

Secretary of State Business Filings Q2 2016 Data Analysis Summary

- Employment projected to continue expanding at least through the remainder of 2016, but at a slightly more modest pace.
- Current Colorado economic indicators continue to show growth.
- Colorado experienced year-over-year job growth in 10 out of 11 industries through May.
- Impending presidential election is creating uncertainty among Leed Business Confidence Index panelists.

COLORADO INDICATORS

Employment (SA)



vs. prior quarter



vs. prior year

Existing Entity Renewals



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year

EMPLOYMENT FORECASTS



Q3 2016 vs. Q2 2016

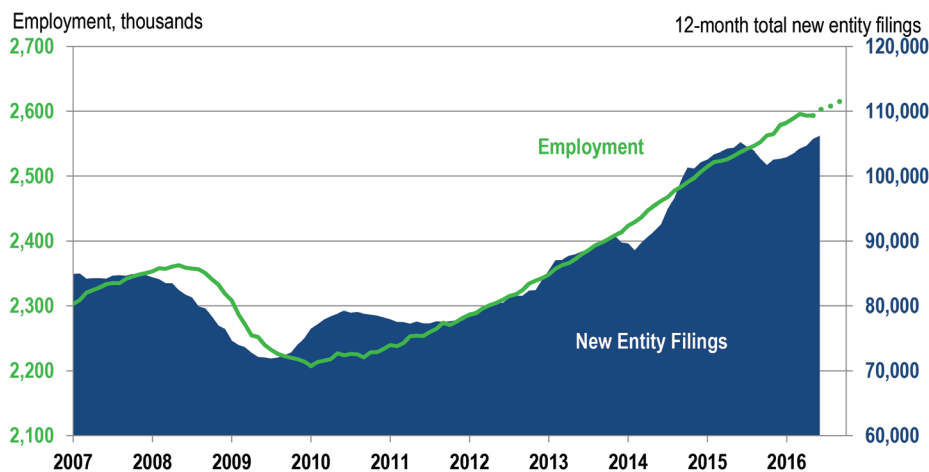


Q3 2016 vs. Q3 2015



Q4 2016 vs. Q3 2016

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 Q2 2016 Data Analysis Summary

Business filings continued to increase in Q2. The state recorded a 7.6% year-over-year increase in new entity filings in Q2 2016. A total of 106,225 new business filings were recorded in the 12-month period ending in June. Quarterly existing entity renewals increased for the year, to 477,494 for the 12 months ending in June. 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 Q2 2016 indicate the state will experience uninterrupted employment expansions in Q3 and Q4 2016. Total existing entity renewals were up 9.5% year-over-year for the quarter and 5.7% on a 12-month period ending in June.

Colorado business leaders' optimism down ahead of Q3 and Q4. Confidence remained in positive territory among state business leaders ahead of both Q3 and Q4 2016. Q3 confidence was slightly lower than Q2 (54.6), while expectations ahead of Q4 fell further (51.9). The state index (57.4) was 10.2 points higher than the national index (47.2) ahead of Q3. Top concerns identified by business leaders include the pending election, commodity and energy prices, and interest rates and Fed policy.

Economic activity on the rise. U.S. real GDP increased for the quarter at an annualized rate of 1.1% in Q1 2016 after expanding 1.4% in Q4 2015 and 2% in Q3 2015. According to the Bureau of Economic Analysis, the Q1 increase reflected positive contributions from personal consumption, residential fixed investment, state and local government spending, and exports, with drag from nonresidential fixed investment, inventories, and state and federal government spending.

A total of 442,000 jobs were added in the United States in Q2 (287,000 in June), while the unemployment rate was 4.9% in June, dipping to prerecession levels. Total wages grew by \$367.1 billion for the four

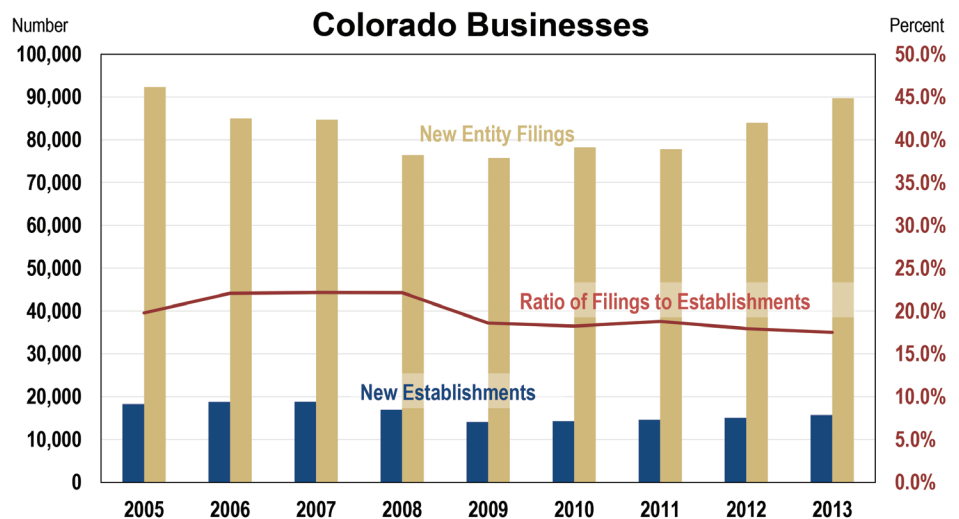
quarters ending in Q4 2015, a 5.2% increase from Q4 2014 according to the Bureau of Labor Statistics (BLS). Initial jobless claims totaled 277,000 for the week of June 11, and continuing claims totaled 2.14 million nationwide.

