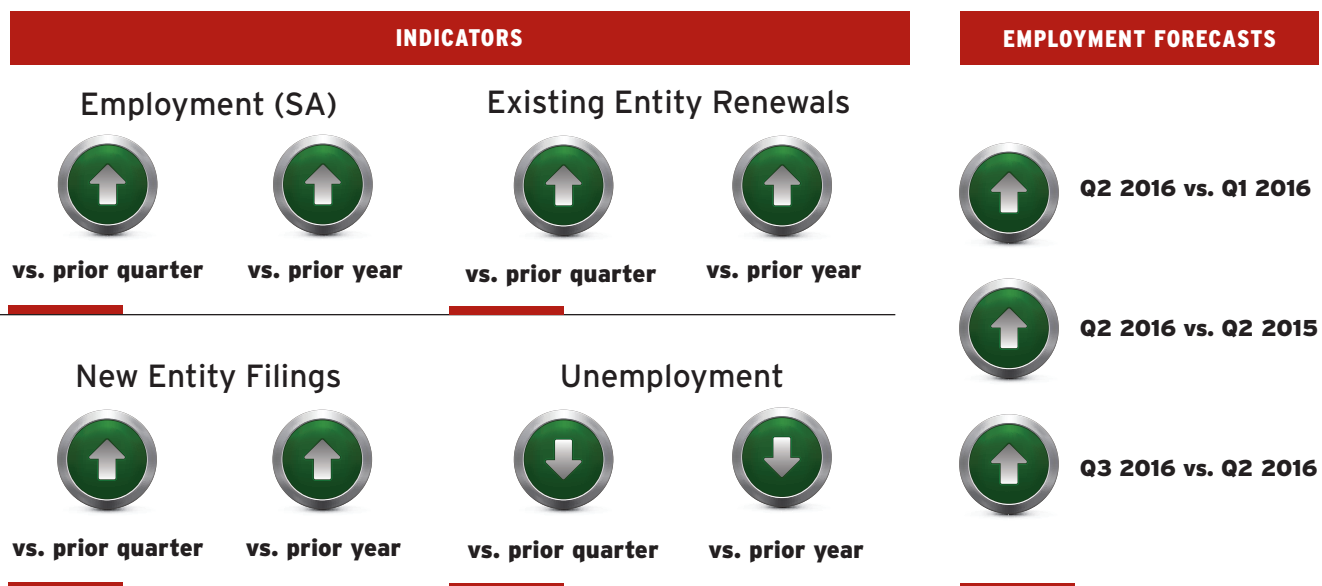
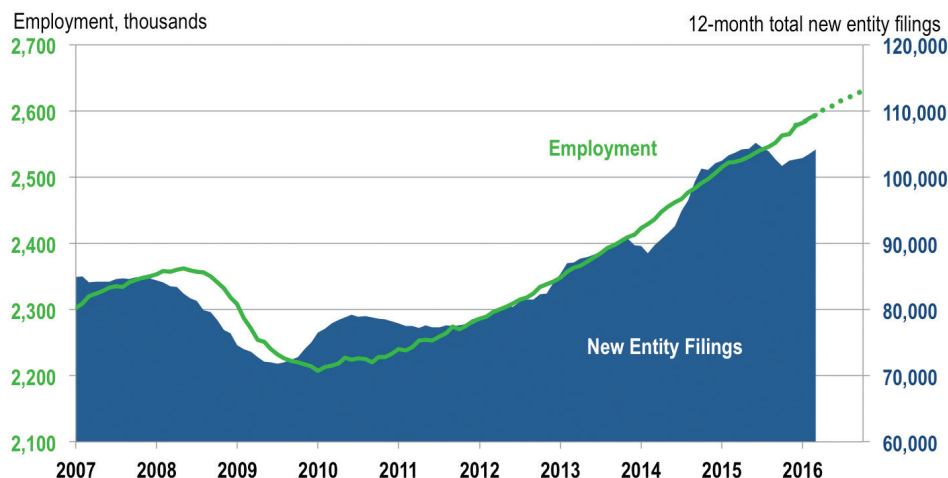


Secretary of State Business Filings Q1 2016 Data Analysis Summary

- Employment projected to continue expanding in Q2 2016 and Q3 2016, but at a slightly more modest pace.
- Current Colorado economic indicators continue to show growth.
- Tight labor market leading to talent shortage and reflected in low unemployment rate.
- Value of the dollar and global growth weighing on U.S. exports.



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 Q1 2016 Data Analysis Summary

Business filings increased in Q1. The state recorded an increase in quarterly new entity filings in Q1 2016, reversing two quarters of consecutive declines. A total of 104,235 new business filings were recorded in the 12-month period ending in March. Quarterly existing entity renewals increased for the year, to 467,200 for the 12 months ending in March. The number of entities in good standing ticked up 5.1% compared to a year prior.

