

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q4 • 2011

Employment



vs. prior quarter



vs. prior year

New Entity Filings



vs. prior quarter



vs. prior year

Total List Filings



vs. prior quarter



vs. prior year

Unemployment



vs. prior quarter



vs. prior year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

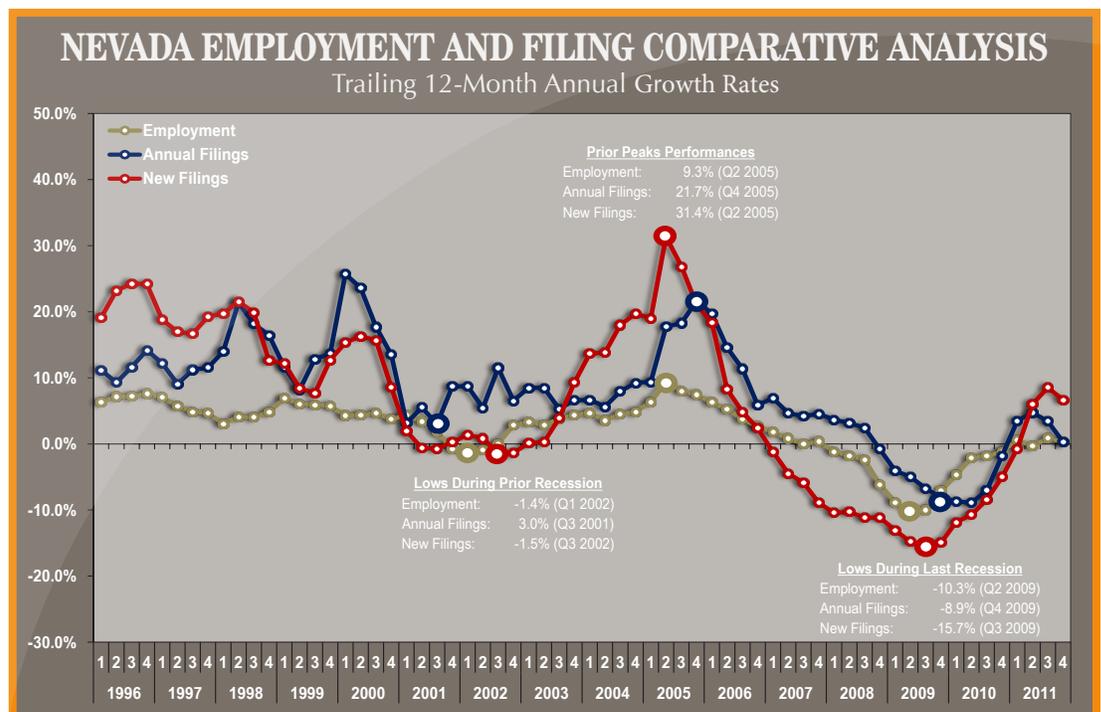
Nevada New Business Filings Edge Down in Fourth Quarter Expansion Noted for the Entirety of 2011

