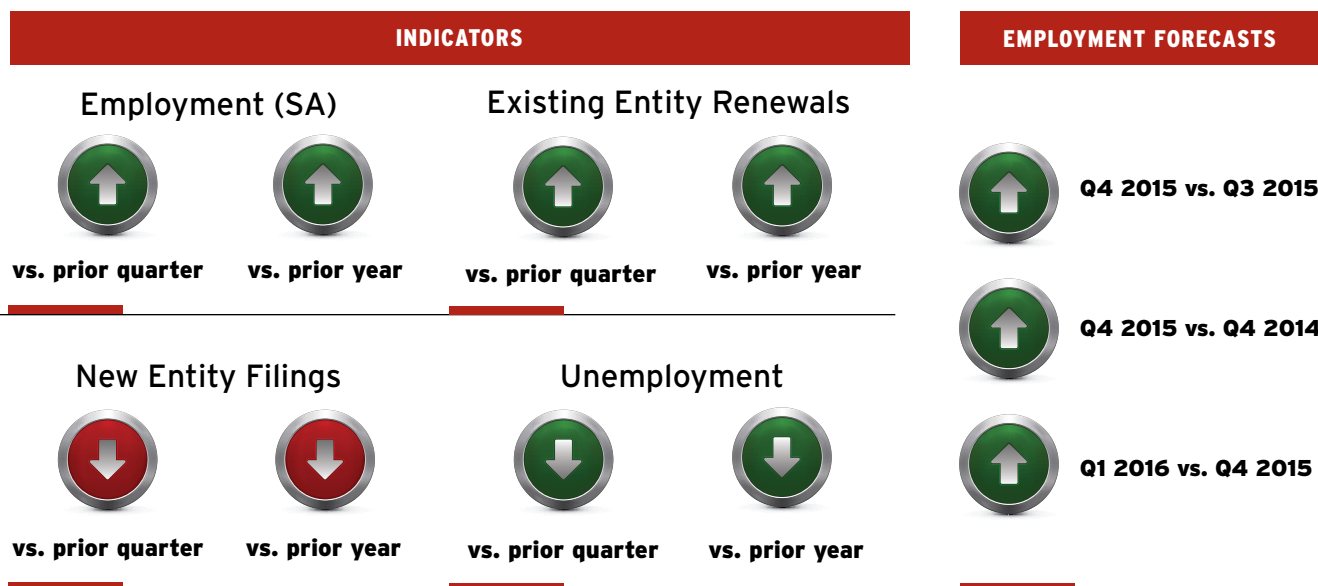
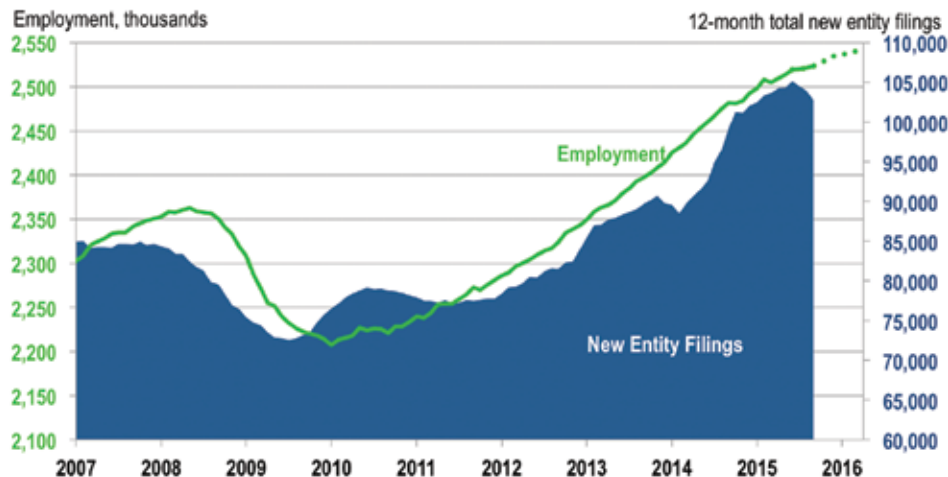


Secretary of State Business Filings Q3 2015 Data Analysis Summary

- New business filings slipped in Q3 and the pace of employment growth slowed.
- Employment projected to continue expanding in Q4 2015 and Q1 2016 despite the fall in new business filings.
- Current Colorado economic indicators continue to show strong growth.
- Pace of national job growth has slowed, while GDP rebounded.