Job growth rooted in existing businesses. Business renewals in Q1 2016 indicate the state will experience uninterrupted employment expansions in Q2 and Q3 2016. Total existing entity renewals were up 2.8% year-over-year for the quarter and 5.9% on a 12-month period ending in March.

Colorado business leaders' optimism flat ahead of Q2, down for Q3. Confidence remained in positive territory among state business leaders ahead of both Q2 and Q3 2016. Q2 confidence was even with Q1 (55.4), while expectations ahead of Q3 were less positive (54.4). The state index (57.3) was 7.8 points higher than the national index (49.5) ahead of Q2.

Economic activity on the rise. U.S. real GDP increased for the quarter at an annualized rate of 1.4% in Q4 2015 after expanding 2% in Q3 2015 and 3.9% in Q2 2015. According to the Bureau of Economic Analysis, the Q4 increase reflected positive contributions from personal consumption, residential fixed investment, and federal government spending, with drag from nonresidential fixed investment, exports, inventories, and state and local government spending.

A total of 628,000 jobs were added in the United States in Q1 (215,000 in March), while the unemployment rate was 5% in March, hovering around early 2008 levels. Total wages grew by \$35 billion for the

four quarters ending in Q3 2015, a 2.1% increase from Q3 2014 according to the Bureau of Labor Statistics. Initial jobless claims totaled 259,000 for the week of March 12, and continuing claims averaged 2.18 million nationwide.

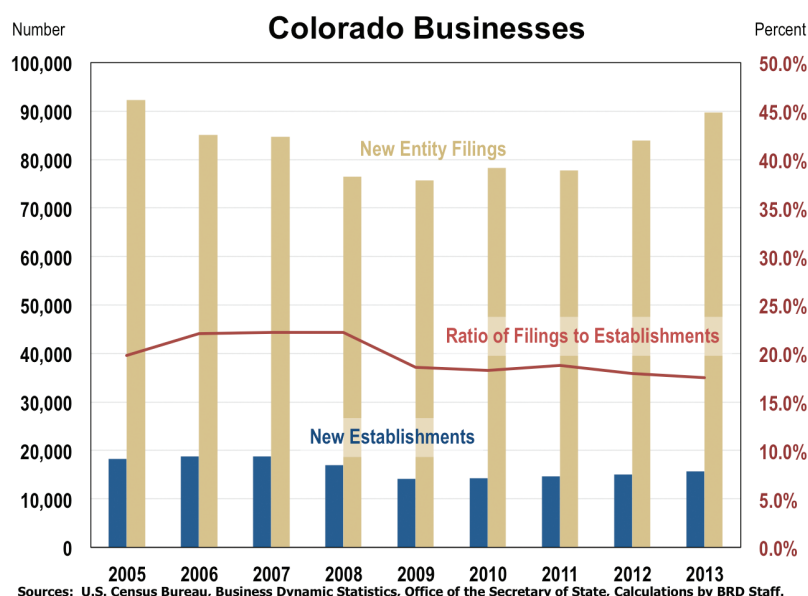
Consumers are still benefiting from low gasoline prices related to the low oil price environment. Gasoline prices were down 20.2% nationally year-over-year on April 4, 2016. In Colorado, gasoline prices decreased 10.3% over the same period, though Colorado prices exceeded the national average. In January 2016, seasonally adjusted retail and food services sales increased 2% year-over-year. According to the Consumer Price Index, national prices increased by 0.1% year-over-year in 2015, while core inflation (all items less food and energy) rose 1.8% and shelter rose 3.1%. In Colorado, prices increased 1.2% in 2015, while core inflation and shelter increased 3.3% and 5.7%, respectively, according to the Denver-Boulder-Greeley index.

Colorado's economy continued to grow in Q3 2015, increasing at a pace of 3.4% according

to the state GDP report, but the pace of growth slowed for the third consecutive quarter. As of March 2016, Colorado added 71,000 jobs year-over-year. According to the Bureau of Labor Statistics, year-over-year total wages and wages per employee increased in Q3, 3.5% and 3%, respectively.