New Entity Filings *[Leading Indicator]*

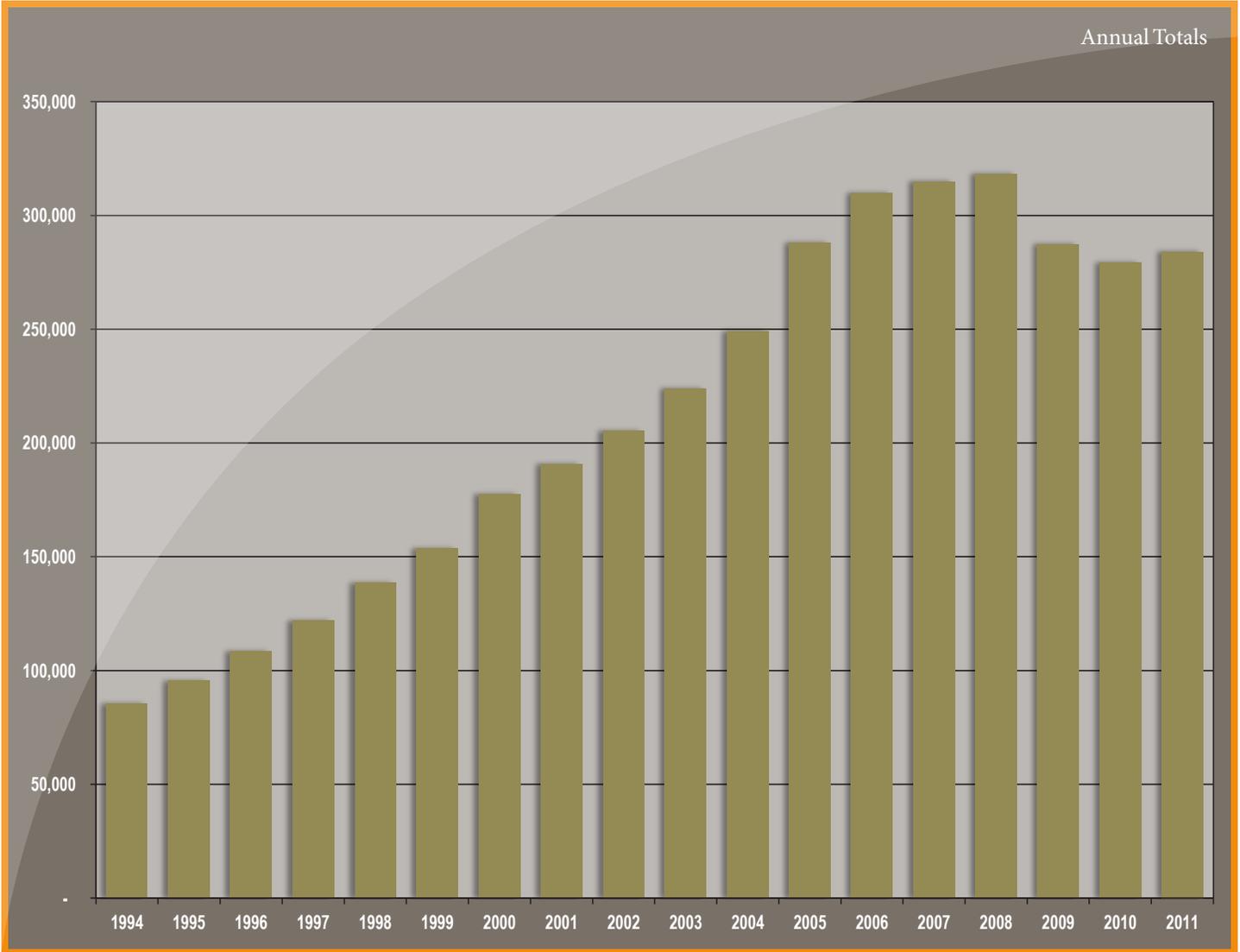
- New filings for domestic (Nevada) entities and foreign (non-Nevada) entities totaled 13,197 during the fourth quarter of 2011, which represented a 4.4-percent decline when compared to the same quarter of the prior year. Year-over-year declines were reported across virtually all aggregated filing categories, except new limited partnership filings (+11.7 percent) on a relatively low base. For the year, new filings reached 58,749, an increase of 6.7 percent over 2010's total.
- New Limited Liability Company ("LLC") filings, the largest share of new filings, were down a marginal 0.6 percent, or 52 filings, when compared to fourth quarter 2010 results due to declines reported in both domestic LLCs (-0.5 percent) and foreign LLCs (-2.2 percent). Corporations posted 4,480 new filings during the quarter, a decline of 11.4 percent year-over-year. For the year, new LLCs filings totaled 37,945, or a 12.3-percent climb.

