




COLORADO
CORRECTIONAL INDUSTRIES



2011 ANNUAL REPORT




An orange office chair with black armrests and a five-star base is positioned in a modern office setting. The chair is on a wooden floor. In the background, a white desk with a laptop and some papers is visible. The text is overlaid on the right side of the image.

ARE THERE
OPPORTUNITIES
FOR A
GOVERNMENT
ENTITY, LET
ALONE A
PRISON
INDUSTRY TO
CONTRIBUTE TO
BETTERING OUR
FUTURE? YES.



TABLE OF CONTENTS

Our Mission.....	3
Our Welcome.....	5
Our Division.....	7
Organizational Chart.....	9
Our Operations.....	10
State Facilities.....	13
Products & Services.....	14
Our Financials.....	16
Canteen, Vending Machine & Library Account.....	19
Our Future.....	27
Our Employees.....	29



...WITH
CREATIVE
ENERGY
RATHER THAN
RESENTMENT,
OPPORTUNITIES
ARE JUST
AROUND THE
CORNER.

The mission of Colorado Correctional Industries is three-fold.

- To reduce inmate idleness and the demand for general-funded programs by working as many inmates as possible in self-supporting and productive industries.
- To train inmates in meaningful skills, work ethics, and quality standards which better enable them to secure long-term employment after release from prison.
- To operate in a business-like manner so that enough revenues are realized each year to meet the ongoing capital equipment, working inventories and operating cash needs of the division.

OUR MISSION





It is my pleasure to share our 2011 Annual Report with you and offer a small view of Colorado Correctional Industries' diversity.



Another year has passed and as I reflect upon the past 12 months it is obvious that not only our organization, but our country continued to face the same hardships as the previous year. We have been challenged to reduce spending, explore new revenue-generating markets, and secure or increase employment opportunities for both staff and offenders within CCI. It is a challenge put forth to our organization and the Colorado Department of Corrections, yet also a chance to strengthen our economic base and provide positive avenues for our offenders.

All too often we hear the phrases "We need to do more with less," and "That will never work." If we face these statements with creative energy rather than resentment, opportunities are just around the corner. The internal partnerships we have built with the Colorado Department of Corrections, our vendors and our customers since 1977 have allowed us to develop creative opportunities. The support of CDOC, executive personnel, directors, wardens and facility staff assist in reducing the Colorado tax burden and provide offenders with life skills necessary for a successful reentry. Answering the needs of our customers for more than 30 years has taught us and our partnering vendors creativity. We can do more with less and make it work!

OUR WELCOME

This past fiscal year has proven to be an example of our creativity. Several new programs were implemented, additional offenders employed and new joint-venture relationships were established. CCI chose to look at doing business in a new manner; not only in-state, but explore out-of-state opportunities. We need to investigate all avenues that will allow CCI to contribute to our communities, provide opportunities for U.S. businesses, assist offenders with successful reentry after release, and lessen the burden placed upon taxpayers. Developing opportunities with private sector businesses will help bring back jobs that have or continue to locate overseas; allowing "Made in America" to become a reality. This vision proved to be cost-effective; as we were able to regain our previous year's lost revenues, and will hopefully continue with our future.

The following pages will provide you with a small view of our creative energy. It is the pride of our staff and offenders and the continued support of CDOC, vendors and customers that built another successful year for CCI. Please enjoy our 2011 Annual Report, and thank you for your interest in and continued support of CCI.

Sincerely,

Steve Smith

Director, Colorado Correctional Industries

ANSWERING
THE NEEDS
OF OUR
CUSTOMERS
FOR MORE
THAN 30 YEARS
HAS TAUGHT
US AND OUR
PARTNERING
VENDORS
CREATIVITY.



Since 1977, with the passage of Legislative Bill CRS 17-24-101, Colorado Correctional Industries, a division of the Colorado Department of Corrections has worked to improve the lives of incarcerated men and women, reduce the tax burden of Colorado citizens and assist the CDOC in addressing the safety and well-being of our citizens, victims, staff and offenders. CCI and CDOC collaborate collectively within a controlled environment addressing the mission of each government entity. The opportunities for self-improvement and meaningful work skills provided by CCI for incarcerated offenders help prepare these individuals when returning to free society.

CCI is mandated to operate in a business-like manner. We employ nearly 1,800 offenders on a monthly basis within three program areas; agricultural, services and manufacturing. More than 60 programs operate within these three areas to provide products and/or services for our customers, train offenders with marketable skills, and generate revenues that allow us to fully fund the costs of operating our division. As a cash-funded entity with enterprise status, CCI does not receive tax-payer support. It is the business decisions made by our professional staff that we rely upon to meet the continuing financial needs of our organization and address our mission of providing opportunities for offenders.