Employment and New Entity Filings



Note: Solid line displays actual seasonally adjusted employment numbers; dotted line reflects calculated forecasts.

Source: Seasonally adjusted. Colorado total nonfarm employees from the Bureau of Labor Statistics, Current Employment Statistics (CES), calculations by BRD research team.

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The Secretary of State's office works to grow commerce and foster political freedom by building trust, instilling confidence, and offering innovative, value-driven solutions.

Secretary of State Business Filings Q3 2015 Data Analysis Summary

Business formation interrupted. The state recorded a year-over-year decrease in new entity filings. This is partially due to anomalous growth in Q3 2014 that was driven by a fee holiday. The year-ago increase in new entity filings is now registering as a boost in existing entity renewals. Trademark and trade name filings declined in Q3, while entities in good standing recorded a boost.

A total of 102,724 new business filings were recorded in the 12-month period ending in September. Existing entity renewals increased for the year to 457,643 for the 12 months ending in September. The number of entities in good standing ticked up 6% compared to a year prior.

Job growth rooted in new entity filing activity. Business formation in the third quarter indicates the state will experience uninterrupted employment expansions in Q4 2015 and Q1 2016.

Colorado business leaders more cautious ahead of Q4. According to the Leeds Business Confidence Index (LBCI), confidence remained in positive territory among state business leaders, but expectations slipped 4.7 points in the overall index and 4 points for state economic outlook.

Economic activity is stable. Real GDP increased 3.9% in Q2 2015 after expanding 0.6% in Q1 2015. According to the Q2 release, the increase reflected stronger consumer spending, an increase in exports, as well as greater nonresidential and residential investment and increased state and local government spending.

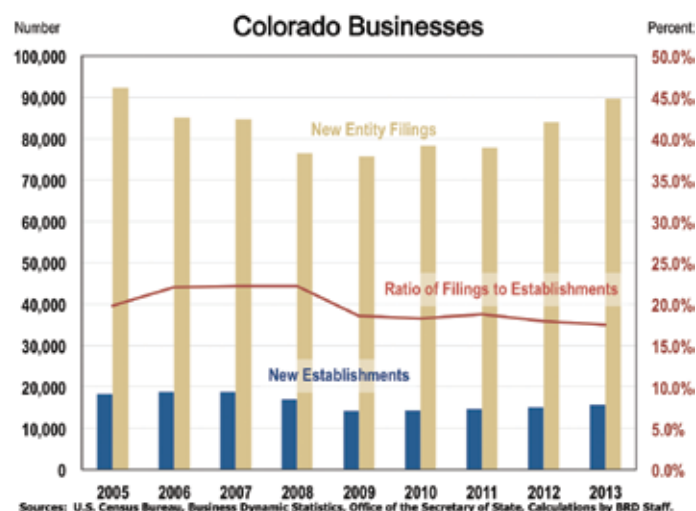
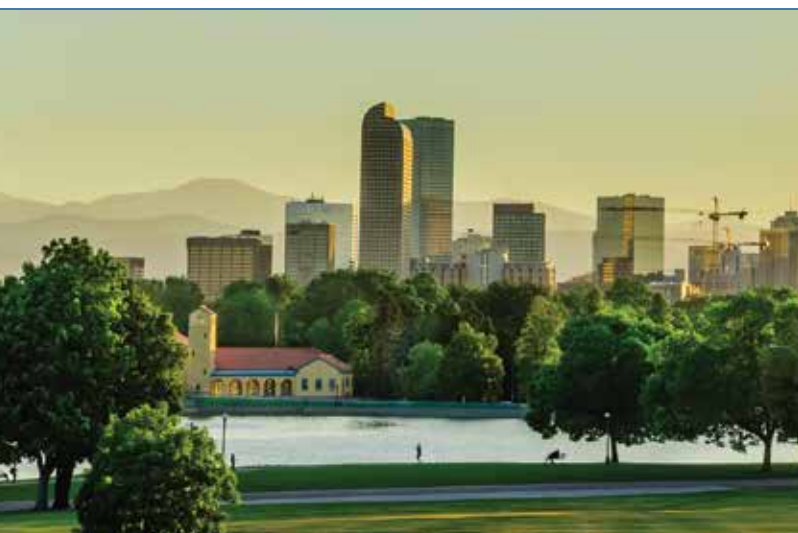
A total of 501,000 jobs were added in the United States in Q3 (142,000 in September), and unemployment dropped to its lowest level since April 2008, at 5.1%. Total wages grew by \$79.7 billion in Q1 2015 year-over-year, a 4.5% increase from Q1 2014 according to the Bureau of Labor Statistics. Initial jobless claims averaged 273,000 in Q3 (through September 19) and continuing claims averaged 2.2 million nationwide.