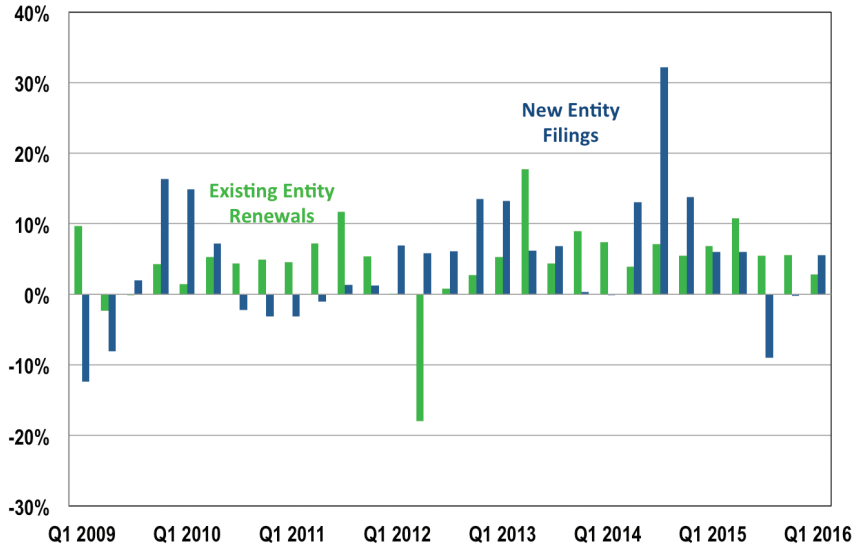
Over the past 12 months, national residential construction grew 13.2% year-over-year through February based on Census building permit data. Over the same 12 months, residential construction in Colorado through February 2016 posted 11.4% growth year-over-year. Home prices in Colorado are growing at the second-fastest pace nationally (10.9%) according to the Q4 Federal Housing Finance Agency Purchase Only Index. In Q4, home prices rose in every state.

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 according to the U.S. Census Bureau.



Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business Filings Overview

Business formation rebounded at the strongest pace in three quarters. The state saw 29,680 businesses formed in the first quarter 2016. This compares to 23,306 last quarter and 28,115 in Q1 2015. Since March 2015, a total of 104,235 businesses have been created (0.5% increase year-over-year).

Existing entity renewals totaled 129,832 in Q1 2016, up from last quarter's 113,849 and an increase of 2.8% since Q1 2015. However, dissolution filings also increased, from 6,770 in Q4 2015 to 6,892 in Q1 2016. This compares to 6,473 dissolved businesses in Q1 2015.

Quarterly trademark filings increased 33.8% year-over-year, while trade names notched up 1.1%. The total number of businesses in good standing was 600,617, a decrease for the quarter but an increase of 5.1% over the year.

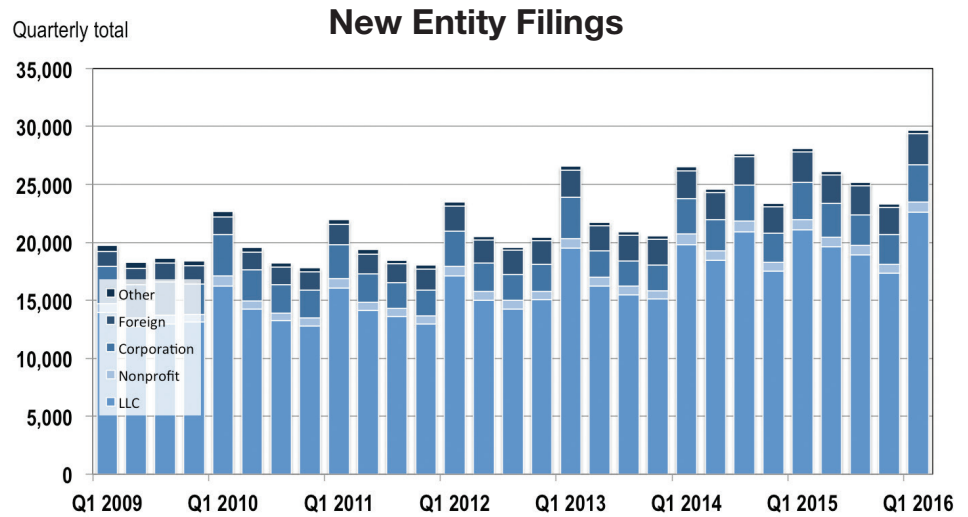
	Q1 2016	Q4 2015	Q1 2015	Percent Change over Prior Year		5-Year CAGR ^a	
New Entity Filings							
Domestic Limited Liability Company	22,577	17,359	21,078	7.1%	▲	7.0%	▲
Domestic Nonprofit Corporation	886	764	887	-0.1%	▼	2.6%	▲
Domestic Corporation	3,215	2,547	3,190	0.8%	▲	1.8%	▲
Other Entity Types	3,002	2,636	2,960	1.4%	▲	6.8%	▲
Total New Entity Filings	29,680	23,306	28,115	5.6%	▲	6.2%	▲
Total New Entity Filings - 12 mo. trailing	104,235	102,670	103,719	0.5%	▲	6.1%	▲
Existing Entity Renewals							
Domestic Limited Liability Company	75,487	66,151	71,502	5.6%	▲	7.4%	▲
Domestic Nonprofit Corporation	11,347	9,924	11,598	-2.2%	▼	1.6%	▲
Domestic Corporation	29,120	25,688	30,037	-3.1%	▼	-1.4%	▼
Other Entity Types	13,878	12,086	13,137	5.6%	▲	6.7%	▲
Total Existing Entity Renewals	129,832	113,849	126,274	2.8%	▲	4.4%	▲
Total Existing Entity Renewals - 12 mo. trailing	467,200	463,642	441,057	5.9%	▲	4.8%	▲
Other Business Filings							
Dissolution Filings	6,892	6,770	6,473	6.5%	▲	6.7%	▲
Dissolution Filings - 12 mo. trailing	24,737	24,318	22,432	10.3%	▲	6.5%	▲
Trademarks	1,038	827	776	33.8%	▲	7.8%	▲
Trademarks - 12 mo. trailing	3,476	3,214	3,228	7.7%	▲	7.5%	▲
Trade Names	12,418	9,516	12,277	1.1%	▲	-0.9%	▼
Trade Names - 12 mo. trailing	43,775	43,634	44,258	-1.1%	▼	-1.5%	▼
Entities in Good Standing							
Corporation	122,350	124,575	122,527	-0.1%	▼	-0.3%	▼
Foreign	62,405	62,218	58,437	6.8%	▲	7.5%	▲
Limited Liability Company	358,404	356,960	333,808	7.4%	▲	8.3%	▲
Nonprofit Corporation	46,963	47,190	46,143	1.8%	▲	2.2%	▲
Other Entity Types	10,495	10,645	10,471	0.2%	▲	0.8%	▲
Total Entities in Good Standing	600,617	601,588	571,386	5.1%	▲	5.5%	▲