Total List Filings *[Lagging Indicator]*

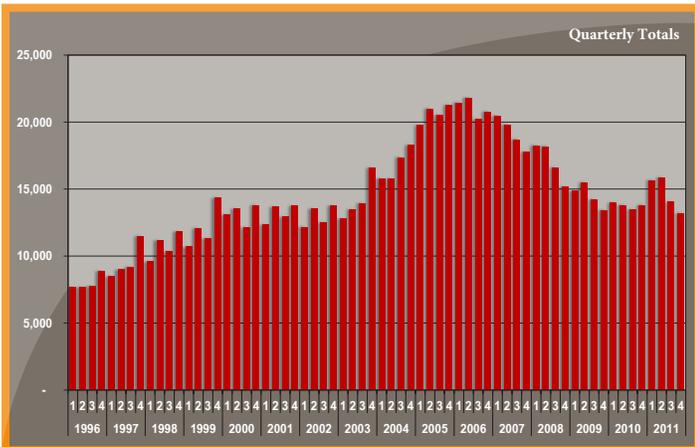
- Initial, annual and amended lists filed during the fourth quarter of 2011 declined by 4.9 percent in aggregate when compared to the fourth quarter total reported for 2010. Corporations filed 2,655 fewer lists with the Nevada Secretary of State's Office than one year ago, translating into a decline of 7.6 percent. Limited Partnerships lists were down by 333 listings during the quarter, reporting a decline of 7.9 percent in list filings year-over-year, while Limited Liability Company list filings declined by a more modest 1.7 percent.
- For calendar year 2011, a total of 291,505 entities filed lists, representing a marginal 0.3-percent increase over the 12 months in 2010. Limited Liability Companies and Limited Liability Partner/Business Trusts reported positive growth rates year-over-year. Lists filed by Corporations and Limited Partnerships, however, declined by 3.2 percent and 7.4 percent, respectively.



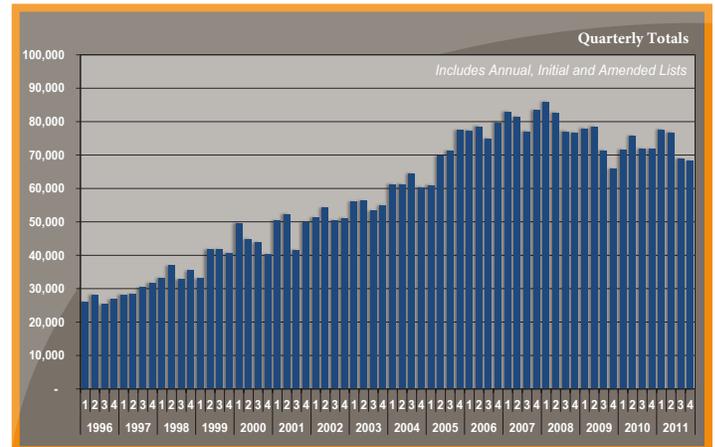
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



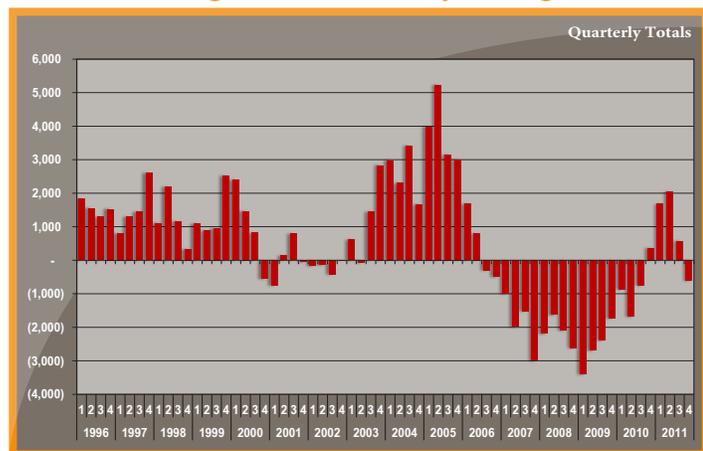
Quarterly Indicators ^[1]