Consumers are still benefiting from low gasoline prices related to the low oil price environment. Gasoline prices were down 16.2% nationally from end of Q2 to the end of Q3. In Q2 2015, seasonally adjusted retail and food services sales increased 2.7% year-over-year and 0.8% from the June to August. According to the Consumer Price Index, prices were flat in September year-over-year, while core inflation (all items less food and energy) rose 1.9%.

Colorado's economy continued to grow in Q3 2015, but the pace of growth slowed. As of September 2015, Colorado added 41,500 jobs year-over-year. According to the Bureau of Labor Statistics, total wages in the state increased by 7% for the four quarters ending in Q1 2015, and average wages increased 3.2% year-over-year through Q1.

National residential construction grew 14.7% year-to-date through August based on Census building permit data. Residential construction in Colorado picked up slightly through August 2015, posting 3.8% growth year-over-year. Home prices in Colorado are growing faster than any other state (10.6%) according to the Q2 Federal Housing Finance Agency Purchase-Only Index.

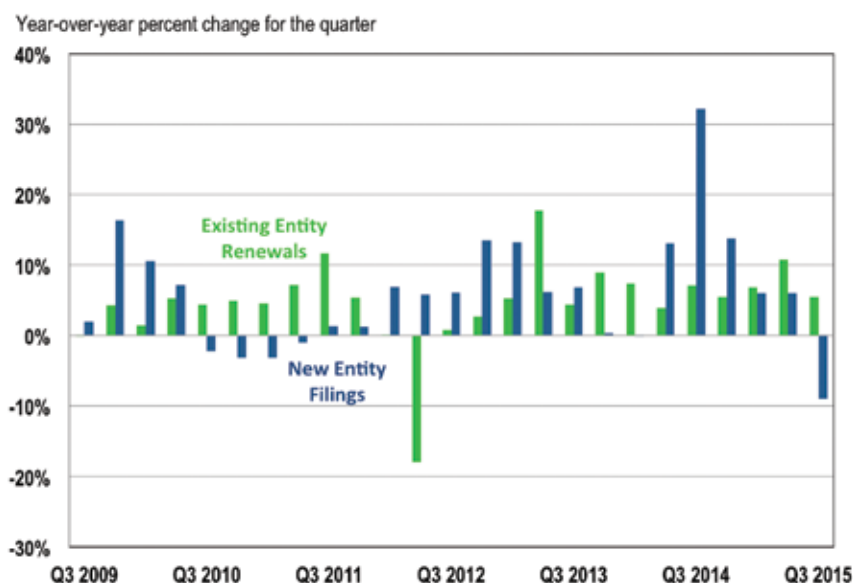
The ratio of new establishments to new entity filings has remained stable from 2005 to 2013, ranging from 17.5% to 22.2%. New entity filings may or may not become establishments, which are single physical locations where business is conducted or where services or industrial operations are performed.



The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics. The Business Research Division (BRD) of the Leeds School of Business conducts marketing and economic impact studies and customized research projects that assist companies, associations, nonprofits, and governmental agencies with making sound business and policy decisions.

Visit colorado.edu/business/brd to learn more. Copyright © 2015. Business Research Division, Leeds School of Business, University of Colorado Boulder, and the Colorado Department of State.

Existing Entity Renewals and New Entity Filings



Business Filings Overview

Business formation slips ahead of Q4. The state saw a total of 25,164 new entity filings in the third quarter this year. This compares to 26,085 last quarter and 27,642 last year. Since September 2014, 102,724 businesses have been created (3.4% increase year-over-year).

Existing entity renewals totaled 114,676 in Q3 2015, up from last quarter's 108,842, and up 5.5% since Q3 2014. Dissolution filings decreased to 5,346 in Q3 after reaching 5,729 in Q2 2015. This compares to 5,061 dissolved businesses in Q3 last year.