The training and employment of offenders within CCI financially benefits the taxpayers of Colorado. Our programs result in a cost avoidance for the state of approximately \$9,000,000 per year. Approximately \$5,000 per offender is saved when compared

OUR DIVISION

to general-funded training and employment opportunities. With our current employment of 1,800 offenders, this equates to \$9,000,000 per year saved by Colorado taxpayers. The financial benefits of CCI are far-reaching and include:

- Offenders employed within CCI Prison Industries Enhancement Program have contributed more \$.5 million in victim's restitution and assistance.
- The skills and work ethics CCI provides assist the offender with reentry to society, thus helping to ensure success for a productive and contributing individual.
- Partnering with CDOC to address the mission of each government entity ensures a safe and secure environment is provided to offenders, staff and citizens of Colorado.

Working on the Inside – Succeeding on the Outside is the motto of our National Correctional Industries Association. It is a phrase that rings true throughout all correctional and industry facilities. The diverse programs we operate benefit corrections, CCI, and taxpayers. These programs offer offenders an immense opportunity in which to learn meaningful skills, work ethics and responsibility prior to their release. Studies have shown that an offender who is successful within correctional programs is more likely to be successful within the private community. Recidivism rates are reduced by 50% with the men and women who chose to participate and were successful in their program participation. It is our goal to provide as much opportunity for an offender's success and assist in reducing the recidivism rate of Colorado. We will continue to accomplish this mission through the professional efforts of our staff who believe in CCI.



ORGANIZATIONAL CHART



Colorado DOC Executive Director

Colorado DOC Director of Finance & Administration



Colorado Correctional Industries Director

CCI Advisory Board

Agribusiness

Aviary
Composting
Cow Dairy & Processing
Farm
Fishery & Processing
Fly Rods
General Services
Goat Dairy & Processing
Greenhouse
Heavy Equipment
K-9 Program
Leather Products
Orchard
Ranching
Recycling
Vineyard
WHIP

Finance

Accounting
Budget
Contract Management
Cost Accounting
Order Processing
Purchasing

Manufacturing

Air Filters
Embroidery & Screen-printing
Fiberglass Products
Furniture & Mattresses
Garments
License Plates & Tabs
Metal Fabrication
Modular Office Systems
Plastic Bags
Printing
Seating Products
Security Cell
Furnishings
Signage
Textile & Uniform Products
Web Design

Marketing & Sales

Customer Service
Delivery & Installation
Fingerprinting
Fleet Sales
Forms & Publications
General Services
Marketing/Communications
Office Design
Research & Development
Sales
Surplus Property

Services

Canteen
Collision Repair
Culinary Arts
Delivery & Installation
Fire Fighting
Fleet
Management
Inmate Phone System
Public Information
Service Station
Trails Program
Transportation

ADMINISTRATION

Our division director's office has always been an open door to our varied and numerous customers. All matters related to planning, personnel, legal affairs, departmental affairs, public information and strategic goals are administered from this office. A productive relationship has been built over numerous years with Colorado DOC executive staff and CCI in order to discuss, plan and execute business decisions that involve both parties.

Steve Smith, CCI Director, has grown with and guided the organization for more than 25 years. Promoting his way through CCI and serving in various management positions has provided Steve with a diverse understanding of the division. His implementation of cutting-edge programs has led to national recognition. Steve believes the diversity of operations is one of the greatest advantages for CCI, and his enthusiasm, energy, expertise and leadership skills continue to move CCI forward.



AGRIBUSINESS

CCI's agricultural roots began with farming in 1874 as part of the Colorado State Penitentiary inmate work program. Nearly 140 years later, CCI's agricultural activities continue to include farming and diverse programs that involve cows, dogs, fish, goats, greenhouses, horses and water buffalo.

Jim Heaston, CCI Agri-business Division Manager, believes in looking for opportunities that will continue to move the agricultural division forward in today's world. Jim joined CCI in 1987 and has promoted through the organization to become a division manager in 2008. He has been a key player in major expansions, development and implementation of CCI's diverse agri-business programs.



OUR OPERATIONS

FINANCE

It has always been more than crunching numbers. Processing all CCI sales, invoicing, purchases, accounts payable and receivable, financial statements, inventories, and ensuring a balanced book exists at the end of day. Our financial division must also be able to predict cash flow, oversee the budgets of our more than 60 cost centers and ensure end-of-year reconciliation.

James McCoy, Chief Financial Officer, joined CCI in 2009 and truly enjoys the profit-and-loss business environment of such a unique organization. With more than 12 years as a budget analyst for the State, James became very familiar with CCI operations. His budgetary analysis and management of our unique operations are related to the financial success of CCI.



MANUFACTURING

The diverse operations of CCI manufacturing programs provide products that serve the citizens of Colorado, governmental entities, higher education and CCI. As with nearly every national correctional industry, we are identified as “the license plate maker” for our state. CCI is more than that. If you can imagine a product needed, we can provide it.

Andy Klinkerman believes the diversity of our products and services is what ranks CCI above other industry programs, answers the needs of our customers and provides equally diverse job opportunities for offenders. Since beginning his career with CCI in 1992 in our agriculture division, Andy has learned and experienced many roles. His belief in the mission of CCI promoted him through the organization, and in 2002 he stepped into his current position.