^a Compound Annual Growth Rate.

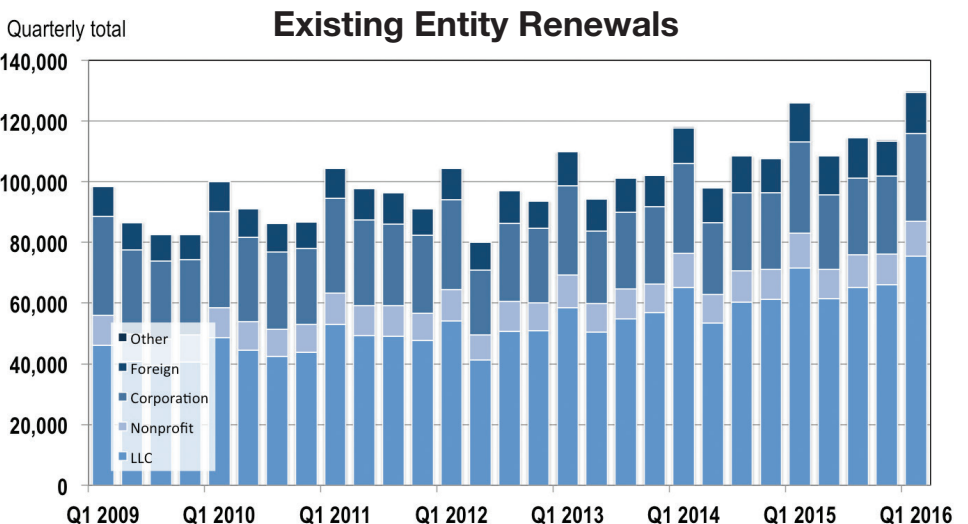
New Entity Filings & Existing Entity Renewals

Business filings rebounded in Q1.

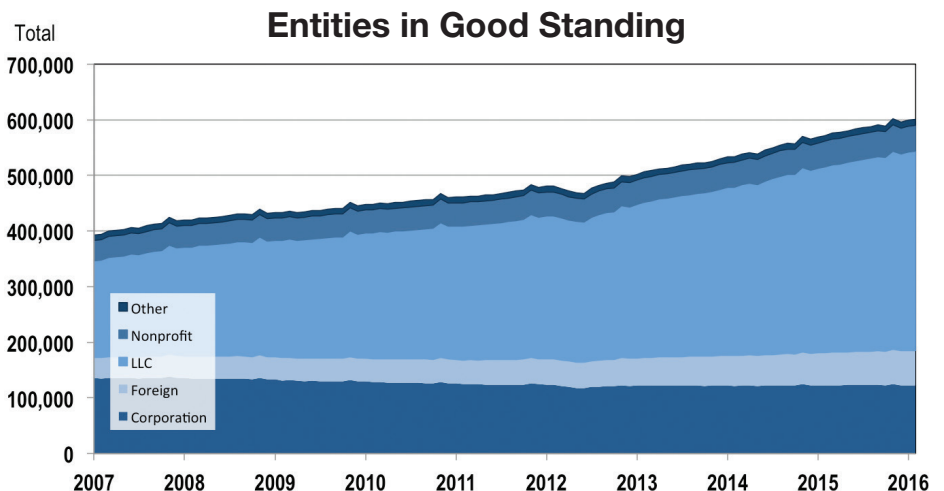
Quarterly filings increased 5.6% year-over-year after declines the prior two quarters. Accounting for the seasonal fluctuations new business filings exhibit, a 12-month trailing total of new entity filings rose 0.5% year-over-year in Q1 2016 and was up 1.5% compared to Q4 2015. Quarterly filings for domestic corporations increased 0.8% year-over-year in Q1, filings for nonprofit corporations fell 0.1%, and filings for limited liability companies posted a gain of 7.1%.