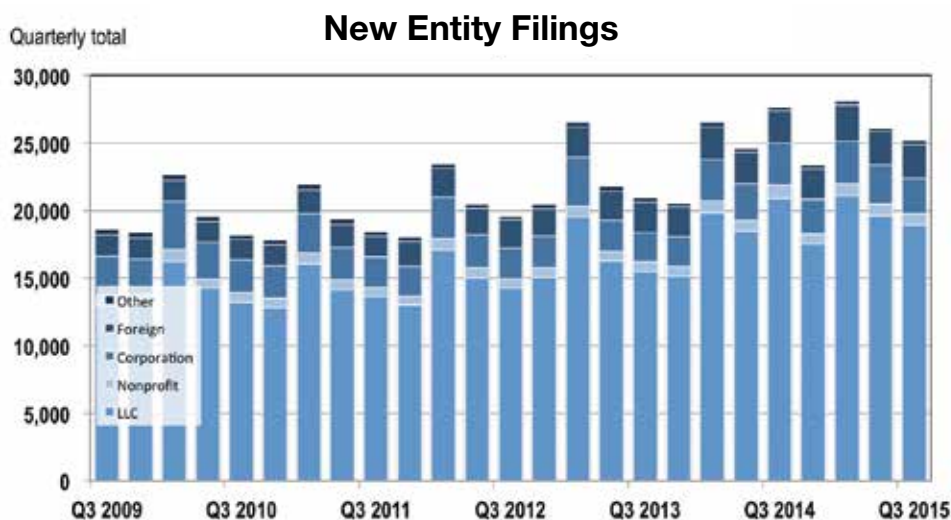
Quarterly trademark filings fell 14.5% year-over-year, while trade names fell slightly (1.8%). The total number of businesses in good standing was 587,740 (6% increase year-over-year).

	Q3 2015	Q2 2015	Q3 2014	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	18,920	19,619	20,883	-9.4%	▼	7.4%	▲
Domestic Nonprofit Corporation	833	848	972	-14.3%	▼	4.2%	▲
Domestic Corporation	2,608	2,902	3,109	-16.1%	▼	1.2%	▲
Other Entity Types	2,803	2,716	2,678	4.7%	▲	8.9%	▲
Total New Entity Filings	25,164	26,085	27,642	-9.0%	▼	6.7%	▲
Total New Entity Filings - 12 mo. trailing	102,724	105,202	99,300	3.4%	▲	5.4%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	65,215	61,424	60,321	8.1%	▲	9.0%	▲
Domestic Nonprofit Corporation	10,631	9,627	10,305	3.2%	▲	3.3%	▲
Domestic Corporation	25,360	24,696	25,664	-1.2%	▼	-0.1%	▼
Other Entity Types	13,470	13,095	12,414	8.5%	▲	7.3%	▲
Total Existing Entity Renewals	114,676	108,842	108,704	5.5%	▲	5.9%	▲
Total Existing Entity Renewals - 12 mo. trailing	457,643	451,671	427,360	7.1%	▲	4.9%	▲
Other Business Filings							
Dissolution Filings	5,346	5,729	5,061	5.6%	▲	5.1%	▲
Dissolution Filings - 12 mo. trailing	23,673	23,388	21,335	11.0%	▲	5.6%	▲
Trademarks	707	904	827	-14.5%	▼	4.2%	▲
Trademarks - 12 mo. trailing	3,163	3,283	3,060	3.4%	▲	6.3%	▲
Trade Names	10,580	11,261	10,776	-1.8%	▼	-1.5%	▼
Trade Names - 12 mo. trailing	43,910	44,106	43,983	-0.2%	▼	-1.3%	▼
Entities in Good Standing							
Corporation	123,060	123,097	122,532	0.4%	▲	-0.6%	▼
Foreign	60,738	59,560	56,460	7.6%	▲	7.2%	▲
Limited Liability Company	346,826	340,725	319,333	8.6%	▲	8.2%	▲
Nonprofit Corporation	46,580	46,337	45,577	2.2%	▲	2.3%	▲
Other Entity Types	10,536	10,520	10,516	0.2%	▲	1.0%	▲
Total Entities in Good Standing	587,740	580,239	554,418	6.0%	▲	5.3%	▲