OUR OPERATIONS

MARKETING & SALES

CCI understands that we must provide comparable pricing, along with quality and service above that of our competitors to deserve their business. It is our goal to become the vendor of choice for our customers. Over the years we have evolved from a word-of-mouth advertising to a full-scale showroom and the electronic world of websites and on-line ordering.

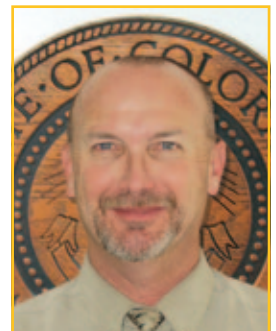
Richard Curry came to CCI from the private sector in 2001 as our Sales Manager. His knowledge of the business world, gratification in knowing that CCI is not a tax-supported entity and belief in future organizational opportunities promoted him within one year to serve as our Marketing & Sales Director.



SERVICES

Operating costs for CCI are reduced through the efficient utilization of our own internal staff and offenders for support services. Their skills and dedication answer the needs of customer service, warehousing, transportation, delivery and install, and much more. Our service division also answers the needs of our customers, our State, and CDOC offenders.

Jack Laughlin's State career has served both CDOC and CCI. His knowledge of operational responsibilities for each “side” and his eagerness to address challenges benefits CCI. Jack enjoys thinking outside the box when developing industry programs that address the needs of customers and offenders.

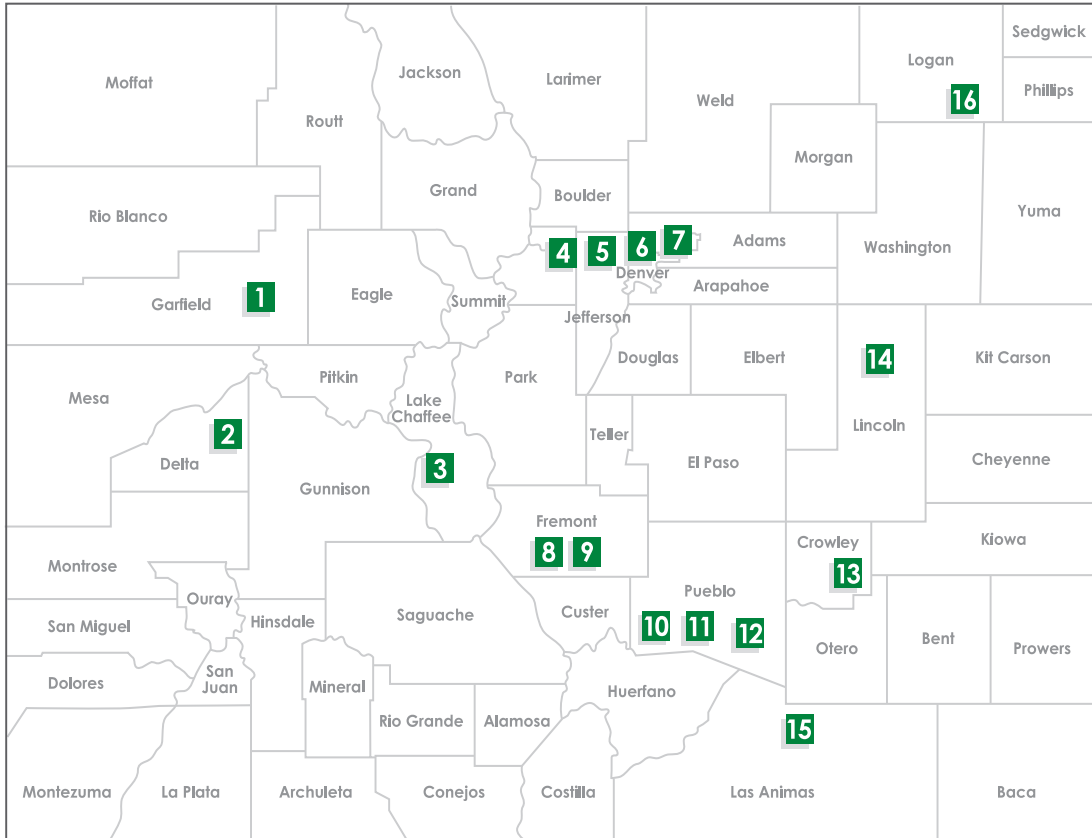




STATE FACILITIES



C Ci works closely with the Colorado Department of Corrections to incorporate industry programs at each facility in which inmates are available for work. Together, we manage the population of incarcerated men and women throughout Colorado. CCI programs operate within 16 of the 22 DOC facilities and employ 170 civilian staff and approximately 1,800 inmates on a monthly basis.