Consumer confidence remains strong, rebounding in June 2016 according to the Conference Board's Consumer Confidence Index. The index rose 5.8% from May 2016, and fell 1.8% year-over-year. Gasoline prices were down 16.7% nationally year-over-year on July 4, 2016. In Colorado, gasoline prices decreased 14.7% over the same period, though Colorado prices exceeded the national average. In April 2016, seasonally adjusted retail and food services sales increased 2.7% year-over-year nationally. According to the Consumer Price Index, national prices increased by 1.1% year-over-year in June 2016, while core inflation (all items less food and energy) rose 2.2% and shelter rose 3%. In Colorado, prices increased 3% year-over-year in the first half of 2016, while core inflation and shelter increased 4.5% and 7.6%, respectively, according to the Denver-Boulder-Greeley index.

Colorado's economy finished 2015 strong, increasing 2% year-over-year and breaking the trend of slower growth over the previous three quarters. As of May 2016, Colorado added approximately 62,000 jobs year-over-year. According to the BLS, year-over-year total wages and wages per employee increased in Q4, 6% and 2.8%, respectively.

Over the past 12 months, national residential construction rose 9.7% year-over-year through May based on Census building permit data. Over the same 12 months, residential construction in Colorado through May 2016 posted 14.6% growth year-over-year. Home prices in Colorado are growing at the fifth-fastest pace nationally (9%) according to the Q1 Federal Housing Finance Agency Purchase Only Index. Home prices rose in every state in Q1 over the prior year.

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. The 2014 data will be released in September.



Sources: U.S. Census Bureau, Business Dynamic Statistics, Office of the Secretary of State, Calculations by BRD Staff.

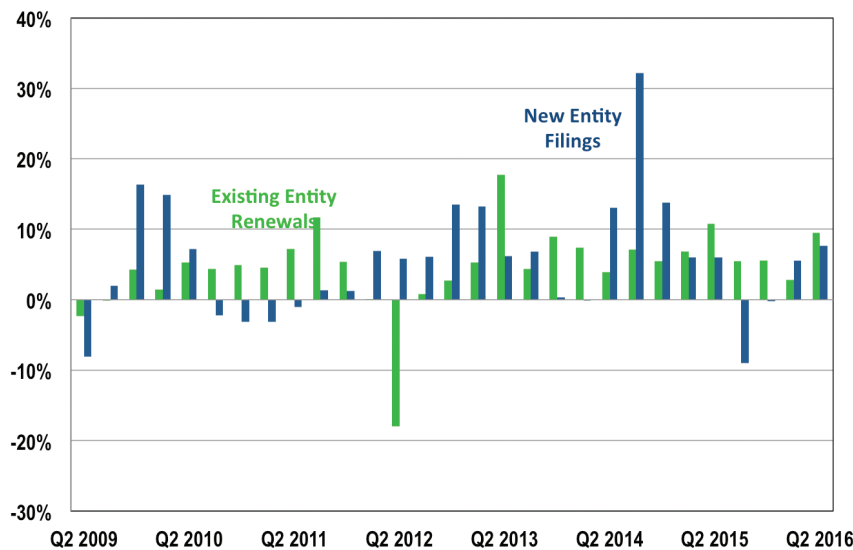
The Quarterly Business & Economic Indicators, produced by the Business Research Division (BRD) on behalf of the Colorado Secretary of State, reports on the correlations between various business filing data and economic metrics. The Business Research Division (BRD) of the Leeds School of Business conducts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

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Business Filings Overview

Existing Entity Renewals and New Entity Filings

Year-over-year percent change for the quarter



Business formation accelerated year-over-year in Q2 2016.

The state saw 28,074 businesses formed in the second quarter 2016. This compares to 29,681 last quarter and 26,085 in Q2 2015. Since June 2015, a total of 106,225 businesses have been created (1% increase year-over-year).

Existing entity renewals totaled 119,132 in Q2 2016, a seasonal decrease from last quarter's 129,836 but an increase of 9.5% since Q2 2015. Dissolution filings decreased, from 6,893 in Q1 2016 to 6,009 in Q2 2016. This compares to 5,729 dissolved businesses in Q2 2015.