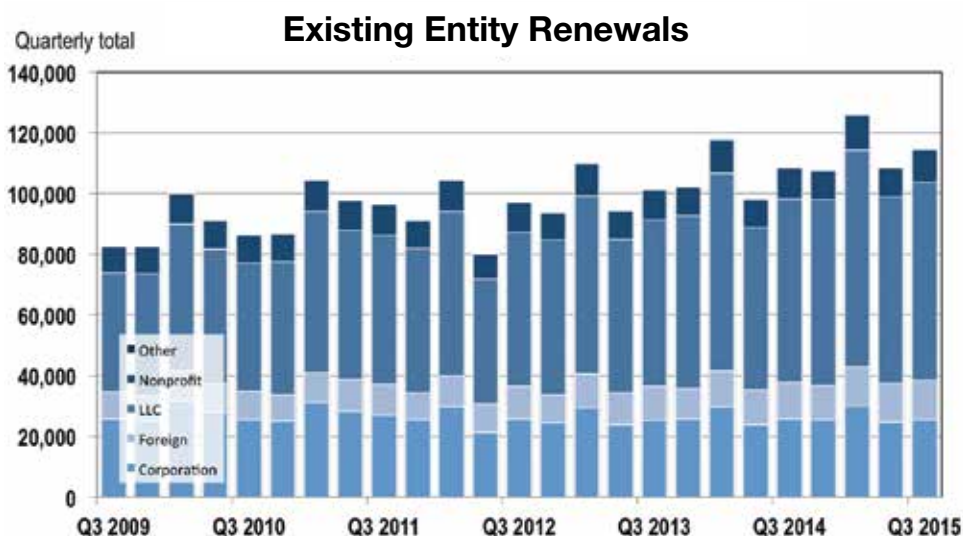
^aCompound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

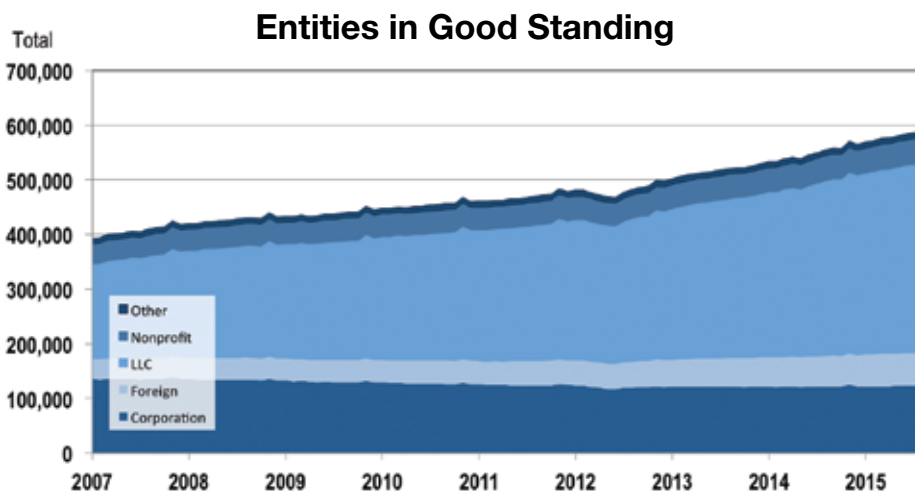
Business filings stall in Q3. Quarterly filings fell 9% year-over-year, when comparing to the fee-holiday quarter in 2014. Accounting for the seasonal fluctuations new business filings exhibit, a 12-month trailing total of new entity filings rose 3.4% year-over-year in Q3 2015 but fell 2.4% since Q2. Filings for domestic corporations fell 16.1% year-over-year in Q3, filings for nonprofit corporations fell 14.3%, and filings for domestic limited liability companies decreased 9.4%.



Renewals bounce after a soft Q2. After totaling over 108,842 in Q2 2015, business renewals increased in seasonal fashion to 114,676 in Q3. Renewals by domestic corporations fell 1.2% year-over-year, while domestic limited liability companies grew 8.1%.



Nearly 600,000 businesses are in good standing in Colorado. From Q3 2014 to Q3 2015, the number of entities in good standing in the state has increased by 6%. Over the past five years, the number of entities in good standing have increased at a compound annual growth rate of 5.3%. Limited liability companies drove year-over-year growth (8.6%), followed by foreign entities in good standing (7.6%).



Dissolutions, Trade Names, & Trademarks

A total of 5,346 businesses dissolved in Q3 2015. Dissolution filings dropped from last quarter (6.7%), but increased 5.6% compared to a year ago. A 12-month trailing sum of dissolution filings increased 11% year-over-year with a five-year compound annual growth rate of 5.6%. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

Dissolution Filings



Trade name filings recorded a modest decline. A total of 10,580 trade names were filed in Q3 2015, compared to 11,261 last quarter and 10,776 a year ago. A 12-month trailing sum of trade name filings reached 43,910, reflecting a 0.2% drop from the prior year. Entities must file a statement of trade name when operating under any name other than their true name.