- | | |
|---|--|
| 1 Rifle Correctional Center | 9 East Cañon Complex |
| 2 Delta Correctional Center | a Arrowhead Correctional Center |
| 3 Buena Vista Correctional Complex | b Centennial Correctional Facility/
Centennial South |
| a Buena Vista Correctional Facility | c Colorado State Penitentiary |
| b Buena Vista Minimum Center | d Four Mile Correctional Center |
| 4 CCI Oakland Facility | e Fremont Correctional Facility |
| 5 Colorado Correctional Center | f Skyline Correctional Center |
| 6 Denver Reception & Diagnostic Center | 10 La Vista Correctional Facility |
| 7 Denver Women's Correctional Facility | 11 San Carlos Correctional Facility |
| 8 Colorado Territorial Correctional Facility | 12 Youthful Offender System |
| | 13 Arkansas Valley Correctional Facility |
| | 14 Limon Correctional Facility |
| | 15 Trinidad Correctional Facility |
| | 16 Sterling Correctional Facility |

PRODUCTS & SERVICES

1	Rifle Correctional Facility		
	Culinary Arts	Inmate Jobs	25
	Firefighting & Reclamation	Inmate Jobs	24
	Trails Program	Inmate Jobs	12
2	Delta Correctional Center		
	Farming	Inmate Jobs	30
3	Buena Vista Correctional Complex		
	Firefighting & Reclamation	Inmate Jobs	24
	Fish Farming	Inmate Jobs	10
	K-9 Adoption & Training	Inmate Jobs	16
	Saddles & Leather Products (PIECP)	Inmate Jobs	68/34 PIECP
	Trails Program	Inmate Jobs	22
4	CCi Oakland Facility		
	CAD Design	Inmate Jobs	1
	Customer Service	Inmate Jobs	2
	Delivery & Installation	Inmate Jobs	6
	EBay Sales	Inmate Jobs	2
	Forms Distribution	Inmate Jobs	1
	Janitorial	Inmate Jobs	1
	Office Assistance	Inmate Jobs	1
	Sales & Showroom	Inmate Jobs	2
	State & Federal Surplus	Inmate Jobs	3
5	Colorado Correctional Center		
	Collision Repair	Inmate Jobs	10
	CSP Training	Inmate Jobs	3
	Academy Garage		
	CSP Training	Inmate Jobs	7
	Academy Kitchen		
	CSP Training	Inmate Jobs	5
	Academy Maintenance		
	Delivery & Installation	Inmate Jobs	24
	Highway Barrier Fencing	Inmate Jobs	6
	Highway Cleanup	Inmate Jobs	24
	Highway Mowing/Trimming	Inmate Jobs	12

6	Denver Reception & Diagnostic Center		No programs – Receiving Facility
7	Denver Women's Correctional Facility		
	Canteen	Inmate Jobs	25
	Garments	Inmate Jobs	20
	K-9 Adoption & Training	Inmate Jobs	36
	Printing Services	Inmate Jobs	25
8	Colorado Territorial Correctional Facility		
	K-9 Adoption & Training	Inmate Jobs	14
	License Plates & Tabs	Inmate Jobs	110
	Recycled Printer Cartridges	Inmate Jobs	8
	Signs	Inmate Jobs	10
9a	Arrowhead Correctional Center		
	Canteen	Inmate Jobs	60
	Fish Farming	Inmate Jobs	20
	Fish Processing	Inmate Jobs	30
	Fishing Rod Manufacturing	Inmate Jobs	15
	Fleet Services	Inmate Jobs	15
	Greenhouse Products	Inmate Jobs	89
	Honey Production	Inmate Jobs	2
	K-9 Adoption & Training	Inmate Jobs	16
	Transportation & Tech Training	Inmate Jobs	10
	Warehouse	Inmate Jobs	10
9b	Centennial Correctional Facility		No programs – Special Needs Facility
9c	Colorado State Penitentiary		No programs – Maximum Security

9d Four Mile Correctional Center

Composting	Inmate Jobs	2
Dairy & Dairy Processing	Inmate Jobs	72
Fire Fighting & Reclamation	Inmate Jobs	24
Heavy Equipment	Inmate Jobs	30
Wild Horse Inmate Program	Inmate Jobs	45

9e Fremont Correctional Facility

Dormitory Furniture (PIECP)	Inmate Jobs	25
Fiberglass Tanks (PIECP)	Inmate Jobs	25
Metal Fabrication	Inmate Jobs	120
Office Furniture	Inmate Jobs	93
Security Cells & Furnishings (PIECP)	Inmate Jobs	45

9f Skyline Correctional Center

Delivery and Installation	Inmate Jobs	10
Farming	Inmate Jobs	45
Goat Dairy & Processing	Inmate Jobs	30
Heavy Equipment	Inmate Jobs	10
Orchard & Vineyard	Inmate Jobs	15
Recycling	Inmate Jobs	15

10 La Vista Correctional Facility

Construction & Maintenance Services	Inmate Jobs	44
Farming	Inmate Jobs	80
Information Technology	Inmate Jobs	10

11 San Carlos Correctional Facility
No programs – Special Needs Facility

12 Youthful Offender System
No programs – Juvenile Facility

13 Arkansas Valley Correctional Facility

CAD/GIS	Inmate Jobs	15
Customer Service Toll-free	Inmate Jobs	2
Fulfillment Center	Inmate Jobs	12
Modular Office Systems	Inmate Jobs	53
Plastic Bags	Inmate Jobs	5
Public Information Services	Inmate Jobs	15
Web Design	Inmate Jobs	4