Quarterly trademark filings decreased 2.9% year-over-year, while trade names notched up 0.9%. The total number of businesses in good standing was 610,047, an increase for both the quarter and year-over-year, setting a new record for the state.

| | Q2 2016 | Q1 2016 | Q2 2015 | Percent Change over Prior Year | | 5-Year CAGR ^a | |
|--|---------|---------|---------|--------------------------------|---|--------------------------|---|
| New Entity Filings | | | | | | | |
| Domestic Limited Liability Company | 21,575 | 22,577 | 19,619 | 10.0% | ▲ | 8.9% | ▲ |
| Domestic Nonprofit Corporation | 853 | 886 | 848 | 0.6% | ▲ | 3.1% | ▲ |
| Domestic Corporation | 2,691 | 3,215 | 2,902 | -7.3% | ▼ | 2.2% | ▲ |
| Other Entity Types | 2,955 | 3,003 | 2,716 | 8.8% | ▲ | 7.1% | ▲ |
| Total New Entity Filings | 28,074 | 29,681 | 26,085 | 7.6% | ▲ | 7.7% | ▲ |
| Total New Entity Filings - 12 mo. trailing | 106,225 | 104,236 | 105,202 | 1.0% | ▲ | 6.6% | ▲ |
| Existing Entity Renewals | | | | | | | |
| Domestic Limited Liability Company | 68,738 | 75,489 | 61,424 | 11.9% | ▲ | 6.9% | ▲ |
| Domestic Nonprofit Corporation | 10,433 | 11,347 | 9,627 | 8.4% | ▲ | 1.3% | ▲ |
| Domestic Corporation | 25,676 | 29,120 | 24,696 | 4.0% | ▲ | -1.9% | ▼ |
| Other Entity Types | 14,285 | 13,880 | 13,095 | 9.1% | ▲ | 6.3% | ▲ |
| Total Existing Entity Renewals | 119,132 | 129,836 | 108,842 | 9.5% | ▲ | 4.0% | ▲ |
| Total Existing Entity Renewals - 12 mo. trailing | 477,494 | 467,204 | 451,671 | 5.7% | ▲ | 4.9% | ▲ |
| Other Business Filings | | | | | | | |
| Dissolution Filings | 6,009 | 6,893 | 5,729 | 4.9% | ▲ | 1.8% | ▲ |
| Dissolution Filings - 12 mo. trailing | 25,018 | 24,738 | 23,388 | 7.0% | ▲ | 5.1% | ▲ |
| Trademarks | 878 | 1,038 | 904 | -2.9% | ▼ | 9.5% | ▲ |
| Trademarks - 12 mo. trailing | 3,450 | 3,476 | 3,283 | 5.1% | ▲ | 7.5% | ▲ |
| Trade Names | 11,359 | 12,418 | 11,261 | 0.9% | ▲ | -0.9% | ▼ |
| Trade Names - 12 mo. trailing | 43,873 | 43,775 | 44,106 | -0.5% | ▼ | -1.3% | ▼ |
| Entities in Good Standing | | | | | | | |
| Corporation | 122,534 | 122,350 | 123,097 | -0.5% | ▼ | -0.3% | ▼ |
| Foreign | 63,530 | 62,405 | 59,560 | 6.7% | ▲ | 7.5% | ▲ |
| Limited Liability Company | 366,174 | 358,404 | 340,725 | 7.5% | ▲ | 8.5% | ▲ |
| Nonprofit Corporation | 47,232 | 46,963 | 46,337 | 1.9% | ▲ | 2.3% | ▲ |
| Other Entity Types | 10,577 | 10,495 | 10,520 | 0.5% | ▲ | 0.8% | ▲ |
| Total Entities in Good Standing | 610,047 | 600,617 | 580,239 | 5.1% | ▲ | 7.8% | ▲ |

^a Compound Annual Growth Rate.

New Entity Filings & Existing Entity Renewals

Business filings increased year-over-year in Q2.

Quarterly filings increased 7.6% year-over-year, but decreased by 5.4% from the Q1 2016 total. Accounting for the seasonal fluctuations new business filings exhibit, a 12-month trailing total of new entity filings rose 1% year-over-year in Q2 2016 and were up 1.9% compared to Q1 2016. Quarterly filings for domestic corporations decreased 7.3% year-over-year in Q2, filings for nonprofit corporations rose 0.6%, and filings for limited liability companies posted a gain of 10%.

