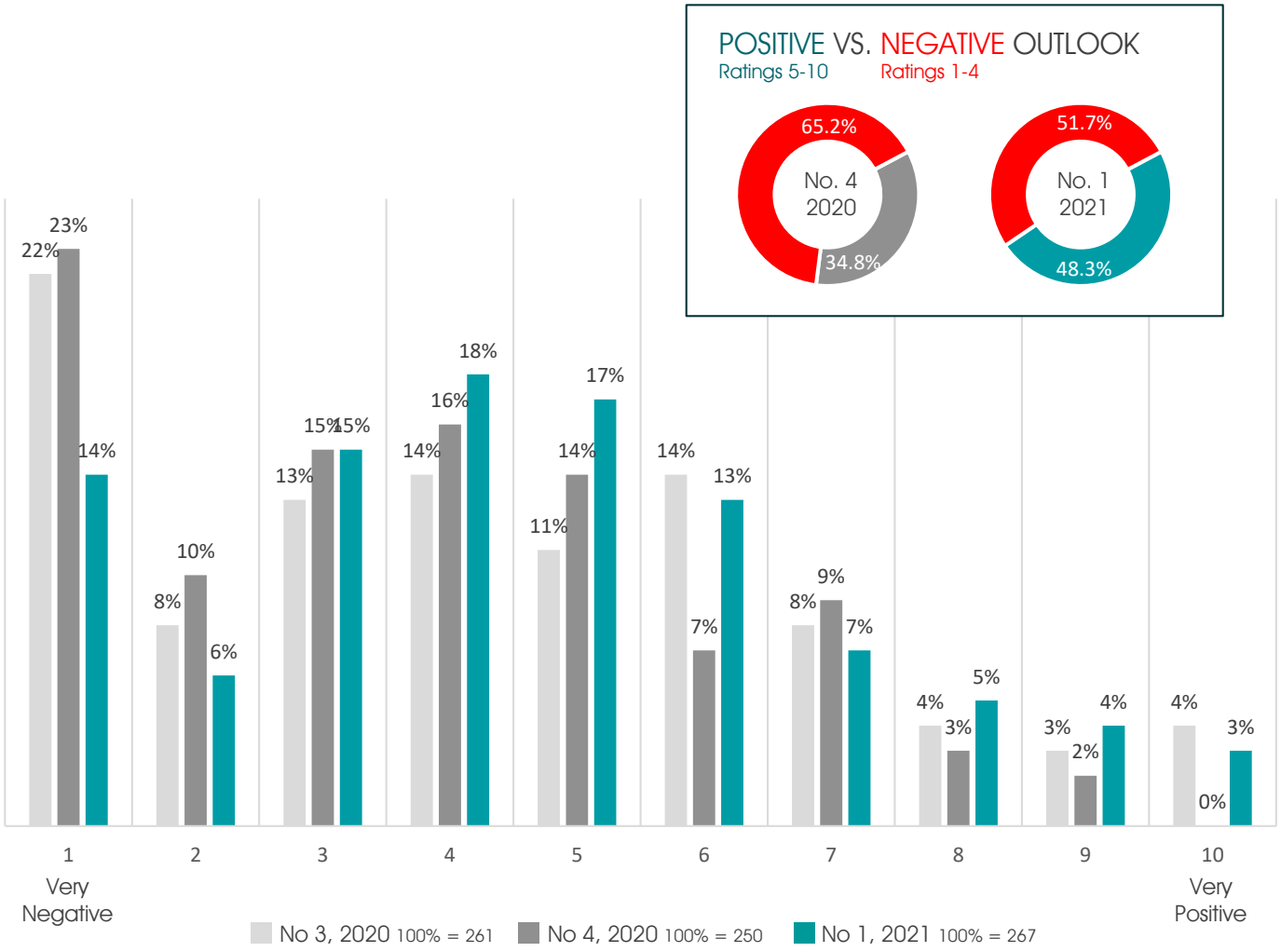
"Our company is in merchant services (credit card processing). Our niche is the hospitality industry (restaurants, bars, rooftop lounges, nightclubs…) Do I need to go on…"

"Money is not free. There is a consequence..."

"Unless our business can be supported with government programs to keep the business going, people employed, paying taxes, etc., our business may not exist in a year's time."