14 Limon Correctional Facility

Embroidery & Screen Printing	Inmate Jobs	9
Flags	Inmate Jobs	12
Garments	Inmate Jobs	165

15 Trinidad Correctional Facility

Air Filters	Inmate Jobs	5
K-9 Adoption & Training	Inmate Jobs	16

16 Sterling Correctional Facility

K-9 Adoption & Training	Inmate Jobs	24
Seating	Inmate Jobs	75

PRODUCTS & SERVICES

OUR FINANCIALS

For Fiscal Years Ended June 30, 2011 and 2010 (unaudited) (Note 1)

**COLORADO CORRECTIONAL INDUSTRIES
STATEMENT OF NET ASSETS****6/30/11****6/30/10****ASSETS**

Current Assets		
Cash and Pooled Cash (Note 2)	5,717,330	6,068,062
Other Receivables, net	1,119,520	680,862
Due from Other Governments	204,254	209,391
Due from Other Funds	3,022,777	2,188,530
Inventories	11,551,670	10,731,328
Prepays, Advances, Deferred Charges	38,087	34,077
TOTAL CURRENT ASSETS	21,653,638	19,912,250

NONCURRENT ASSETS

Other Long Term Assets	1,796,430	1,746,712
Capital Assets:		
Buildings	5,943,056	5,867,869
Equipment	12,473,580	12,184,790
Less Accumulated Depreciation	(15,012,324)	(14,516,791)
DEPRECIABLE CAPITAL ASSETS, NET	3,404,312	3,535,868
Land	980,412	980,412
TOTAL NONCURRENT ASSETS	6,181,154	6,262,992
TOTAL ASSETS	27,834,792	26,175,242

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	4,132,689	2,953,529
Compensated Absences Payable	26,300	65,600
Other Current Liabilities	4,434	5,855
TOTAL CURRENT LIABILITIES	4,163,423	3,024,984

NONCURRENT LIABILITIES

Accrued Compensated Absences	1,026,103	917,139
TOTAL LIABILITIES	5,189,526	3,942,123

NET ASSETS

Investment in Capital Assets	4,384,724	4,516,280
Unrestricted	18,260,542	17,716,839
TOTAL NET ASSETS	22,645,266	22,233,119

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS**OPERATING REVENUES**

	6/30/11	6/30/10
Sales of Goods and Services	45,299,456	39,106,239
Other Revenues	156,846	312,360
TOTAL OPERATING REVENUES	45,456,302	39,418,599
TOTAL OPERATING REVENUES CANTEEN FUND	17,251,070	16,710,753
TOTAL CCI OPERATING REVENUES	62,707,372	56,129,352

OPERATING EXPENSES

Cost of Goods Sold	25,285,102	20,074,287
Salaries and Fringe Benefits	10,956,151	10,556,925
Operating & Travel (Note 3)	8,459,800	7,235,478
Depreciation	502,259	1,079,547
TOTAL OPERATING EXPENSES	45,203,312	38,946,237
OPERATING INCOME	252,990	472,362

NON-OPERATING REVENUES AND (EXPENSES)

Investment Income	31,916	147,974
Rental Income	440,270	248,681
Gifts and Donations	1,229	0
Insurance Recoveries from Prior Year Impairments	16,204	6,360
TOTAL NON-OPERATING REVENUES (EXPENSES)	489,619	403,015
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	742,609	875,377
Contributions and Transfers		
Transfers-Out to General Fund (Note 4)	(330,462)	(354,981)
Transfers-In from Land Improvement Fund	0	3,800
Capital Contribution	0	361,444
TOTAL OPERATING TRANSFERS	(330,462)	10,263

CHANGE IN NET ASSETS	412,147	885,640
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TOTAL NET ASSETS - FISCAL YEAR BEGINNING	22,233,119	21,347,479
TOTAL NET ASSETS - FISCAL YEAR ENDING	22,645,266	22,233,119

STATEMENT OF CASH FLOWS**CASH FLOWS FROM OPERATING ACTIVITIES**

	6/30/11	6/30/10
Cash Received From:		
Fees for Service	9,805,034	9,162,786
Sales of Products	34,226,653	29,352,482
Income from Property	440,270	248,681
Other Sources	173,050	214,337
Cash Payments To or For:		
Employees	(10,849,346)	(10,676,529)
Suppliers	(33,366,024)	(27,590,092)
Other	(112,350)	(85,933)
NET CASH PROVIDED BY OPERATING ACTIVITIES	317,287	625,732

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers-In from the Land Improvement Fund	0	3,800
Transfers-Out to the General Fund	(330,462)	(354,981)
Gifts and Grants for Other Than Capital Purposes	1,229	0
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(329,233)	(351,181)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(370,702)	(403,409)
Proceeds from Sale of Capital Assets	0	0
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(370,702)	(403,409)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Dividends on Investments	77,825	101,827
Increase (Decrease) from Unrealized Gain (Loss) on Investments	(45,909)	46,147
NET CASH FLOWS FROM INVESTING ACTIVITIES	31,916	147,974

NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(350,732)	19,116
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	6,068,062	6,048,946
CASH AND POOLED CASH, FISCAL YEAR END	5,717,330	6,068,062

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	252,990	472,362
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	502,259	1,079,547
Rents	440,270	248,681
Insurance Recoveries	16,204	6,360
Compensated Absences	69,664	(77,161)
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(1,267,769)	(590,970)
(Increase) Decrease in Inventories	(870,060)	(1,212,224)
(Increase) Decrease in Other Operating Assets	(4,010)	(33,612)
Increase (Decrease) in Accounts Payable	1,179,160	733,129
Increase (Decrease) in Other Operating Liabilities	(1,421)	(380)
NET CASH PROVIDED BY OPERATING ACTIVITIES	317,287	625,732

Note 1
Note 2 - Current Assets

The underlying balances are audited in the statewide financial audit
Cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit, pooled cash with State

Note 3 - Operating Expenses

Treasurer (at fair market value), and warrants payable.
Operating and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, workers' compensation insurance, legal services, liability and property insurance, and other operating expenses.

Note 4 - Operating Transfers

Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.

OUR FINANCIALS



...TO PROVIDE
WORK AND SELF-
IMPROVEMENT
OPPORTUNITIES
TO ASSIST IN
SUCCESSFUL
COMMUNITY
REINTEGRATION.





TABLE OF CONTENTS

CANTEEN, VENDING MACHINE & LIBRARY ACCOUNT

19

COLORADO CORRECTIONAL INDUSTRIES | 2011 ANNUAL REPORT

Our Mission.....	21
CCi Canteen Services.....	23
Our Financials.....	24

A white semi-truck with a large trailer is parked in an outdoor lot. The trailer features a logo with a mountain peak and the text "Canteen Services". The truck is positioned on the right side of the frame, with its front facing left. The background shows a clear blue sky with scattered white clouds. A green fence is visible behind the truck. The ground is a light-colored paved surface.

MORE THAN
85 OFFENDERS,
...ARE
EMPLOYED
WITHIN THE
OPERATIONS
LEARNING
MARKETABLE
SKILLS AND
WORK ETHICS

The mission of CCI Canteen is...

- To provide work and self-improvement opportunities to assist in successful community reintegration.
- To provide high quality, fairly priced merchandise and services to the inmate population in an efficient and profitable manner.
- Aid in the maintenance of a secure environment.
- Reduce reliance on taxpayer provided funds for inmate recreational, educational and social benefit expenditures.

OUR MISSION





In 2002 under House Bill 02-1171, the control of the Colorado Department of Corrections' Canteen program was transferred to the Division of Colorado Correctional Industries and created a Canteen, Vending Machine and Library Account. As a cash-funded entity with enterprise status, all Canteen revenues generated are exempt from the State's Taxpayer Bill of Rights (TABOR) revenue base.

The CCI Canteen operates as every program within CCI is mandated to; operate in a business like manner comparable to the private sector. While receiving no taxpayer support, the revenues generated must cover all costs associated with operating the Canteen program, thus saving Colorado taxpayers additional monies. Profits experienced are used to fund educational, recreational and social benefit of inmates, and to supplement direct inmate needs as noted in State

CCI CANTEEN SERVICES

Statute CRS 17-24-126. Current revenue sources are derived from retail and vending machine sales to offenders, family gift pack and Colorado Inmate Phone System (CIPS) commissions.

Offenders housed within the 22 CDOC facilities and 4 private facilities benefit from Canteen services. Offenders showing adequate funds within their inmate bank account may purchase approved retail products not provided by CDOC. Orders are completed through two distribution centers; the northern and eastern portions of the state are served by the Denver facility and the central and southern portions of the state are served by the Canon City facility. More than 85 offenders, male and female, are employed within the operations learning marketable skills and work ethics. Between the two facilities, more than 62,000 orders are processed on a monthly basis.

OUR FINANCIALS

For Fiscal Years Ended June 30, 2011 and 2010 (unaudited) (Note 1)

CANTEEN ENTERPRISE FUND

6/30/11

6/30/10

ASSETS

Current Assets:

Cash and Pooled Cash (Note 2)

1,433,109

5,740,580

Other Receivables, net

296,436

308,779

Inventories

487,945

472,449

Other Current Assets

71

0

TOTAL CURRENT ASSETS

2,217,561

6,521,808

NONCURRENT ASSETS

Capital Assets:

Buildings

2,443,646

2,443,646

Equipment

544,753

544,753

Less Accumulated Depreciation

(966,403)

(856,319)