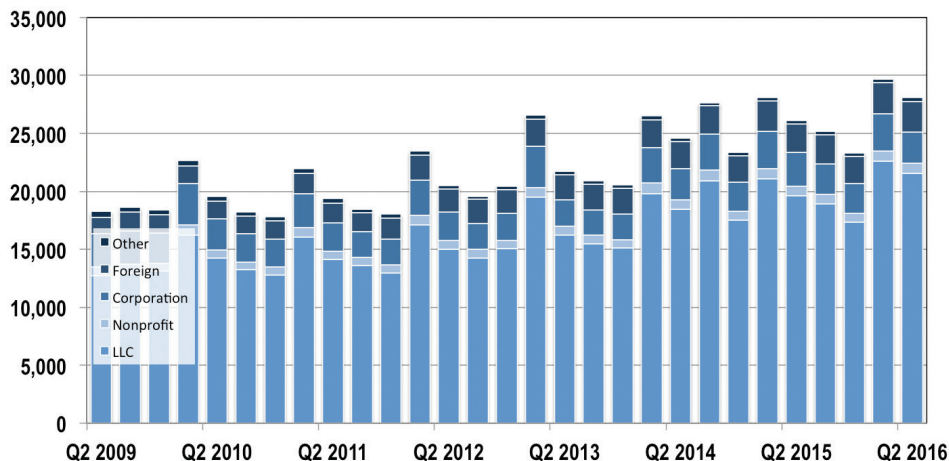
Renewals remain strong in Q2.

After totaling 129,836 in Q1 2016, business renewals decreased to 119,132 in Q2 2016 following the seasonal pattern, but increased at a pace of 9.5% year-over-year. The sum of renewals over the past four quarters increased 5.7% year-over-year. Renewals by corporations, nonprofits, and limited liability companies grew year-over-year by 4%, 8.4%, and 11.9%, respectively.

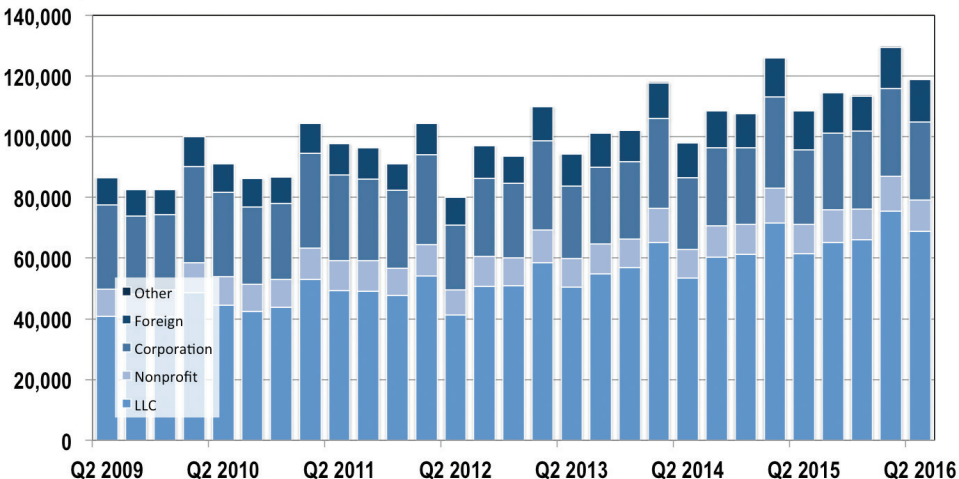
Businesses in good standing continue to increase in 2016.

From Q2 2015 to Q2 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 7.8%. Limited liability companies drove year-over-year growth (7.5%), followed by foreign entities in good standing (6.7%).

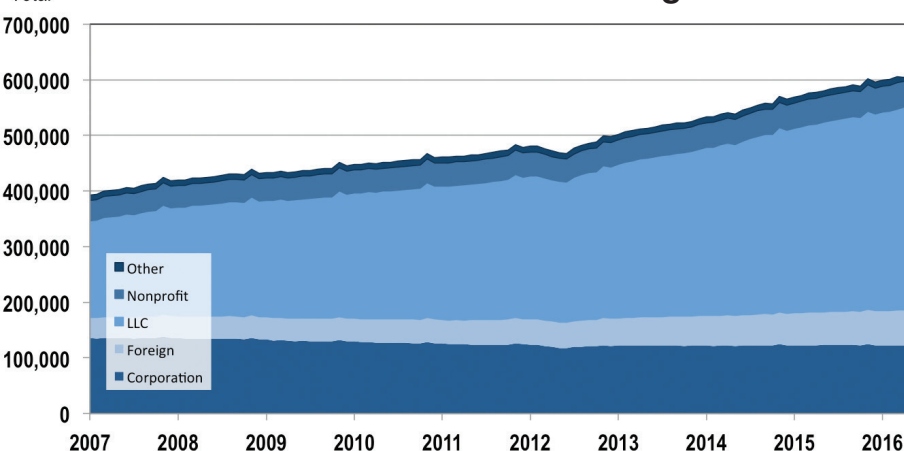
Quarterly total **Employment and New Entity Filings**