Three Months Ended December 2011

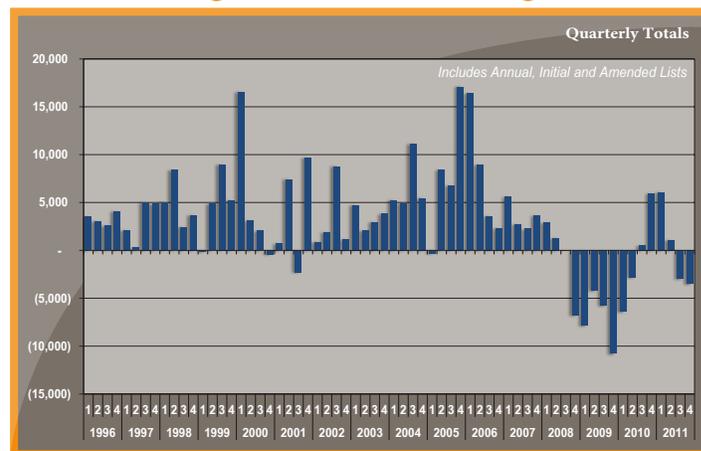
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	32,073	31,662	411	1.3% ▲	34,728	(2,655)	-7.6% ▼
Limited Partnerships	3,876	3,375	501	14.8% ▲	4,209	(333)	-7.9% ▼
Limited Liability Companies	32,100	33,648	(1,548)	-4.6% ▼	32,641	(541)	-1.7% ▼
Limited Liability Partnerships and Business Trusts	206	222	(16)	-7.2% ▼	194	12	6.2% ▲
TOTAL	68,255	68,907	(652)	-0.9% ▼	71,772	(3,517)	-4.9% ▼
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	4,016	4,153	(137)	-3.3% ▼	4,498	(482)	-10.7% ▼
Limited Partnerships	278	241	37	15.4% ▲	239	39	16.3% ▲
Limited Liability Companies	7,978	8,681	(703)	-8.1% ▼	8,021	(43)	-0.5% ▼
Limited Liability Partnerships and Business Trusts	24	31	(7)	-22.6% ▼	35	(11)	-31.4% ▼
TOTAL	12,296	13,106	(810)	-6.2% ▼	12,793	(497)	-3.9% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	464	510	(46)	-9.0% ▼	559	(95)	-17.0% ▼
Limited Partnerships	17	20	(3)	-15.0% ▼	25	(8)	-32.0% ▼
Limited Liability Companies	409	410	(1)	-0.2% ▼	418	(9)	-2.2% ▼
Limited Liability Partnerships and Business Trusts	11	4	7	175.0% ▲	6	5	83.3% ▲
TOTAL	901	944	(43)	-4.6% ▼	1,008	(107)	-10.6% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,480	4,663	(183)	-3.9% ▼	5,057	(577)	-11.4% ▼
Limited Partnerships	295	261	34	13.0% ▲	264	31	11.7% ▲
Limited Liability Companies	8,387	9,091	(704)	-7.7% ▼	8,439	(52)	-0.6% ▼
Limited Liability Partnerships and Business Trusts	35	35	-	0.0% ▼	41	(6)	-14.6% ▼
TOTAL	13,197	14,050	(853)	-6.1% ▼	13,801	(604)	-4.4% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,124,200	1,124,500	(300)	0.0% ▼	1,120,700	3,500	0.3% ▲
Unemployment [4]	12.4%	13.2%	-0.8%	- ▼	14.7%	-2.3%	- ▼
Initial Jobless Claims	60,728	54,168	6,560	12.1% ▲	71,235	(10,507)	-14.7% ▼
Bankruptcies - Chapter 7 [5]	3,241	3,958	(717)	-18.1% ▼	4,066	(825)	-20.3% ▼
Bankruptcies - Chapter 11 [5]	68	93	(25)	-26.9% ▼	73	(5)	-6.8% ▼
Bankruptcies - Chapter 13 [5]	852	1,048	(196)	-18.7% ▼	1,428	(576)	-40.3% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending December 2011 (latest data available)