Trade Name Filings



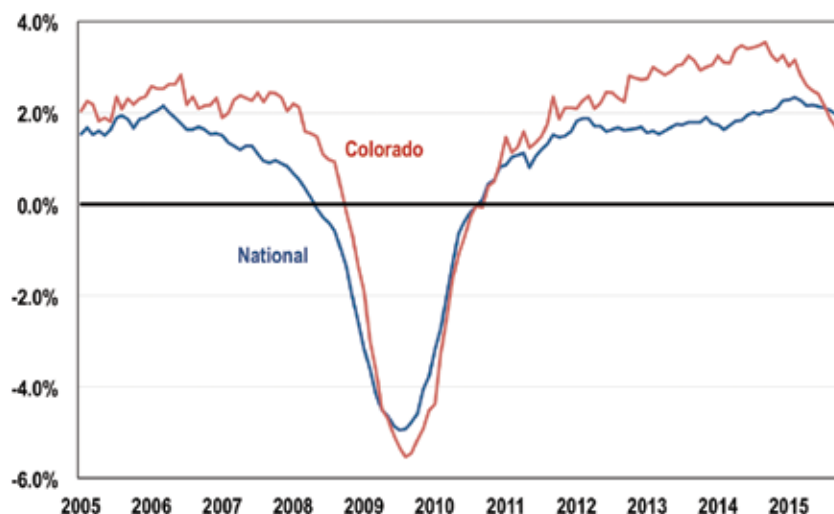
Number of trademark filings declined.

The number of trademark filings in Colorado totaled 707 this quarter compared to 904 in Q2 2015 and 827 in the same quarter a year ago. While trademark filings were down 14.5% over the prior year, a 12-month trailing total increased 3.4% year-over-year, totaling 3,163. Trademarks protect the symbols and words used in commerce.

Trademark Filings



Year-over-Year Employment Percent Change



Source: Bureau of Labor Statistics, CES.

Colorado Economic Indicators

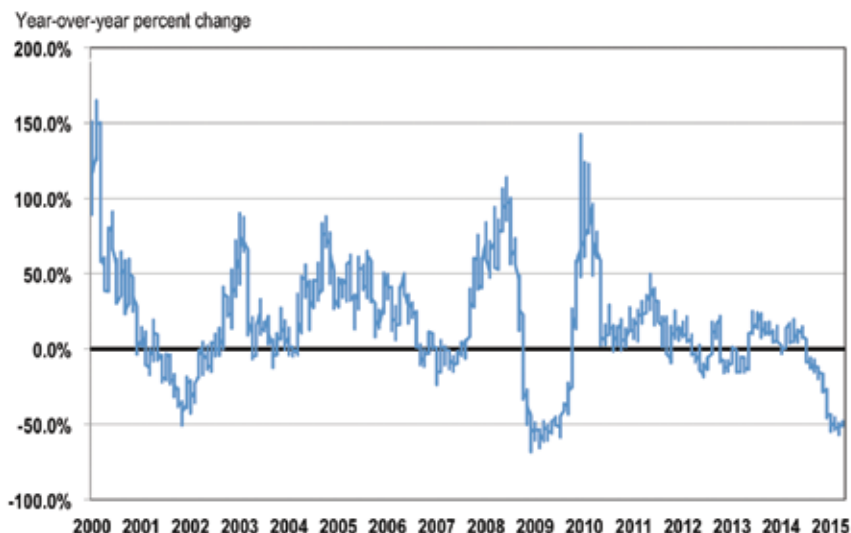
Colorado's economy remains healthy and continues its growth. According to the Bureau of Labor Statistics, job growth has continued through Q3 2015. Colorado showed growth of 1.7% year-over-year as of September 2015, ranking 21st nationally. This deceleration in growth continues a convergence with national employment growth.