Quarterly total **Existing Entity Renewals**



Total **Entities in Good Standing**



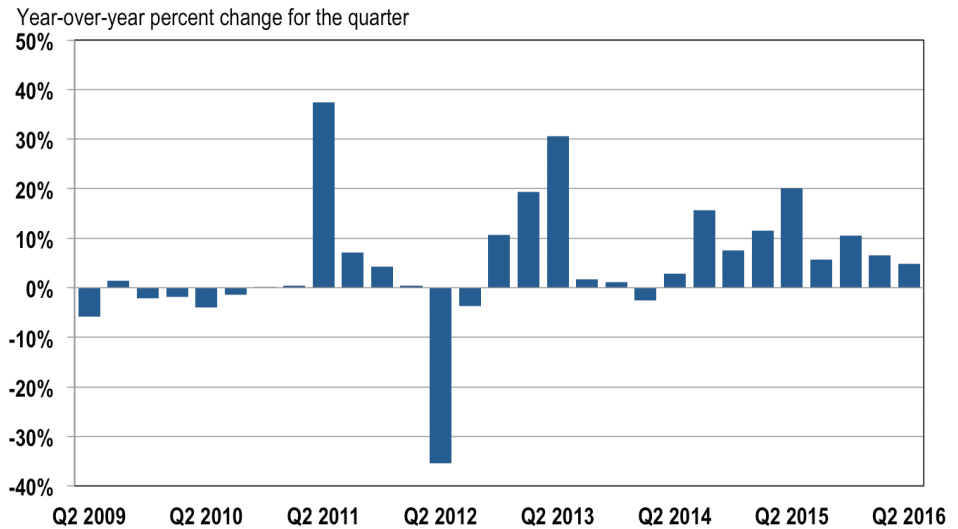
Dissolutions, Trade Names, & Trademarks

Dissolutions filings grew at a slower pace in Q2. Continuing a nine-quarter trend, dissolution filings increased year-over-year in Q2. A total of 6,009 businesses dissolved in Q2 2016. Quarterly dissolution filings decreased from Q1 2016 (-12.8%) but increased compared to a year ago (4.9%). A 12-month trailing sum of dissolution filings increased 7% year-over-year, with a five-year compound annual growth rate of 5.1%. Some businesses do not voluntarily dissolve without delay, and dissolution filings often lag the actual business dissolution.

Trade name filings remain in positive territory compared to a year ago. A total of 11,359 trade names were filed in Q2 2016 compared to 12,418 in Q1 2016 and 11,261 in Q2 2015. A 12-month trailing sum of trade name filings reached 43,873, reflecting a 0.5% 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 decreased for the quarter. The number of trademark filings in Colorado totaled 878 in Q2 2016 compared to 1,038 in Q1 2016 and 904 in Q2 2015. While quarterly trademark filings were down 2.9% over the prior year, a 12-month trailing total increased 5.1% year-over-year, totaling 3,450. Trademarks protect the symbols and words used in commerce.

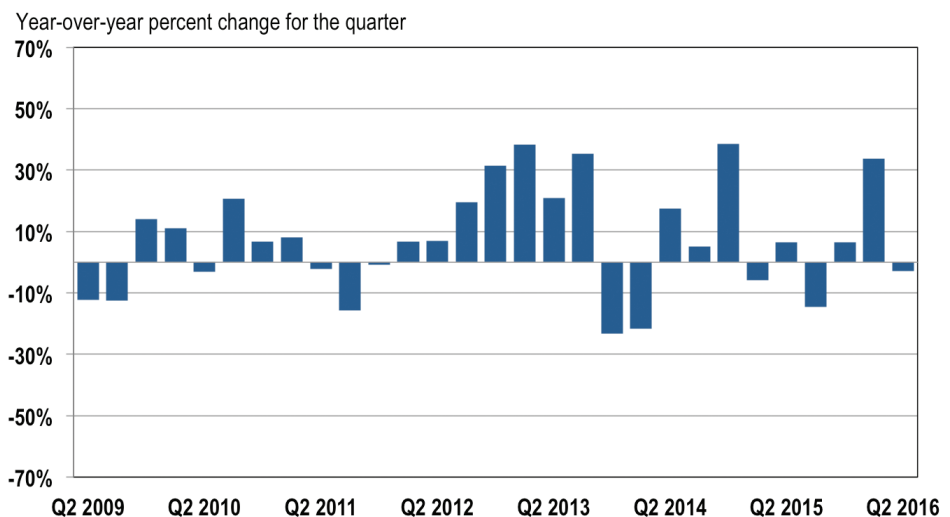
Dissolution Filings



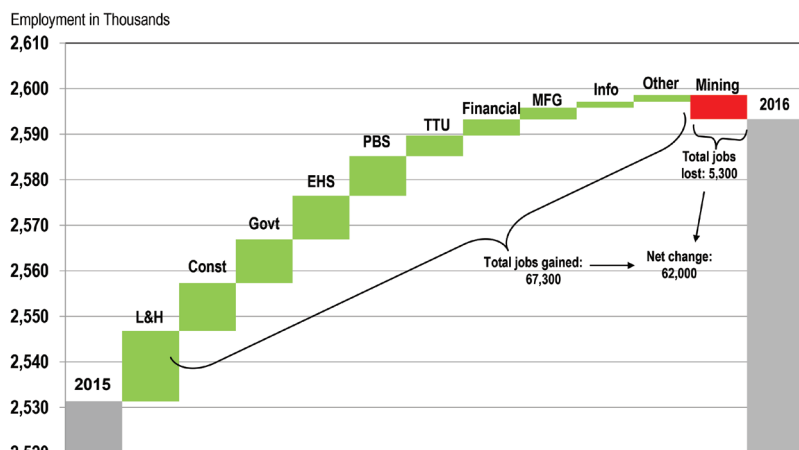
Trade Name Filings



Trademark Filings



Colorado Employment, May 2016



Source: Bureau of Labor Statistics, Current Employment Statistics (SA).