Renewals remain strong in Q1. After totaling 113,849 in Q4 2015, business renewals increased to 129,832 in Q1 2016, and increased at a pace of 2.8% year-over-year. The sum of renewals over the past four quarters increased 5.9% year-over-year. Renewals by corporations and nonprofits fell 3.1% and 2.2%, respectively, year-over-year, while limited liability companies grew 5.6%.



Businesses in good standing up for the year. From Q1 2015 to Q1 2016, the number of entities in good standing in the state increased by 5.1%. Over the past five years, the number of entities in good standing has increased at a compound annual growth rate of 5.5%. Limited liability companies drove year-over-year growth (7.4%), followed by foreign entities in good standing (6.8%).



Dissolutions, Trade Names, & Trademarks

Dissolutions increased in Q1.

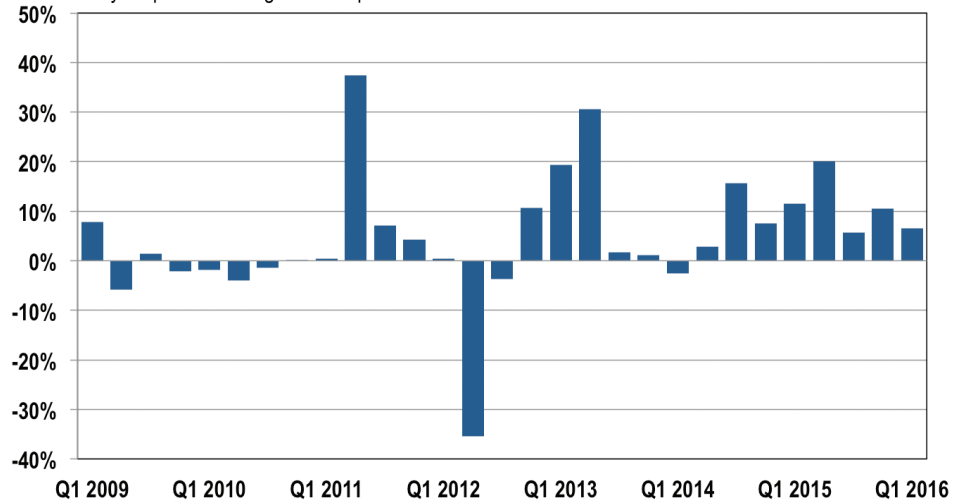
Continuing an eight-quarter trend, dissolution filings increased in Q1. A total of 6,892 businesses dissolved in Q1 2016. Quarterly dissolution filings increased from last quarter (1.8%) and compared to a year ago (6.5%). A 12-month trailing sum of dissolution filings increased 10.3% year-over-year, with a five-year compound annual growth rate of 6.5%. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

Trade name filings increased in Q1. A total of 12,418 trade names were filed in Q1 2016 compared to 9,516 last quarter and 12,277 in Q1 2015. A 12-month trailing sum of trade name filings reached 43,775, reflecting a 1.1% drop from the prior year. Entities must file a statement of trade name when operating under any name other than their true name.

Number of trademark filings increased for the quarter. The number of trademark filings in Colorado totaled 1,038 in Q1 2016 compared to 827 in Q4 2015 and 776 in Q1 2015. While quarterly trademark filings were up 33.8% over the prior year, a 12-month trailing total increased 7.7% year-over-year, totaling 3,476. Trademarks protect the symbols and words used in commerce.