Personal income continues to grow reaching \$273 billion in Q2 2015, an annual increase of 5.1%. The Federal Housing Finance Agency Purchase-Only House Price Index saw an increase of 1% from the previous period and an increase of 10.6% year-over-year. Building permits increased 2.5% to 29,963 from the prior period and the 12-month trailing total valuation of building permits was valued at \$6.8 billion in September 2015. Colorado business leaders' perceptions of the state economy have declined from Q3 2015 to Q4 2015 according to the Leeds Business Confidence Index, though the index is still firmly positive.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	273,198	270,440	1.0%	▲	5.1%	▲	5.5%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	184,246	183,783	0.3%	▲	5.7%	▲	6.3%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	88,631	87,452	1.3%	▲	9.5%	▲	7.6%	▲
Sales Expectations (LBCI)	55.6	59.8	-7.0%	▼	-10.4%	▼	-1.0%	▼
Profit Expectations (LBCI)	53.6	58.5	-8.4%	▼	-8.8%	▼	-0.5%	▼
Business Outlays								
Annual Wages Per Employee (\$)	53,073	52,724	0.7%	▲	3.2%	▲	2.5%	▲
Hiring Expectations (LBCI)	53.1	57.3	-7.3%	▼	-8.4%	▼	0.2%	▼
Capital Expenditures Expectations (LBCI)	53.1	57.5	-7.8%	▼	-8.1%	▼	-0.2%	▼
Retail Gasoline Price (dollars per gallon)	2.35	2.83	-16.7%	▼	-26.8%	▼	-3.1%	▼
Economic Overview								
Employment (in thousands)	2,523.7	2,519.5	0.2%	▲	1.7%	▲	2.6%	▲
Unemployment Rate ^b	4.0%	4.4%	-0.4%	▼	-0.5%	▼	-4.9%	▼
Initial Jobless Claims	3,022	2,336	29.4%	▲	2.0%	▲	-10.9%	▼
Continuing Jobless Claims	24,380	29,586	-17.6%	▼	-7.5%	▼	-14.3%	▼
Building Permits, Number of Units, 12 mo. trailing	29,963	29,237	2.5%	▲	5.5%	▲	23.0%	▲
Valuation (millions of dollars), 12 mo. trailing	6,812	6,564	3.8%	▲	8.4%	▲	22.6%	▲
FHFA Purchase-Only Home Price Index	353	349	1.0%	▲	10.6%	▲	6.0%	▲
Private Firms	183,908	180,691	1.8%	▲	3.7%	▲	1.4%	▲
Oil Rig Count	30	39	-23.1%	▼	-60.5%	▼	NA	-
Total Business Bankruptcy Filings	117	106	10.4%	▲	-3.3%	▼	-20.2%	▼
Chapter 7	79	83	-4.8%	▼	-22.5%	▼	-22.9%	▼
Chapter 11	32	13	146.2%	▲	166.7%	▲	-8.2%	▼
Chapter 13	6	8	-25.0%	▼	0.0%	▷	-22.9%	▼
State Economy Expectations (LBCI)	53.5	58.3	-8.1%	▼	-10.0%	▼	1.9%	▲

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q2 15); Colorado Department of Revenue (NSA) (04/15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 15); Colorado Department of Labor and Employment, QCEW (NSA) (Q2 15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (10/19/15); Bureau of Labor Statistics, CES (SA) (09/15); Bureau of Labor Statistics, LAUS (SA) (09/15); U.S. Department of Labor, Employment and Training Administration (NSA) (10/10/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (08/15); FHFA Purchase-Only Home Price Index (SA) (Q2 15); Baker-Hughes (10/16/15); Administrative Office of the U.S. Courts (Q2 15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 15); ^aCompound Annual Growth Rate. ^bPercentage point change.

WTI Price Percentage Change, Year-over-Year



National Economic Indicators

National oil price per barrel are at their lowest point since 2009.

Cushing, OK West Texas Intermediate (WTI) oil prices are at \$45.91 in October, down 42.9% year-over-year and well below the five-year high of \$133.93. Oil prices have increased 13.1% from the low in August this year, but remain well below last year's prices. Retail gasoline prices have decrease 17.8% from the prior period and currently sit at \$2.37. Retail gasoline prices are down 25.9% year-over-year.