Colorado Economic Indicators

Colorado's economy remains healthy as growth slows.

The most recent data from the Bureau of Labor Statistics through May 2016 show continued employment growth for Colorado. The year-over-year growth rate for the state is at its lowest since September 2012, but remains healthy, at 2.4%. Every sector experienced growth except for Natural Resources and Mining, which saw a year-over-year loss of 5,300 jobs. Low oil and gas prices, as well as a decrease in demand for Colorado coal, are likely the leading causes for the decline in this industry.

Colorado's unemployment rate decreased year-over-year by 0.5 percentage points in May 2016; however, it has climbed from 3% to 3.4% since February 2016. State GDP also grew in Q4 2015

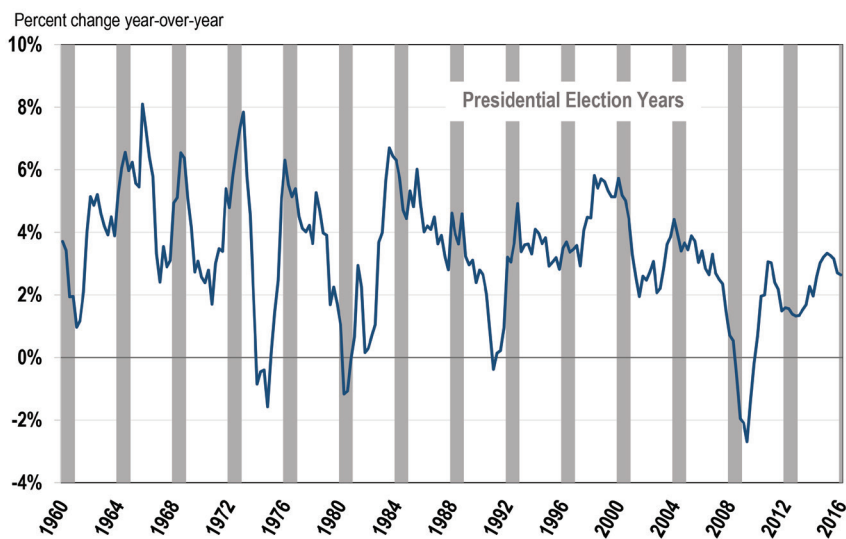
by 2.8%. Total business bankruptcy filings increased by 23.4%, from 94 in Q1 to 116 in Q2; total Colorado filings have remained constant since Q4 2015. The number of foreclosure filings are increasing as well—up 12.3% from the previous quarter and 21.7% year-over-year. The Federal Housing Finance Agency (FHFA) seasonally adjusted Purchase-Only Home Price Index is up 3% from Q4 2015 to Q1 2016. Housing prices grew 9% year-over-year. Annual wages increased 0.9% in Q4 2015 from Q3 2015, while personal income increased 1.1% in Q1 2016 from Q4 2015. Low oil prices have caused the number of oil rigs in Colorado to be cut in half since 2015. Colorado averaged 17 oil rigs in June 2016, down from 38 in June 2015. According to the Leeds Business Confidence Index (LBCI), confidence in the state economy increased by 0.1 points from the previous quarter, but remains 2.8 points below the same period last year. Colorado business leaders are expecting hiring to decrease in Q3 by 3.2 points, dropping to 53.4.