"If it just leads to more inflation, which is undoubtedly the case, then ultimately it will be counterproductive. We need economic growth based on increased productivity, not increased fiat money supply. Any temporary economic gains will be illusory since they will lead to mal-investment and ultimately more unemployment and recession. If a large stimulus bill is crafted, it should have something solid supporting it like a selling off of federal assets. Those could be transferred to the private economy which would really help a lot!"

What is your view of the current business environment?



KEY FINDINGS

CEO outlook for the business environment showed notable improvement over the previous (Fall 2020) survey, with optimism levels rising, but still below those of pre-pandemic survey periods.

- Whereas less than one percent of CEOs rated their outlook as "very positive" in Fall 2020, 3.4% of CEOs rated their outlook as very positive in the current survey.
- 12.5% of CEOs assigned a rating of "8" or higher ("10" = "very positive"). This represents a substantial improvement over the Fall 2020 survey, when only 5% of CEOs assigned a rating of "8" or higher.
- Slightly less than one-half of CEOs (48.3%) assigned a rating of "5" or higher in the current survey, portraying an improvement over the previous survey's 34.8%.

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cont'd
What is your view of the current business environment?

INDEX:
A Weighted Average of CEO Responses

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RATING OF BUSINESS OUTLOOK

by Industry

With minor variation, CEOs across business sectors expressed significant doubts about the business environment for the next 12 months.

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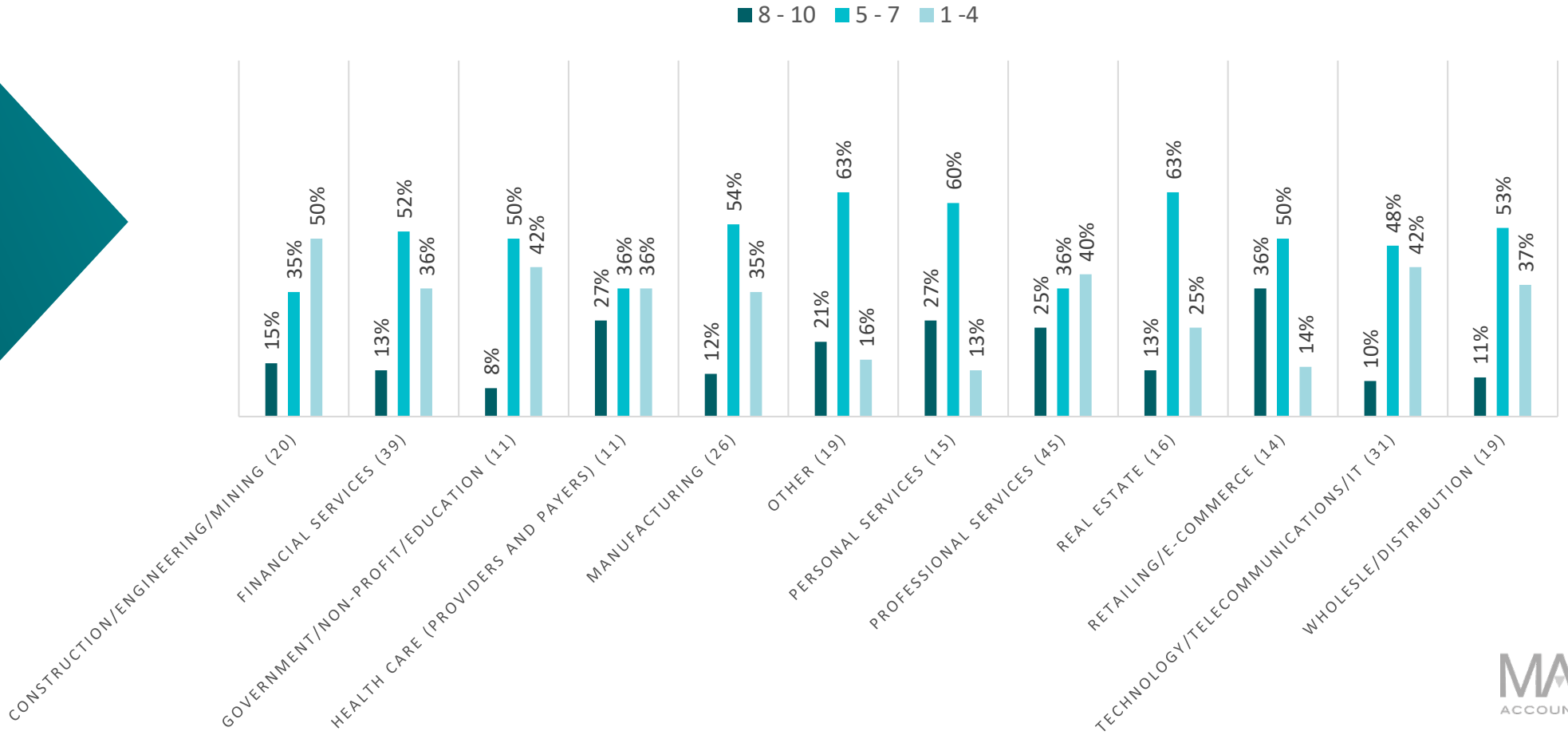
What is your view of the current business environment?



