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ANNUAL REPORT



COLORADO
CORRECTIONAL INDUSTRIES

We build opportunity.

www.coloradoci.com

2862 S. CIRCLE DRIVE, COLORADO SPRINGS, CO 80906
719.226.4200 • 303.370.2200

OUR PARTNERSHIPS
ADDRESS CCI'S RE-ENTRY
MISSION, INSPIRING OUR
OFFENDER POPULATION
TO LEARN NEW TRADES,
SKILLS AND WORK
PRACTICES.



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The mission of Colorado Correctional Industries is three-fold.

- To reduce offender idleness and the demand for general-funded programs by working as many offenders as possible in self-supporting and productive industries.
- To train offenders 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





STATISTICS
SHOW THAT
LESS AND LESS
OFFENDERS
COME BACK TO
PRISON AFTER
WORKING
IN CCI
PROGRAMS.



It is my pleasure to share our 2012 Annual Report with you and to provide some insight into the many successes of Colorado Correctional Industries. Last year was one of the most exciting years in our organization for a number of reasons.

First, CCI developed joint ventures with several new organizations to help meet a mutual goal of production, performance and profitability. Additional offenders were employed and our staff and offenders became engrossed in the new avenues we embarked upon. The partnerships addressed CCI's re-entry mission, inspiring our offender population to learn new trades, skills and work practices. Some of these trades include water buffalo dairy farming, lobster farming, and the care and housing of bucking bulls on the pro-rideo circuit. Our partnerships are a key component to the success and future of CCI.

We also addressed existing programs this year. We looked at ways to enhance overall safety, production flow, raw materials, processes and staffing. Investing in technological advances were implemented along side all of our operational improvements. These advancements afforded our customer base with convenient ordering methods, and our staff were able to process orders more efficiently and effectively. This not only makes business sense, it makes for a stronger economic foundation for CCI's future.

Finally, CCI prides itself in providing offenders the necessary skills required to succeed after release from incarceration. Several, if not most, of our programs offer college certificate classes, apprenticeship training, on-the-job skills training, and all teach basic work ethics that are required for work with any job in our communities. Having these tools upon release improves the state's recidivism rate and keeps our communities a safer place to work, live and play. In April, 2012, the Colorado Department of Corrections Office of Planning and Analysis, conducted a very extensive study comparing recidivism rates of offenders who were involved in CCI programs over the course of one year, versus those who were not involved in any type of rehabilitation program. The findings of this study are impressive and have been included in this annual report. I am proud to re-state that working in CCI programs enhances an offender's opportunity for achievement, giving them the life skills and financial means necessary for successful reentry.

As our motto states, "We Build Opportunity." CCI is committed to helping make re-entry victorious through hard work, technological advances, collaboration and winning partnerships. We continually launch new programs, thereby expanding our revenues and assuring CCI's sustainability for our future. It is the pride of our staff and offenders, and the continued support of CDOC, joint venture partners, vendors and customers that built another successful year for CCI. Please enjoy our 2012 Annual Report, and thank you for your interest in and continued support of CCI.

Sincerely,

Steve Smith
Director, Colorado Correctional Industries



OUR WELCOME

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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 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. National 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.



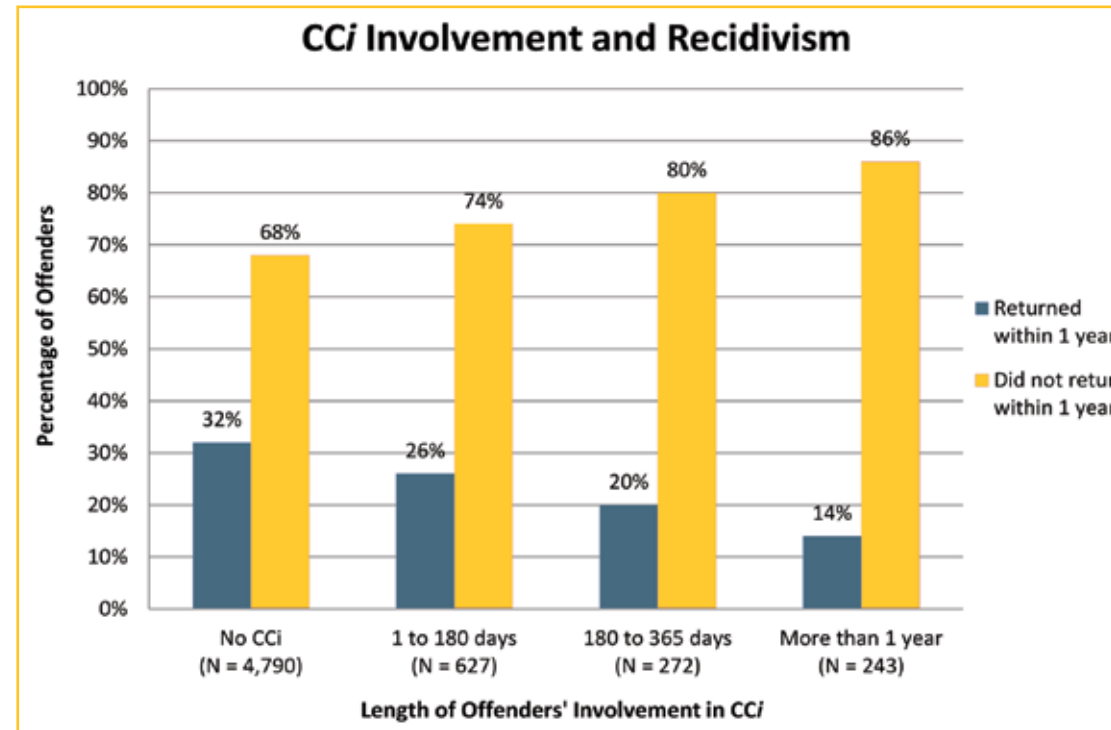
Colorado Correctional Industries (CCI) is designated as an enterprise under the provisions of Article X, Section 20 (2)(d) of the Colorado Constitution. CCI is required to generate sufficient revenue to cover all of its business operations and related capital investment and partly reimburses the General Fund for the associated cost of offender management services. CCI is responsible for training offenders in general work habits and various job skills that may increase their future employment prospects.