| | Current Period | 3 Months Prior | Percent Change over Prior Period | | Annual Percent Change | | 5-Year CAGR ^a | |
|---|----------------|----------------|----------------------------------|---|-----------------------|---|--------------------------|---|
| Wealth & Income | | | | | | | | |
| Personal Income (millions of dollars) | 282,124 | 279,111 | 1.1% | ▲ | 4.3% | ▲ | 4.8% | ▲ |
| Retail Sales, 12 mo. trailing (millions of dollars) | 182,846 | 185,205 | -1.3% | ▼ | 0.1% | ▲ | 5.1% | ▲ |
| Taxable Sales, 12 mo. trailing (millions of dollars) | 90,834 | 90,406 | 0.5% | ▲ | 4.9% | ▲ | 6.9% | ▲ |
| Sales Expectations (LBCI) | 58.6 | 59.5 | -1.4% | ▼ | -2.0% | ▼ | 1.0% | ▲ |
| Profit Expectations (LBCI) | 56.9 | 56.7 | 0.2% | ▲ | -2.9% | ▼ | 1.4% | ▲ |
| Business Outlays | | | | | | | | |
| Annual Wages Per Employee (\$) | 54,176 | 53,705 | 0.9% | ▲ | 2.8% | ▲ | 2.5% | ▲ |
| Hiring Expectations (LBCI) | 53.4 | 55.6 | -4.0% | ▼ | -6.8% | ▼ | 0.5% | ▲ |
| Capital Expenditures Expectations (LBCI) | 54.4 | 54.1 | 0.7% | ▲ | -5.4% | ▼ | 0.4% | ▲ |
| Retail Gasoline Price (dollars per gallon) | 2.33 | 2.05 | 13.9% | ▲ | -14.7% | ▼ | -8.0% | ▼ |
| Economic Overview | | | | | | | | |
| Real Quarterly GDP (millions of chained 2009 dollars) | 291,043 | 289,039 | 2.8% | ▲ | 2.0% | ▲ | 2.5% | ▲ |
| Employment (in thousands) | 2,593.3 | 2,588.8 | 0.2% | ▲ | 2.4% | ▲ | 2.8% | ▲ |
| Unemployment Rate ^b | 3.4% | 3.0% | 0.4% | ▲ | -0.5% | ▼ | -4.9% | ▼ |
| Initial Jobless Claims | 2,338 | 3,012 | -22.4% | ▼ | 8.9% | ▲ | -6.5% | ▼ |
| Continuing Jobless Claims | 27,076 | 31,838 | -15.0% | ▼ | -6.2% | ▼ | -11.1% | ▼ |
| Building Permits, Number of Units, 12 mo. trailing | 33,491 | 32,163 | 4.1% | ▲ | 14.6% | ▲ | 24.2% | ▲ |
| Valuation (millions of dollars), 12 mo. trailing | 9,850 | 7,473 | 31.8% | ▲ | 50.1% | ▲ | 30.7% | ▲ |
| Foreclosures Filings, Number of Units | 2,279 | 2,029 | 12.3% | ▲ | 21.7% | ▲ | -22.4% | ▼ |
| Number of Sales | 861 | 912 | -5.6% | ▼ | -24.8% | ▼ | -31.2% | ▼ |
| FHFA Purchase-Only Home Price Index | 378 | 368 | 2.9% | ▲ | 8.4% | ▲ | 8.2% | ▲ |
| Private Firms | 184,216 | 184,365 | -0.1% | ▼ | 3.9% | ▲ | 2.1% | ▲ |
| Rotary Rig Count | 20 | 17 | 17.6% | ▲ | -48.7% | ▼ | -21.9% | ▼ |
| Total Business Bankruptcy Filings | 116 | 94 | 23.4% | ▲ | 9.4% | ▲ | -16.9% | ▼ |
| Chapter 7 | 82 | 67 | 22.4% | ▲ | -1.2% | ▼ | -19.3% | ▼ |
| Chapter 11 | 24 | 17 | 41.2% | ▲ | 84.6% | ▲ | -7.3% | ▼ |
| Chapter 13 | 10 | 8 | 25.0% | ▲ | 25.0% | ▲ | -9.0% | ▼ |
| State Economy Expectations (LBCI) | 57.4 | 57.3 | 0.1% | ▲ | -6.2% | ▼ | 2.3% | ▲ |

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 16); Colorado Department of Revenue (NSA) (12/15); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q3 16); Colorado Department of Labor and Employment, QCEW (NSA) (Q4 15); U.S. Energy Information Administration, Weekly Retail Gasoline and Diesel Prices (07/04/16); Bureau of Economic Analysis, (SAAR) (Q1 16); Bureau of Labor Statistics, CES (SA) (06/16); Bureau of Labor Statistics, LAUS (SA) (06/16); U.S. Department of Labor, Employment and Training Administration (NSA) (06/11/16); Census Bureau, New Privately Owned Housing Units Authorized (NSA) (05/16); Colorado Division of Housing, Foreclosure Report (Q1 16); FHFA Purchase-Only Home Price Index (SA) (Q1 16); Bureau of Labor Statistics, QCEW (Q4 2015); Baker-Hughes (06/16); Administrative Office of the U.S. Courts (Q1 16); Leeds School of Business, Leeds Business Confidence Index (LBCI) (Q3 16);

^aCompound Annual Growth Rate. ^bPercentage point change.

Personal Consumption Expenditures, 1960-2016



Source: Bureau of Economic Analysis.

continued to grow moderately, adding 1.7% year-over-year in June 2016. Personal income and average annual pay grew year-over-year, at 4.4% and 3.3%, respectively, marking increased acceleration from the previous quarter. Core inflation (all items less food and energy) rose 2.2% year-over-year in June 2016, and the price of shelter increased by 3% over the same period. The housing market continues to exhibit strength, with prices, permits, and sales still on the rise year-over-year.