DEPRECIABLE CAPITAL ASSETS, NET

2,021,996

2,132,080

TOTAL ASSETS

4,239,557

8,653,888

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities

552,461

506,442

TOTAL CURRENT LIABILITIES

552,461

506,442

NONCURRENT LIABILITIES

Accrued Compensated Absences

200,369

186,943

TOTAL LIABILITIES

752,830

693,385

NET ASSETS

Investment in Capital Assets

2,021,996

2,132,080

Unrestricted

1,464,731

5,828,423

TOTAL NET ASSETS

3,486,727

7,960,503

OPERATING REVENUES

6/30/11

6/30/10

Sales-Canteen and Similar Activities

14,568,930

14,031,652

Commissions-Inmate Phone System

2,645,346

2,657,295

Other Revenues

36,794

21,806

TOTAL OPERATING REVENUES

17,251,070

16,710,753

OPERATING EXPENSES

Cost of Goods Sold

10,952,067

10,402,571

Salaries and Fringe Benefits

1,943,038

1,899,470

Operating & Travel (Note 3)

700,832

748,187

Depreciation

110,084

112,698

TOTAL OPERATING EXPENSES

13,706,021

13,162,926

OPERATING INCOME

3,545,049

3,547,827

NON-OPERATING REVENUES AND (EXPENSES)

6/30/11

6/30/10

Inmate Benefits

(6,095,465)

(4,884,790)

Investment Income

23,835

223,152

TOTAL NON-OPERATING REVENUES (EXPENSES)

(6,071,630)

(4,661,638)

INCOME BEFORE OPERATING TRANSFERS

(2,526,581)

(1,113,811)

OPERATING TRANSFERS

Transfer-Out to General Fund (Note 4)

(49,837)

(64,171)

Transfer-Out to Capital Construction Fund (Note 5)

(1,897,358)

(356,317)

TOTAL OPERATING TRANSFERS

(1,947,195)

(420,488)

CHANGE IN NET ASSETS

(4,473,776)

(1,534,299)

TOTAL NET ASSETS - FISCAL YEAR BEGINNING

7,960,503

9,494,802

TOTAL NET ASSETS - FISCAL YEAR ENDING

3,486,727

7,960,503

CASH FLOWS FROM OPERATING ACTIVITIES

	6/30/11	6/30/10
Cash Received From:		
Sales of Canteen and Similar Activities	14,568,930	14,031,652
Commissions from Inmate Phone System Calls	2,657,689	2,665,876
Other Revenues	36,794	21,806
Cash Payment To or For:		
Employees	(1,893,014)	(1,893,673)
Suppliers	(11,659,045)	(11,075,722)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,711,354	3,749,939

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Inmate Benefits	(6,095,465)	(4,884,790)
Transfers-Out to the General Fund	(49,837)	(64,171)
Transfers-Out for Capital Construction	(1,897,358)	(356,317)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(8,042,660)	(5,305,278)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	0	(12,500)
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	0	(12,500)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Dividends on Investments	109,898	184,742
Increase (Decrease) from Unrealized Gain (Loss) on Investments	(86,063)	38,410
NET CASH FLOWS FROM INVESTING ACTIVITIES	23,835	223,152

NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(4,307,471)	(1,344,687)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	5,740,580	7,085,267
CASH AND POOLED CASH, FISCAL YEAR ENDING	1,433,109	5,740,580

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	3,545,049	3,547,827
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	110,084	112,698
Compensated Absences	13,426	15,120
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Accounts Receivable	12,343	8,581
(Increase) Decrease in Inventories	(15,496)	56,974
(Increase) Decrease in Other Current Assets	(71)	0
Increase (Decrease) in Accounts Payable	46,019	8,339
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,711,354	3,749,539

Note 1	The underlying balances are audited in the statewide financial audit
Note 2 - Current Assets	Cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit, pooled cash with State Treasurer (at fair market value), and warrants payable.
Note 3 - Operating Expenses	Operating and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, workers' compensation insurance, legal services, liability and property insurance, and other operating expenses.
Note 4 - Operating Transfers	Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.
Note 5	Operating transfer-out to Capital Construction Fund are for construction projects such as inmate recreation and education equipment and buildings.

OUR FINANCIALS



We are our own future. Not specifically CCI or Colorado, but America. America is our future. CCI and the State of Colorado can definitely contribute to our future. Are there opportunities for a government entity, let alone a prison industry to contribute to bettering our future? Yes.

You've viewed the pages of our Annual Report and been briefly introduced to opportunities that expressed creative thinking. Small snapshots of programs that show fish farming and processing, water buffalo raised for cheese making, brand-name furniture products, and canteen services. These are all prison industry programs, yet they provide employment for more than the incarcerated men and women of Colorado. They provide employment for private citizens within America.

The obvious answer is that private citizens are employed within the correctional facilities and correctional industry programs. Jobs that most will, unfortunately, describe as "job security." With increasing incarceration and recidivism rates, this could be considered true in many cases. Yet, the few industry programs listed above also serve the private sector in securing employment.