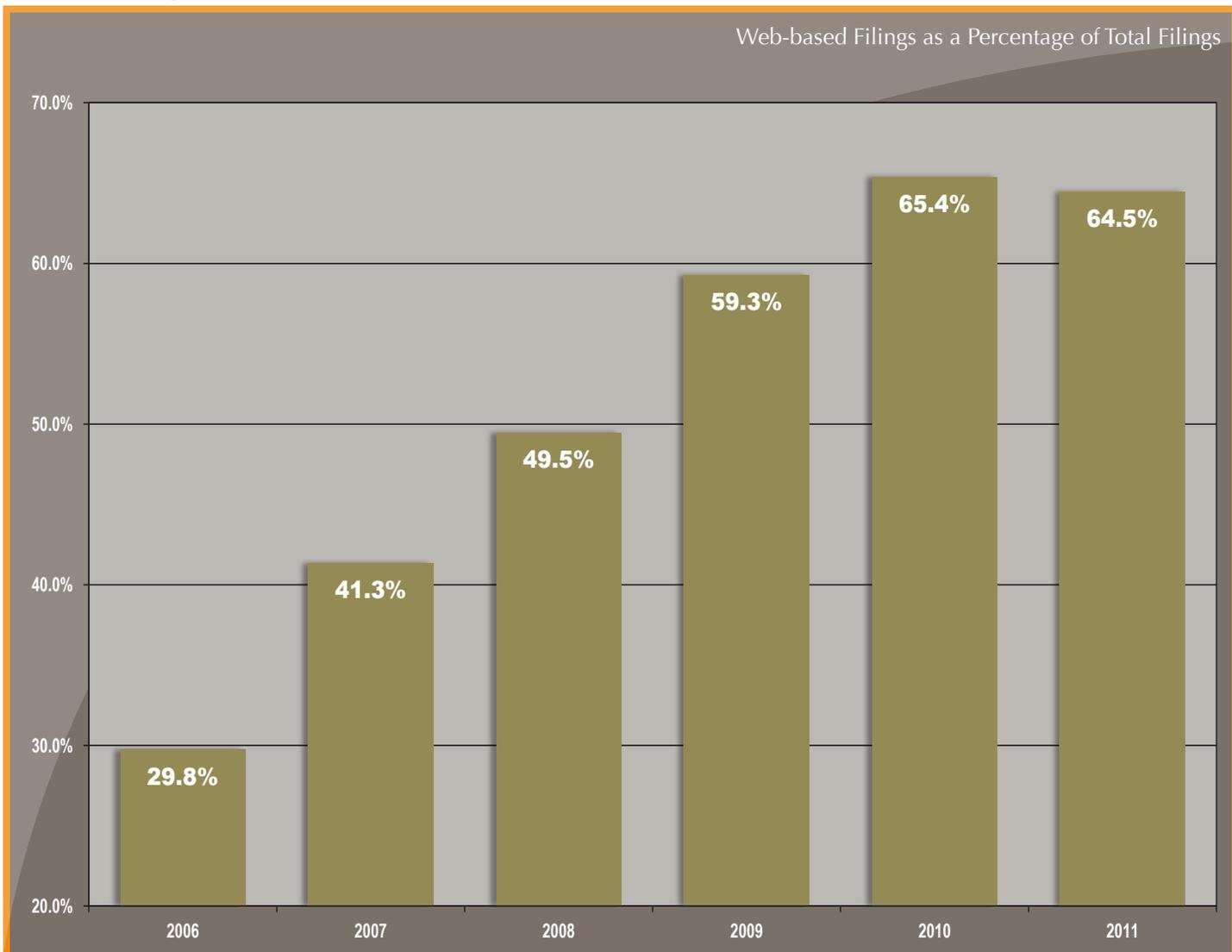
Annual Change in New Entity Filings



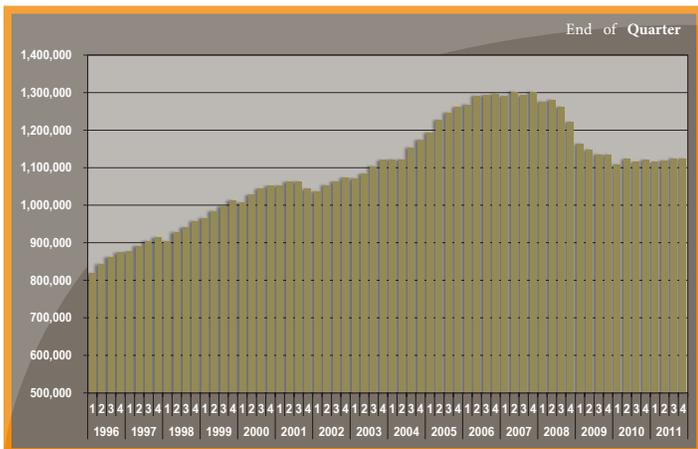
Annual Change in Total List Filings