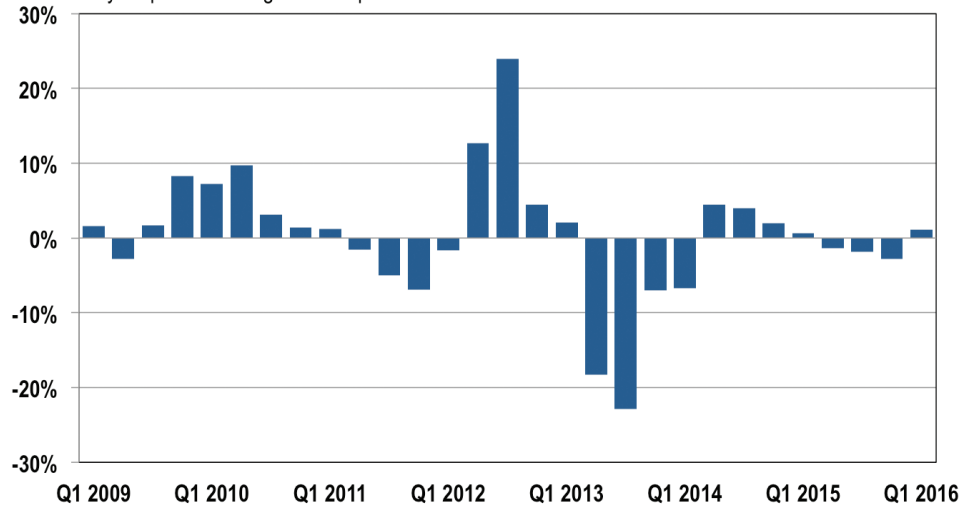
Dissolution Filings

Year-over-year percent change for the quarter



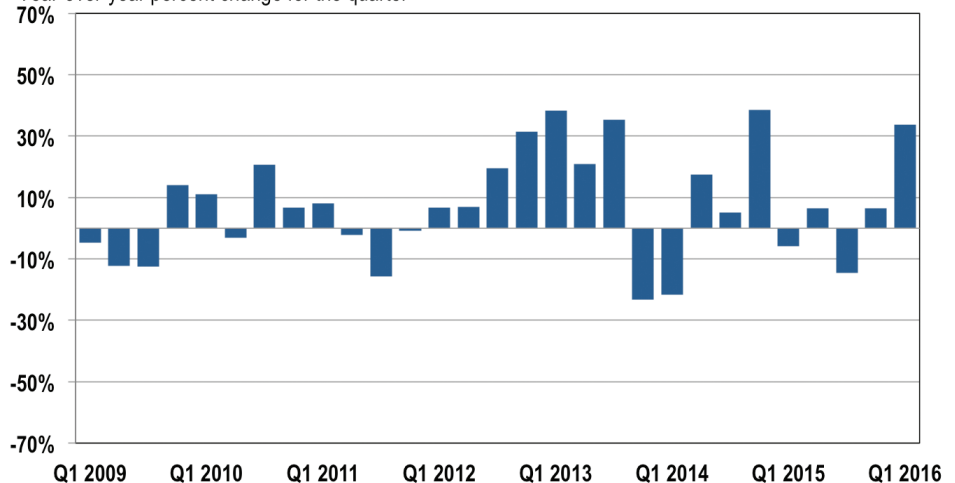
Trade Name Filings

Year-over-year percent change for the quarter



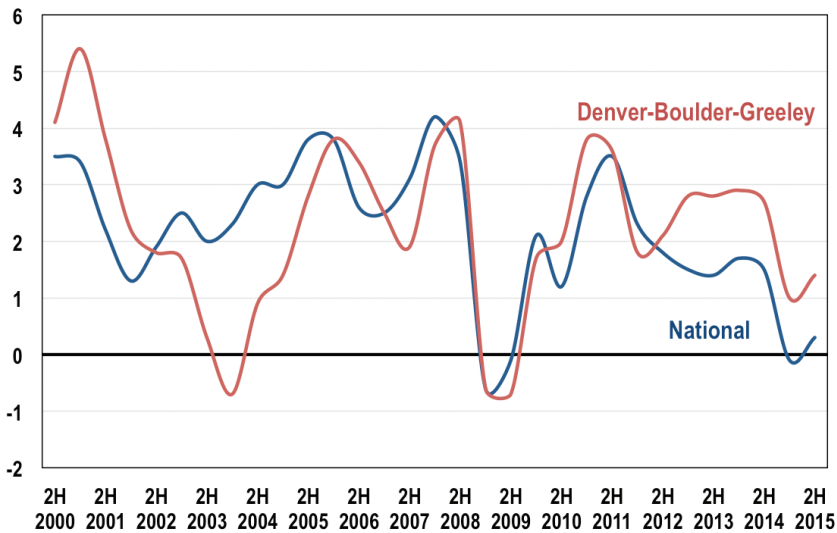
Trademark Filings

Year-over-year percent change for the quarter



Year-over-Year
Percent Change

Inflation



Source: Bureau of Labor Statistics, Consumer Price Index, Seasonally adjusted. "2H" refers to second half of year.

Colorado Economic Indicators

Colorado's economy remains healthy and growth continues. The Consumer Price Index measures the price changes in a common basket of consumer goods. Prices in the Denver-Boulder-Greeley MSAs have outpaced national prices since the second half of 2012.