How does our fish farming and processing operation enhance employment for Americans? This explanation is a quick overview of the cycle. All of our raw materials and machinery were bought from American companies. The fish raised is sold to American companies for recreational use or as food products within the U.S. The fish

OUR FUTURE

CCI processes is also sold to a U.S. natural food store. Private employees are needed in both operations to transport, deliver, process or stock the product; making it available to purchasing customers. Employees and customers involved in these processes most likely drive an automobile, purchase gasoline, have utilities supplied to their business, and spend their income within their community. This cycle shows American products and services providing for Americans.

Do incarcerated offenders also benefit? Yes. Offenders employed within CCI programs learn marketable skills and work ethics. He or she will one day become a private citizen searching for employment. It is our goal to assist our offenders in becoming productive citizens upon reentry. Their success places them within the cycle and helps with the future of America.

It is the vision of CCI to continue to support America's future. While providing opportunities for offenders, we are providing opportunities for our country at the same time. Let's partner together in this effort.



WHILE
PROVIDING
OPPORTUNITIES
FOR
OFFENDERS,
WE ARE
PROVIDING
OPPORTUNITIES
FOR OUR
COUNTRY AT
THE SAME TIME.

Ted Adamic
Tom Adamic
Stoney Adams
Cheryl Ahumada
Philene Alfonso
Robert Anderson
Deeann Audet
Brandy Bair
Patricia Banks
Sherry Bell
Michelle Berry
Starla Black
Dave Block
Orville Bloesser
Arlin Bolkema
Bruce Bradley
Rainey Brooks
Michelle Brothers
Brent Brown
Chris Brown
Charles Burrell
Joe Carochi
Celia Carrillo
Greg Carwin
Steven Chavez
Heather Clark
Duncan Clarke
Mark Clementi
Ron Conley
Kevin Conrad
Mike Cunningham
Doug Cuppy
Richard Curry
Cory Curtis
Dave Daiker
Worden Davis
Michael Delarosa
Dennis DeLong
Mike DelCastillo
Ronald Diller
Wade Draper
Dennis Dunsmoor
Charlene Dykes
Ken Enslow
Bill Fetherston
Rick Fitzpatrick
Don Flock
Chad Fraher
Pat Gallegos
Amy Garcia
AmyJ Garcia

Larry Goad
Stacy Gordon
Frank Graeber
Brian Graham
Joe Granato
Sandy Gray
Robert Greenfield
Joseph Grinsenti
Linda Grisenti
Tim Guidry
Scott Hall
Brian Hardin
Bobby Harlan
Terry Harrow
Patricia Hart
Jim Hartman
Greg Hawkins
Virginia Haynes
Jim Heaston
Dan Henderson
Doug Herr
Myron Hershberger
Les Hilburn
Mary Hoffmann
Lyle Hollingsworth
Josh Hughes
Paul Humiston
Sandy Hunsaker
Paula Hunter
Phred Jahner
Charles Johnson
Tim Johnson
Kevin Johnston
Pam Kahanic
Rod Kappert
Raymond Kaspar
James Keller
Jonathan Kenline
Andy Klinkerman
Sandra Knudsen
George Langbein
Debra Larson
Doug Laughlin
Jack Laughlin
Eric LeTendre
Gabriella Licano
Ray Logan
Jimmy Love
Brenda Marino
Jon Martinez
Michael Mattson

OUR EMPLOYEES

Mike McConnel
Will McConnell
Guy McEnulty
Jeff McGinnis
Darlene McInnes
Glen McKinney
Jason McLaughlin
Margie McNew
Crissy McQueen
Louis Medina
Roberta Melton
Daniel Miell
Jason Miller
Ray Mizer
Marie Mohan
Charles Moon
Caleb Moore
Gerald Moses
Richard Mouriquand
Sid Myers
Robert Neff
Gary Nichols
John O'Brien
Miriam Osburn
Don Pacheco
Dan Padilla
Dave Pagnotta
Alan Passarelli
Mark Passarelli
Pam Pearson
Gerald Peasley
Charlie Pelletier
Brian Pence
Thom Phillips
Leonard Pollari
Sharlann Pomeroy
Amanda Provost
Mary Provost
Richard Quijada
Tim Quinn
David Randall
John Reilly
Anthony Richey
Jacque Riffe
Thomas Rittenhouse
Casandra Ritter
Tim Roberts

Ron Robinson
Connie Roy
Tony Salazar
Chris Sanchez
Ray Sanchez
Yvonne Sargent
Jeff Seley
Mark Serpa
Robert Sheets
Kellie Siegfried
Troy Slate
Connie Sloan
Dave Sloan
Leonard Smith
Paul Smith
Steve Smith
Dan Spinuzzi
Chris Spitznogle
Casey Spurlin
Debi Stevens
Mike Sweeney
James Tafoya
Thomas Taylor
David Telck
Debbie Thalhamer
Pat Toombs
Jay Townsend
Art True
Dave Urch
Hal VanDruff
Dawn Varian
Steven Varner
Mike Velotta
Willie Viljoen
David Wang
Randy Watters
Erik Wayland
Alan Werner
Cody West
Brandon Wolfe
Alan Woolsey
Ray Worden
John Wright
Robert Wright
Glenn Yoder
Odie Young
Gailene Zalman



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