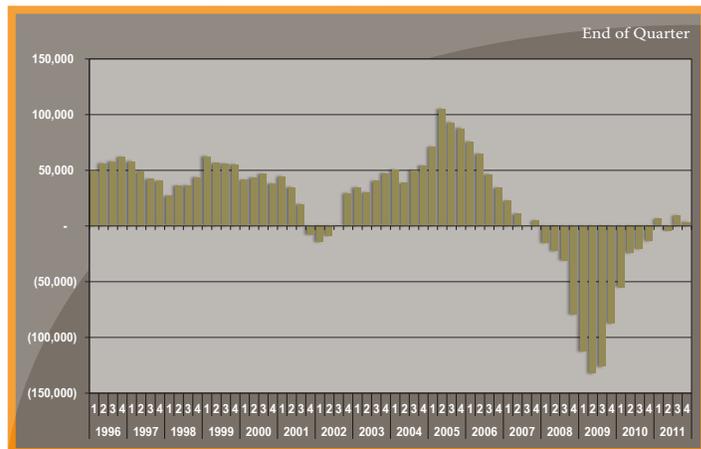
On-line Filing Utilization



Employment



Annual Change in Employment



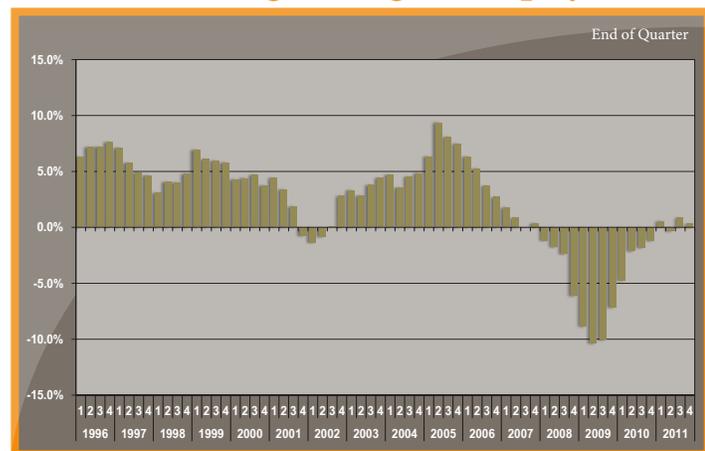
Annual Indicators ^[1]