The most recent Bureau of Labor Statistics data through March 2016 show continued job growth in the state. Employment increased by 2.8% compared to March 2015 while unemployment fell to 2.9% statewide. Over the last three months retail gasoline prices have risen 5.3% but have declined 10.3% year-over-year. Personal income rose by 4.2% in Q4 2015 compared to one year prior, totaling \$279.1 million. Housing prices grew by 10.9% year-over-year according to the seasonally adjusted FHFA Purchase-Only

House Price Index, and rose 1.3% over Q3 2015. A 12-month trailing total of building permits through February 2016 showed an increase of 11.4%, to 32,163 units, and a 14.6% increase in value, to \$7.5 billion. Foreclosure filings and sales both fell year-over-year in Q4 2015 by 25.9% and 25.8% respectively, totaling 2,029 filings and 912 sales. According to the Leeds Business Confidence Index (LBCI), Colorado business leaders' confidence in the state economy remains positive, but is lower compared to the previous quarter the same period a year ago.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (millions of dollars)	279,150	276,378	1.0%	▲	4.2%	▲	5.2%	▲
Retail Sales, 12 mo. trailing (millions of dollars)	184,817	183,952	0.5%	▲	4.5%	▲	6.3%	▲
Taxable Sales, 12 mo. trailing (millions of dollars)	89,345	88,235	1.3%	▲	8.7%	▲	7.5%	▲
Sales Expectations (LBCI)	59.5	57.9	2.8%	▲	-7.5%	▼	1.3%	▲
Profit Expectations (LBCI)	56.7	54.7	3.7%	▲	-6.5%	▼	1.3%	▲
Business Outlays								
Annual Wages Per Employee (\$)	53,705	53,412	0.5%	▲	3.0%	▲	2.5%	▲
Hiring Expectations (LBCI)	55.6	54.6	1.8%	▲	-10.5%	▼	1.3%	▲
Capital Expenditures Expectations (LBCI)	54.1	53.9	0.3%	▲	-8.8%	▼	0.3%	▲
Retail Gasoline Price (dollars per gallon)	2.05	1.94	5.3%	▲	-10.3%	▼	-10.3%	▼
Economic Overview								
Real Quarterly GDP (millions of chained 2009 dollars)	291,725	290,001	0.6%	▲	3.4%	▲	2.9%	▲
Employment (in thousands)	2,594.3	2,578.6	0.6%	▲	2.8%	▲	3.0%	▲
Unemployment Rate ^b	2.9%	3.5%	-0.6%	▼	-1.1%	▼	-5.6%	▼
Initial Jobless Claims	2,463	3,883	-36.6%	▼	0.9%	▲	-6.1%	▼
Continuing Jobless Claims	32,700	28,142	16.2%	▲	-13.7%	▼	-12.0%	▼
Building Permits, Number of Units, 12 mo. trailing	32,163	29,648	8.5%	▲	11.4%	▲	23.2%	▲
Valuation (millions of dollars), 12 mo. trailing	7,473	6,918	8.0%	▲	14.6%	▲	23.7%	▲
Foreclosures Filings, Number of Units	2,029	2,058	-1.4%	▼	-25.9%	▼	-28.3%	▼
Number of Sales	912	1,089	-16.3%	▼	-25.8%	▼	-27.9%	▼
FHFA Purchase-Only Home Price Index	368	363	1.3%	▲	10.9%	▲	7.1%	▲
Private Firms	184,465	181,961	1.4%	▲	3.9%	▲	1.7%	▲
Oil Rig Count	17	24	-29.2%	▼	-54.1%	▼	NA	-
Total Business Bankruptcy Filings	94	123	-23.6%	▼	-14.5%	▼	-18.9%	▼
Chapter 7	67	103	-35.0%	▼	-16.3%	▼	-21.6%	▼
Chapter 11	17	15	13.3%	▲	0.0%	▶	-4.1%	▼
Chapter 13	8	4	100.0%	▲	-11.1%	▼	-15.9%	▼
State Economy Expectations (LBCI)	57.3	59.1	-2.9%	▼	-9.3%	▼	0.7%	▲

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) (Q4 15); Colorado Department of Revenue (NSA) (06/15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 16); Colorado Department of Labor and Employment, QCEW (NSA) (Q3 15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (04/04/16); Bureau of Economic Analysis, (SA) (Q4 15); Bureau of Labor Statistics, CES (SA) (03/16); Bureau of Labor Statistics, LAUS (SA) (03/16); U.S. Department of Labor, Employment and Training Administration (NSA) (03/19/16); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (02/16); Colorado Division of Housing, Foreclosure Report (Q4 15); FHFA Purchase-Only Home Price Index (SA) (Q4 15); Bureau of Labor Statistics, QCEW (Q3 2015); Baker-Hughes (04/16); Administrative Office of the U.S. Courts (Q4 15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q2 16); ^aCompound Annual Growth Rate. ^bPercentage point change.