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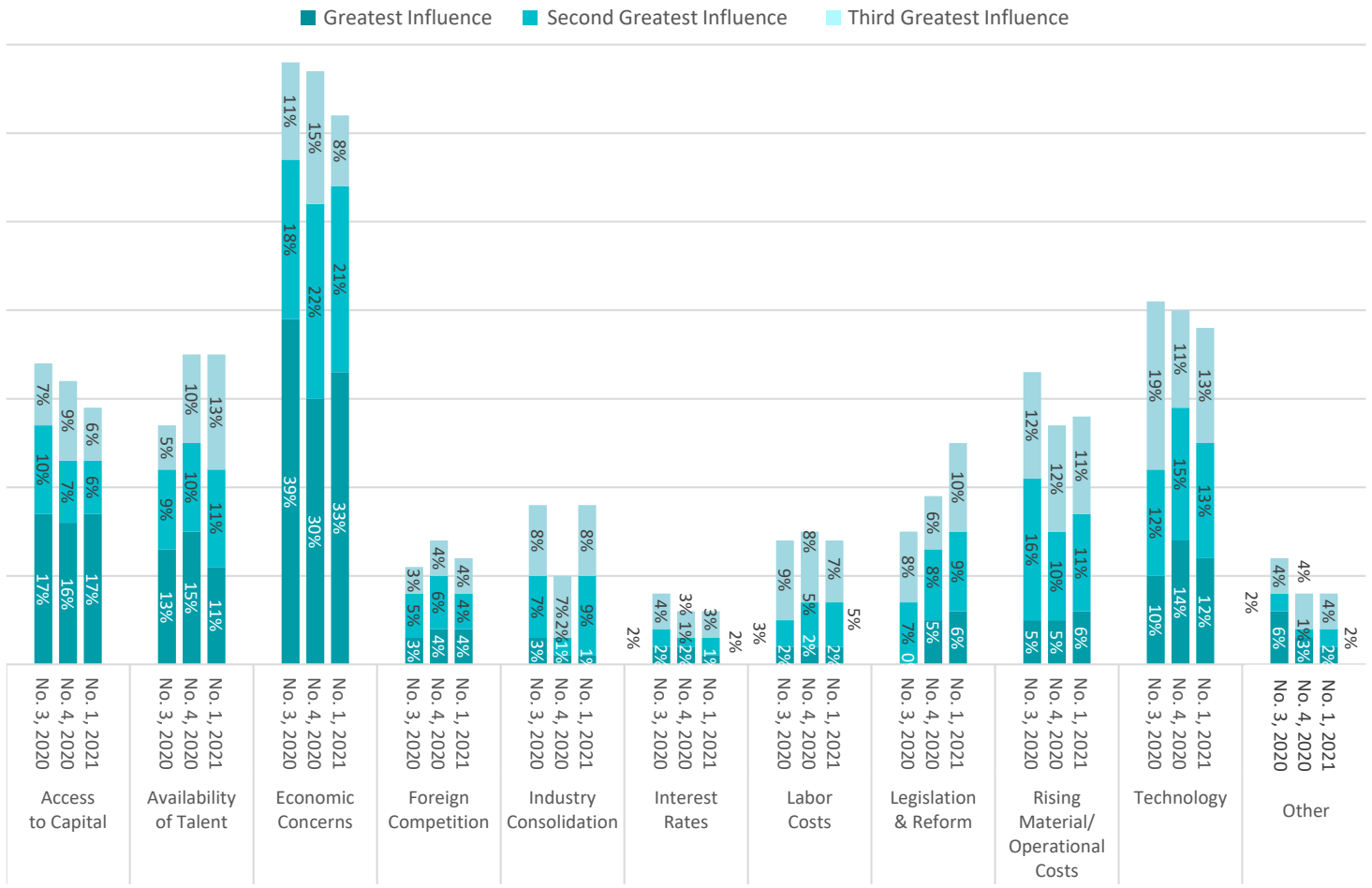
What are the most important influences for your business planning in the next 12 months?