GDP increased at a seasonally adjusted annual rate of 3.9% in Q2, while employment grew 2% year-over-year in September 2015. Personal income and average annual pay both grew year-over-year, at 4.2% and 2.7%, respectively. According to the Leeds Business Confidence Index, the national economy expectations fell 6.6 points from the previous period and 7.6 points year-over-year. This indicates a decline in the economy for the current period. The S&P 500 fell 3.8% in Q3, however continued to rise overall year-over-year with a 6.8% growth rate.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	15,219	15,080	0.9%	▲	4.2%	▲	4.2%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	5,280.4	5,246.0	0.7%	▲	3.0%	▲	4.7%	▲
S&P 500	2,033.7	2,114.1	-3.8%	▼	6.8%	▲	11.8%	▲
Business Outlays								
Annual Wages Per Employee	51,658	51,364	0.6%	▲	2.7%	▲	3.1%	▲
Consumer Price Index	237.6	237.8	-0.1%	▼	0.0%	▼	1.7%	▲
Energy	198.7	212.7	-6.6%	▼	-18.5%	▼	-1.1%	▼
Transportation Services	291.2	292.3	-0.4%	▼	2.2%	▲	2.2%	▲
Retail Gasoline Price (dollars per gallon)	2.37	2.89	-17.8%	▼	-25.9%	▼	-3.8%	▼
Economic Overview								
Real Gross Domestic Output (billions of chained 2009 dollars)	16,334	16,177	1.0%	▲	2.7%	▲	2.1%	▲
Employment (in thousands)	142,371	141,842	0.4%	▲	2.0%	▲	1.8%	▲
Unemployment Rate ^b	5.1%	5.3%	-0.2%	▼	-0.8%	▼	-4.4%	▼
Initial Jobless Claims	276,000	282,000	-2.1%	▼	-5.5%	▼	-9.7%	▼
Continuing Jobless Claims	2,209,000	2,327,000	-5.1%	▼	-8.1%	▼	-13.0%	▼
Building Permits, Number of Units, 12 mo. trailing	1,140,034	1,085,642	5.0%	▲	12.4%	▲	13.5%	▲
Valuation (millions of dollars), 12 mo. trailing	211,894	202,138	4.8%	▲	14.0%	▲	15.7%	▲
FHFA Home Price Index	219.5	216.7	1.3%	▲	5.2%	▲	3.1%	▲
Total Business Bankruptcy Filings	6,166	6,159	0.1%	▲	-15.3%	▼	-15.7%	▼
Chapter 7	4,054	3,986	1.7%	▲	-14.3%	▼	-17.0%	▼
Chapter 11	1,474	1,496	-1.5%	▼	-20.0%	▼	-12.4%	▼
Chapter 13	504	558	-9.7%	▼	-12.5%	▼	-14.0%	▼
National Economy Expectations (LBCI)	48.8	55.4	-12.0%	▼	-13.5%	▼	-0.3%	▼

Sources in order as metrics appear and dates in parentheses indicate most recent data at time of publication: Bureau of Economic Analysis, Quarterly Personal Income (SA) (Q1 15); U.S. Census Bureau (NSA) (10/14/15); Bloomberg (10/19/15); Bureau of Labor Statistics, QCEW (NSA) (Q1 15); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (09/15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (10/19/15); Bureau of Economic Analysis (SA) (Q2 15); Bureau of Labor Statistics, CES (SA) (09/15); Bureau of Labor Statistics (SA) (09/15); U.S. Department of Labor, Employment and Training Administration (SA) (9/26/15); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (08/15); FHFA Purchase-Only Home Price Index (SA) (Q2 15); Administrative Office of the U.S. Courts (Q2 15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q4 15).

Overview of Business Types

Businesses are established under several different entity types. The most commonly formed is a *domestic limited liability company* (DLLC), blending structures from both corporations and partnerships/sole proprietorships. DLLCs provide owners with protection from personal liability and also offer benefits from the effects of pass-through income taxation. As an example, Crossfit, LLC is a company that offers a fitness experience different from traditional gyms.

Domestic corporations (DCs) are the second-most popular business filing received by the Secretary of State. DCs provide owners limited liability, similar to DLLCs, and business must be conducted in the state in which it was formed. Comcast is a well-known DC in Colorado.

A third entity type is a *domestic nonprofit corporation* (DNC). DNCs differ from DLLCs and DCs in that they are formed not for profit

and pursue an agenda of social responsibility. The Kempe Foundation operates as a DNC with the goal of preventing and treating child abuse and neglect.

Public benefit corporations create a framework for companies that seek to solve social and environmental problems while benefiting their shareholders. ThinkImpact of Denver, which provides global experiential education programs with offices in Ghana, Kenya, Rwanda, and South Africa, is an example of this type of corporation in Colorado.

Foreign entities, or business entities registered in a different state, are authorized to transact business or conduct activities in the state of Colorado. According to the Colorado Secretary of State, all foreign entity types are functionally equivalent to their domestic counterparts. Flagship Food Group LLC is an example of a foreign entity in Colorado.



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