National Economic Indicators

Presidential elections decrease certainty, not consumer spending. Personal consumption expenditure (PCE) is a measure of consumer spending on goods and services. As it covers two-thirds of domestic spending, it is a reflection of economic shifts. Due to the upcoming presidential election, there has been speculation that the change in administration will increase market volatility and reduce consumer spending. Over the past 58 years, the PCE has fluctuated completely independent of the presidential election cycles, suggesting that the possibility of a political shift will not predictably alter consumer spending in 2016.

GDP grew at a 1.1% annualized rate in the first quarter of 2016 and 2.1% year-over-year. Employment also

| | Current Period | 3 Months Prior | Percent Change over Prior Period | | Annual Percent Change | | 5-Year CAGR ^a | | |
|---|----------------|----------------|----------------------------------|---|-----------------------|---|--------------------------|---|--|
| Wealth & Income | | | | | | | | | |
| Personal Income (billions of dollars) | 15,743 | 15,602 | 0.9% | ▲ | 4.4% | ▲ | 3.9% | ▲ | |
| Retail and Food Services Sales, 12 mo. trailing (billions of dollars) | 5,395.7 | 5,360.3 | 0.7% | ▲ | 2.7% | ▲ | 4.1% | ▲ | |
| S&P 500 | 2,166.9 | 2,080.7 | 4.1% | ▲ | 2.0% | ▲ | 10.7% | ▲ | |
| Annual Wages Per Employee | 53,054 | 52,357 | 1.3% | ▲ | 3.3% | ▲ | 3.2% | ▲ | |
| Business Outlays | | | | | | | | | |
| Consumer Price Index | 239.9 | 237.9 | 0.8% | ▲ | 1.1% | ▲ | 1.3% | ▲ | |
| Core Inflation (All Items Less Food & Energy) | 247.5 | 246.1 | 0.6% | ▲ | 2.2% | ▲ | 2.0% | ▲ | |
| Shelter | 276.2 | 274.1 | 0.8% | ▲ | 3.0% | ▲ | 2.2% | ▲ | |
| Retail Gasoline Price (dollars per gallon) | 2.40 | 2.19 | 9.7% | ▲ | -16.7% | ▼ | -8.0% | ▼ | |
| Economic Overview | | | | | | | | | |
| Real Quarterly GDP (billions of chained 2009 dollars) | 16,515 | 16,471 | 1.1% | ▲ | 2.1% | ▲ | 2.1% | ▲ | |
| Employment (in thousands) | 144,175 | 143,733 | 0.3% | ▲ | 1.7% | ▲ | 1.8% | ▲ | |
| Unemployment Rate ^b | 4.9% | 5.0% | -0.1% | ▼ | -0.4% | ▼ | -4.2% | ▼ | |
| Initial Jobless Claims | 258,000 | 265,000 | -2.6% | ▼ | -5.1% | ▼ | -9.1% | ▼ | |
| Continuing Jobless Claims | 2,167,000 | 2,172,000 | -0.2% | ▼ | -4.6% | ▼ | -10.4% | ▼ | |
| Building Permits, Number of Units, 12 mo. trailing | 1,191,387 | 1,189,659 | 0.1% | ▲ | 9.7% | ▲ | 15.7% | ▲ | |
| Valuation (millions of dollars), 12 mo. trailing | 226,306 | 224,130 | 1.0% | ▲ | 12.0% | ▲ | 18.3% | ▲ | |
| FHFA Home Price Index | 228.2 | 225.3 | 1.3% | ▲ | 5.7% | ▲ | 4.9% | ▲ | |
| Rotary Rig Count | 447 | 440 | 1.6% | ▲ | -47.8% | ▼ | -25.2% | ▼ | |
| Total Business Bankruptcy Filings | 6,227 | 5,973 | 4.3% | ▲ | 1.1% | ▲ | -12.8% | ▼ | |
| Chapter 7 | 3,885 | 3,840 | 1.2% | ▲ | -2.5% | ▼ | -14.7% | ▼ | |
| Chapter 11 | 1,596 | 1,423 | 12.2% | ▲ | 6.7% | ▲ | -9.3% | ▼ | |
| Chapter 13 | 578 | 582 | -0.7% | ▼ | 3.6% | ▲ | -9.4% | ▼ | |
| National Economy Expectations (LBCI) | 47.2 | 49.5 | -4.7% | ▼ | -14.9% | ▼ | 1.4% | ▲ | |

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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, Indigo Partners is the parent company of Frontier Airlines, a low-cost carrier headquartered in Denver.

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. Coors Brewing Company 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. Building a Better Colorado operates as a DNC with the goal of facilitating conversation between Colorado voters to improve the state government.

Public benefit corporations create a framework for companies that seek to solve social and environmental problems while benefiting their shareholders. Group14 Engineering, which provides sustainable energy and environmental solutions for buildings, is 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. Simple Energy Inc. is an example of a foreign entity in Colorado.



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