No 3, 2020 100% = 261 | No 4, 2020 100% = 250 | No 1, 2021 100% = 267

KEY FINDINGS

- Economic concerns outweighed other influences for CEO planning over the next 12 months, with one-third of CEOs saying the economy was the greatest influence on business planning and over 60% (61.4%) citing this as one of their top three influences.
- Following economic concerns, technology (38%), availability of talent (34%), and access to capital (29%) were most cited as one of the top three influences on business planning over the next 12 months.

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What are the most important influences for your business planning in the next 12 months?

Influences on Business Planning — by Industry

Upper figure: highest priority
Lower figure: one of three highest priorities

	Access to Capital	Availability of Talent	Economic Concerns	Foreign Competition	Industry Consolidation	Interest Rates	Rising Labor Costs	Legislation and Reform	Regulatory Environment	Rising Mat. /Operating Costs	Technology
Construction/ Engineering/Mining	15.0%	20.0%	30.0%	0.0%	5.0%	0.0%	0.0%	10.0%	0.0%	20.0%	0.0%
	30.0%	40.0%	65.0%	15.0%	20.0%	5.0%	20.0%	25.0%	15.0%	25.0%	0.0%
Financial Services	17.9%	2.6%	38.5%	12.8%	0.0%	2.6%	0.0%	5.2%	5.1%	2.6%	12.8%
	33.3%	20.5%	64.1%	17.9%	28.2%	15.4%	5.1%	15.6%	23.1%	25.6%	35.9%
Government/ Non-profit/Education	16.7%	16.7%	25.0%	0.0%	0.0%	0.0%	0.0%	16.7%	0.0%	0.0%	25.0%
	16.7%	58.3%	58.3%	8.3%	8.3%	25.0%	0.0%	25.0%	25.0%	25.0%	50.0%
Healthcare (Providers and Payers)	0.0%	18.2%	27.3%	0.0%	0.0%	0.0%	9.1%	18.2%	9.1%	0.0%	18.2%
	36.4%	36.4%	36.4%	0.0%	9.1%	0.0%	18.2%	45.5%	45.5%	0.0%	72.7%
Manufacturing	23.1%	3.8%	26.9%	0.0%	3.8%	0.0%	3.8%	7.7%	11.5%	7.7%	11.5%
	34.6%	26.9%	46.2%	23.1%	19.2%	3.8%	11.5%	11.5%	38.5%	38.5%	46.2%
Personal Services	13.3%	20.0%	40.0%	0.0%	0.0%	0.0%	0.0%	6.7%	13.3%	6.7%	0.0%
	20.0%	46.7%	73.3%	0.0%	13.3%	6.7%	33.3%	6.7%	26.6%	20.0%	33.3%
Professional Services	15.6%	15.6%	46.7%	6.7%	2.2%	0.0%	2.2%	2.2%	2.2%	0.0%	2.2%
	26.7%	33.3%	75.6%	11.1%	15.6%	13.3%	4.4%	28.9%	20,0%	24.4%	46.1%
Real Estate	25.0%	12.5%	31.3%	0.0%	0.0%	6.3%	0.0%	6.3%	6.3%	6.3%	6.3%
	31.3%	25.0%	68.8%	0.0%	12.5%	37.5%	6.3%	31.3%	25.0%	31.3%	31.3%
Retailing	28.6%	7.1%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	7.1%
	50.0%	28.6%	57.1%	21.4%	7.1%	0.0%	14.3%	21.4%	21.4%	42.9%	14.3%
Technology/ Telecommunication/IT	12.9%	6.5%	29.0%	3.2%	0.0%	0.0%	0.0%	0.0%	3.2%	6.5%	38.7%
	29.0%	41.9%	54.8%	9.7%	19.4%	0.0%	12.9%	35.5%	22.6%	16.1%	58.1%
Wholesale/Distribution	10.5%	15.8%	15.8%	5.3%	0.0%	0.0%	5.3%	10.5%	5.3%	15.8%	10.5%
	10.5%	36.8%	57.9%	26.3%	15.8%	5.3%	26.3%	21.1%	15.8%	26.3%	36.8%
Other	21.1%	5.3%	31.6%	5.3%	0.0%	0.0%	0.0%	0.0%	21.1%	10.5%	5.3%
	31.6%	36.8%	57.9%	15.8%	26.3%	5.3%	21.1%	15.8%	31.6%	36.8%	10.5%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	89 (33.3%)	55 (20.6%)	20 (7.5%)	**164 (61.4%)**
Technology	31 (11.6%)	34 (12.7%)	35 (13.1%)	**100 (37.5%)**
Availability of Talent	29 (10.9%)	28 (10.5%)	34 (12.7%)	**91 (34.1%)**
Access to Capital	45 (16.9%)	16 (6.0%)	17 (6.4%)	**78 (29.2%)**
Rising Material/Operational Costs	17 (6.4%)	29 (10.9%)	30 (11.2%)	**76 (28.5%)**
Regulatory Environment	16 (6.0%)	23 (8.6%)	27 (10.1%)	**66 (24.7%)**
Legislation and Reform	15 (5.6%)	24 (9.0%)	27 (10.1%)	**66 (24.7%)**
Industry Consolidation	3 (1.1%)	25 (9.4%)	21 (7.9%)	**49 (18.4%)**
Foreign Competition	11 (4.1%)	11 (4.1%)	14 (4.2%)	**36 (13.5%)**
Rising Labor Costs	4 (1.5%)	12 (4.5%)	18 (6.7%)	**34 (12.7%)**
Interest Rates	2 (0.7%)	6 (2.2%)	14 (3.2%)	**22 (8.2%)**
Other*	5 (1.9%)	4 (1.5%)	10 (3.7%)	**19 (7.1%)**