U.S. Nominal Broad Dollar Index



National Economic Indicators

Strengthening dollar impacting exports. The Broad Dollar Index, also known as the Trade-Weighted Dollar Index, measures the foreign exchange value of the U.S. dollar in comparison to other certain foreign currencies. It can be used to determine effects of dollar appreciation and depreciation against foreign currencies. The Broad Dollar Index increased nearly 23% over two years through January 20, meaning that the value of the dollar is appreciating relative to other currencies; the index pulled back 5.1% through April 1. The value of the dollar is important because as the dollar appreciates imports to the United States become cheaper while exports to other countries from the United States become more expensive. U.S. exports fell at a 2% annualized rate in Q4.

GDP grew at a 1.4% annualized rate in December 2015; full-year 2015 GDP expanded 2.4%. Employment also

continued to grow moderately, adding 2% year-over-year in March 2016. Personal income and average annual pay grew year-over-year, at 4% and 2.8%, respectively, while energy prices declined 12.7% year-over-year. Wages have increased only modestly. The housing market continues to exhibit strength, with housing prices, permits, and sales on the rise.

	Current Period	3 Months Prior	Percent Change over Prior Period		Annual Percent Change		5-Year CAGR ^a	
Wealth								
Personal Income (billions of dollars)	15,561	15,468	0.6%	▲	4.0%	▲	4.2%	▲
Retail and Food Services Sales, 12 mo. trailing (billions of dollars)	5,325.8	5,297.6	0.5%	▲	2.0%	▲	4.3%	▲
S&P 500	2,045.2	2,016.7	1.4%	▲	-1.5%	▼	8.9%	▲
Business Outlays								
Annual Wages Per Employee	52,313	52,005	0.6%	▲	2.8%	▲	3.1%	▲
Consumer Price Index	237.7	238.0	-0.1%	▼	0.8%	▲	1.3%	▲
Energy	177.1	199.2	-11.1%	▼	-12.7%	▼	-5.3%	▼
Transportation Services	296.4	293.5	1.0%	▲	2.7%	▲	2.2%	▲
Retail Gasoline Price (dollars per gallon)	1.99	2.14	-6.6%	▼	-20.2%	▼	-11.8%	▼
Economic Overview								
Real Quarterly GDP (billions of chained 2009 dollars)	16,471	16,414	0.3%	▲	2.0%	▲	2.0%	▲
Employment (in thousands)	143,774	143,146	0.4%	▲	2.0%	▲	1.8%	▲
Unemployment Rate ^b	5.0%	5.0%	0.0%	▷	-0.5%	▼	-4.0%	▼
Initial Jobless Claims	259,000	275,000	-5.8%	▼	-9.8%	▼	-8.5%	▼
Continuing Jobless Claims	2,180,000	2,195,000	-0.7%	▼	-8.3%	▼	-10.4%	▼
Building Permits, Number of Units, 12 mo. trailing	1,189,659	1,165,777	2.0%	▲	13.2%	▲	15.1%	▲
Valuation (millions of dollars), 12 mo. trailing	224,130	218,238	2.7%	▲	15.4%	▲	17.6%	▲
FHFA Home Price Index	225.5	222.2	1.4%	▲	5.8%	▲	4.2%	▲
Total Business Bankruptcy Filings	5,973	6,338	-5.8%	▼	-4.0%	▼	-14.4%	▼
Chapter 7	3,840	3,973	-3.3%	▼	-12.3%	▼	-15.9%	▼
Chapter 11	1,423	1,724	-17.5%	▼	14.9%	▲	-11.9%	▼
Chapter 13	582	525	10.9%	▲	14.1%	▲	-10.1%	▼
National Economy Expectations (LBICI)	49.5	50.5	-2.1%	▼	-18.0%	▼	-1.4%	▼

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) (Q4 15); U.S. Census Bureau (NSA) (1/16); Yahoo Finance (04/05/16); Bureau of Labor Statistics, QCEW (NSA) (Q3 15); Bureau of Labor Statistics, All Urban Consumers, U.S. City Average (SA) (02/16); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (04/04/16); Bureau of Economic Analysis (SA) (Q4 15); Bureau of Labor Statistics, CES (SA) (03/16); Bureau of Labor Statistics (SA) (03/16); U.S. Department of Labor, Employment and Training Administration (SA) (03/12/16); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (02/16); FHFA Purchase-Only Home Price Index (SA) (Q4 15); Administrative Office of the U.S. Courts (Q4 15); Leeds School of Business, Leeds Business Confidence Index (LBICI) (Q2 16).

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) 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.

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 with 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.



A partnership between the
Colorado Secretary of State's Office
and the
University of Colorado Boulder
Leeds School of Business
Business Research Division