Twelve Months Ended December 2011

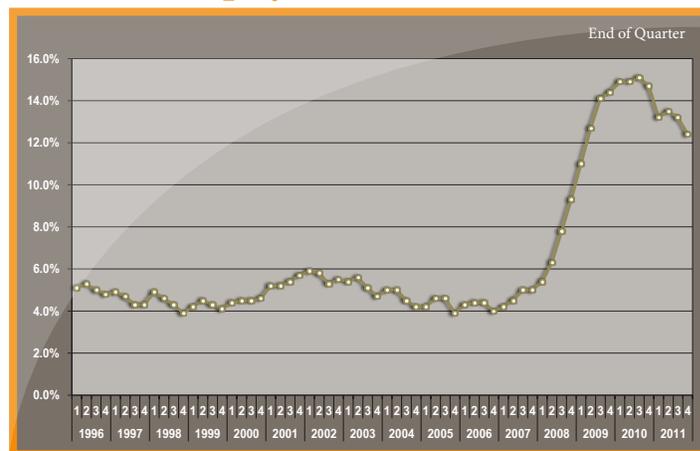
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	135,335	137,990	(2,655)	-1.9% ▼	139,809	(4,474)	-3.2% ▼
Limited Partnerships	14,803	15,136	(333)	-2.2% ▼	15,993	(1,190)	-7.4% ▼
Limited Liability Companies	140,421	140,962	(541)	-0.4% ▼	134,064	6,357	4.7% ▲
Limited Liability Partnerships and Business Trusts	946	934	12	1.3% ▲	800	146	18.3% ▲
TOTAL	291,505	295,022	(3,517)	-1.2% ▼	290,666	839	0.3% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	17,462	17,938	(476)	-2.7% ▼	17,424	38	0.2% ▲
Limited Partnerships	967	925	42	4.5% ▲	1,205	(238)	-19.8% ▼
Limited Liability Companies	36,142	36,184	(42)	-0.1% ▼	32,173	3,969	12.3% ▲
Limited Liability Partnerships and Business Trusts	181	200	(19)	-9.5% ▼	189	(8)	-4.2% ▼
TOTAL	54,752	55,247	(495)	-0.9% ▼	50,991	3,761	7.4% ▲
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	2,091	2,186	(95)	-4.3% ▼	2,359	(268)	-11.4% ▼
Limited Partnerships	74	82	(8)	-9.8% ▼	80	(6)	-7.5% ▼
Limited Liability Companies	1,803	1,811	(8)	-0.4% ▼	1,624	179	11.0% ▲
Limited Liability Partnerships and Business Trusts	29	24	5	20.8% ▲	28	1	3.6% ▲
TOTAL	3,997	4,103	(106)	-2.6% ▼	4,091	(94)	-2.3% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	19,553	20,124	(571)	-2.8% ▼	19,783	(230)	-1.2% ▼
Limited Partnerships	1,041	1,007	34	3.4% ▲	1,285	(244)	-19.0% ▼
Limited Liability Companies	37,945	37,995	(50)	-0.1% ▼	33,797	4,148	12.3% ▲
Limited Liability Partnerships and Business Trusts	210	224	(14)	-6.3% ▼	217	(7)	-3.2% ▼
TOTAL	58,749	59,350	(601)	-1.0% ▼	55,082	3,667	6.7% ▲
KEY ECONOMIC INDICATORS							
Employment [4]	1,124,200	1,124,500	(300)	0.0% ▼	1,120,700	3,500	0.3% ▲
Unemployment [4]	12.4%	13.2%	-0.8%	- ▼	14.7%	-2.3%	- ▼
Initial Jobbless Claims	233,278	243,785	(10,507)	-4.3% ▼	276,445	(43,167)	-15.6% ▼
Bankruptcies - Chapter 7 [5]	15,162	15,987	(825)	-5.2% ▼	17,888	(2,726)	-15.2% ▼
Bankruptcies - Chapter 11 [5]	355	360	(5)	-1.4% ▼	377	(22)	-5.8% ▼
Bankruptcies - Chapter 13 [5]	4,279	4,855	(576)	-11.9% ▼	6,008	(1,729)	-28.8% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted.[2] Includes annual, initial and amended lists.[3] New entity registration/qualification filings.[4] As of the end of the reporting period.[5] Current value is based on the trailing 3-months ending December 2011 (latest data available)