* COVID-19 Pandemic (9); Material shortages (1); Obtaining inventory (1); Lack of funding (1)

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DEMOGRAPHICS

Which of the following best describes your company's industry?

Construction/Engineering/Mining	20	7.5%
Financial Services	39	14.6%
Government and Non-profit	12	4.5%
Health Care (Providers and Payers)	11	4.1%
Manufacturing	26	9.7%
Personal/Consumer Services	15	5.6%
Professional Services	45	16.9%
Real Estate	16	6.0%
Retailing	14	5.2%
Technology Services	31	11.6%
Wholesale/Distribution	19	7.1%
Other	19	7.1%
Total	**267**	**100.0%**

Other: Restaurants/Catering (5); Pharmaceuticals (4); Agriculture (1); Aerospace R&D (1); Energy/Utilities (2); Entertainment (1) Travel and Leisure (1); Unspecified (4)

What best describes your title?

Owner	74	27.7%
CEO	56	21.0%
Divisional President	49	18.4%
Managing Partner	42	15.7%
President	33	12.4%
Founder	7	2.6%
Chairman	6	2.2%
Total	**267**	**100.0%**

What is the total number of permanent employees in your company?

Less than 50	60	22.5%
50 to 99	27	10.1%
100 to 499	50	18.7%
500 to 999	41	15.4%
1,000 to 2,499	37	13.9%
2,500 to 4,999	23	8.6%
5,000 or more	26	9.7%
Not sure/Decline to say	3	1.1%
Total	**250**	**100.0%**

In which revenue size range was your company last year?

Less than $5 million	60	22.5%
$5 million to $9.9 million	28	10.5%
$10 million to $24.9 million	25	9.4%
$25 million to $49.9 million	26	9.7%
$50 million to $99.9 million	18	6.7%
$100 million to $249.9 million	26	9.7%
$250 million to $499.9 million	24	9.0%
$500 million to $999.9 million	28	10.5%
$1 Billion or more	25	9.4%
Not sure/Decline to say	7	2.8%
Total	**267**	**100.0%**

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