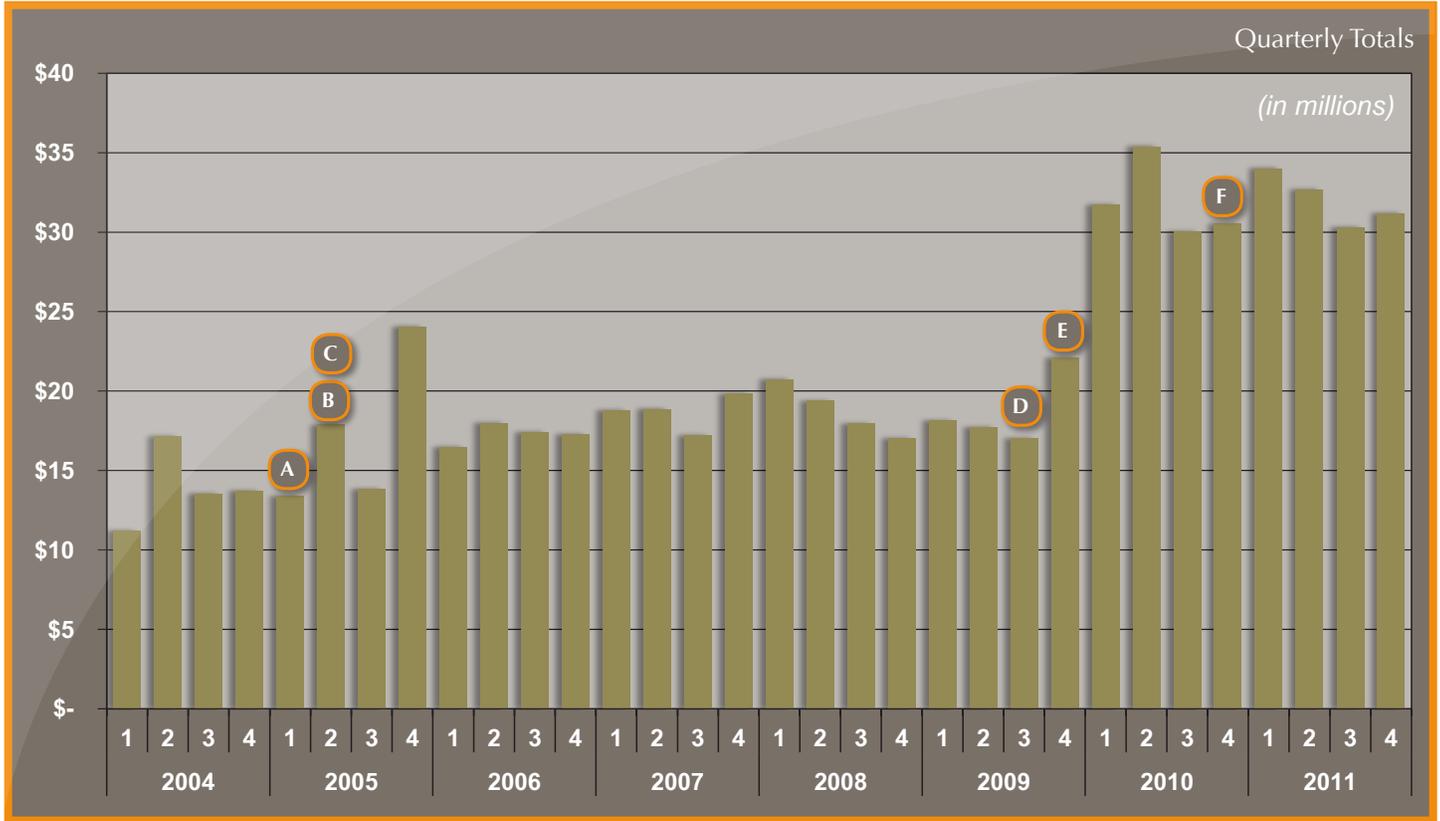
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online



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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ By close of 2011, Nevada reported expansions in a number of key indicators that are utilized to measure the pace of economic activity. Overall employment growth in the Silver State was positive as 3,500 jobs were added during the past year. While the number of net new jobs pales in comparison to the 176,200 positions lost during the past economic cycle (peak to present), the fact that job growth turned upward is important and provides an inflection point from which future movements may be measured. The state's leisure and hospitality industries were a primary driver of the improved employment picture, adding 9,800 jobs (+3.2 percent) during the past 12 months. Gains were also reported in education and health services (+3,000 jobs) and professional and business services (+2,300 jobs).

Job gains were partially offset by public sector job losses as the government sector shed 5,500 positions during the past 12 months. Additionally, the hard-hit construction sector continues to remain fragile (losing 1,300 positions), yet increased stability appears to have emerged as the pace of decline has slowed and the sector looks more consistent with national averages at 4.9 percent of the total workforce. A final factor that most like to point to is the unemployment rate. By the end of 2011, the joblessness statistic reached 12.6 percent (seasonally adjusted), which was 2.3 percentage points below the prior year ending value of 14.9 percent.

As other indicators reported notable improvements, including but not limited to consumer spending and tourism industry demand, new business entity filings slipped following four consecutive quarterly gains. While the movements are not necessarily unexpected, they remained positive for the entirety of 2011 (12-month totals compared to 2010) as nearly 59,000 new entities were formed. Additionally, total list filings trailed off during the final quarter, but they remained fairly stable on a year-over-year basis as nearly 292,000 lists were filed. More notably, the number of entities in good standing edged up 1.7 percent to over 284,000 by year-end. Assuming current economic trends take hold and continued investments take place, we expect 2012 to finish positively and provide increased certainty in a somewhat uncertain operating environment. The new business entity growth figures posted throughout the majority of 2011 suggest increased employment is likely to prevail in the coming quarters. ”

- Jeremy Aguero
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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