NATIONAL LITERATURE

- Although methodologically sound research on this topic is limited, a review of rigorous studies concluded that prison industries reduced recidivism by more than 6% and provided a net benefit (crime reduction benefits to taxpayers and victims minus program costs) of \$13,961 per participant (in 2007 dollars).¹
- Earlier research, also conducted by the Washington State Institute for Public Policy, similarly found that “correctional industries programs can be expected to produce a statistically significant reduction in the future criminality of participating offenders” (p. 1).²
- Offenders who worked in federal prison correctional industries for at least 6 months were compared to a matched group of nonparticipants; participants were 24% less likely to be reincarcerated up to 12 years later.³
- Participants in the Washington State Department of Corrections’ correctional industries (CI) program (n = 1,092) had higher 1-year and 3-year employment rates (40.1% and 34.9%, respectively) than a similar control group of nonparticipants (n = 422; 29.1% and 8.2%). CI graduates also were less likely to return to prison 1 year and 3 years after release (34.5% and 47.2%, respectively) compared to the matched group (45% and 61.4%).⁴
- Offenders who participated in Ohio Penal Industries (OPI) were said to have a recidivism rate of 18%, compared to the overall state 3-year rate of 34%. No details were provided about how the rate was calculated for OPI participants.⁵ However, a 2010 report stated that those with OPI experience were just as likely to recidivate within 5 years of release as offenders without.⁶
- An 8-year follow-up study of Arizona Correctional Industries (ACI), completed in 2002, evaluated 1,056 program participants and 15,078 nonparticipants, taking into account risk-related group differences (e.g., gender, ethnicity, age at release, current offense, criminal history, custody level, and supervision status). Comparing participants to nonparticipants, respectively, 34.5% and 55.2% returned to prison; 26.1% and 39.2% returned with a new felony conviction; and 6.5% and 10.4% returned with a new violent felony conviction.⁷ As the study did not use comparable groups, it is difficult to determine whether ACI participation does indeed reduce recidivism.

COLORADO RESULTS

- Several analyses were used to compare recidivism rates for offenders who worked for CCI with those who did not. First, a sample of 5,932 FY2010 releases was used to examine the relationship between CCI work experience and recidivism (see graph to follow).
- To determine whether the relationship between CCI and recidivism was due to the program itself or to selection bias (i.e., CCI employing the lowest-risk offenders), propensity score matching was used to create a comparison group. Propensity score matching is a statistical method employed in nonexperimental settings when random assignment to treatment and control groups is not possible. The comparison group was matched to the offenders who worked for CCI for at least 60 days on variables including disciplinary violations, educational level, program compliance (SOTMP or substance abuse), LSI-R score, gang status, any time ever in administrative segregation, vocational needs level, final custody level, and offense degree.
- Data were analyzed for 60-day and 90-day CCI participants in an effort to pinpoint the minimum length of employment needed to produce positive outcomes. These preliminary findings seem to suggest that “longer is better;” although results for the 60-



- day group were in the right direction (the CCI group had a 23% recidivism rate, compared to 27% for the matched sample), the difference was not statistically significant.
- Offenders who worked for CCI for 90 days or more were compared to matched non-participants (n = 720 per group). Results showed:
 - participants had a significantly lower recidivism rate than the no-CCI group (21% vs. 26%);
 - even after controlling for release type (discretionary parole, mandatory parole or reparole, sentence discharge), the difference between the two groups was statistically significant (p < .05);
 - of the offenders who returned to prison, those who worked for CCI stayed out of prison significantly longer than the matched comparison group (on average, 52 days longer); even after controlling for release type, the difference was statistically significant.
- Post-release employment status also was analyzed for 1,350 parolees who participated in a CCI program for at least 90 days. (Information about employment status is not available for other types of releasees.) The CCI group was significantly more likely to find a job within 1 year of release compared to the matched group (53% vs. 45%). Even after controlling for release type, the positive relationship between CCI and employment was still statistically significant.

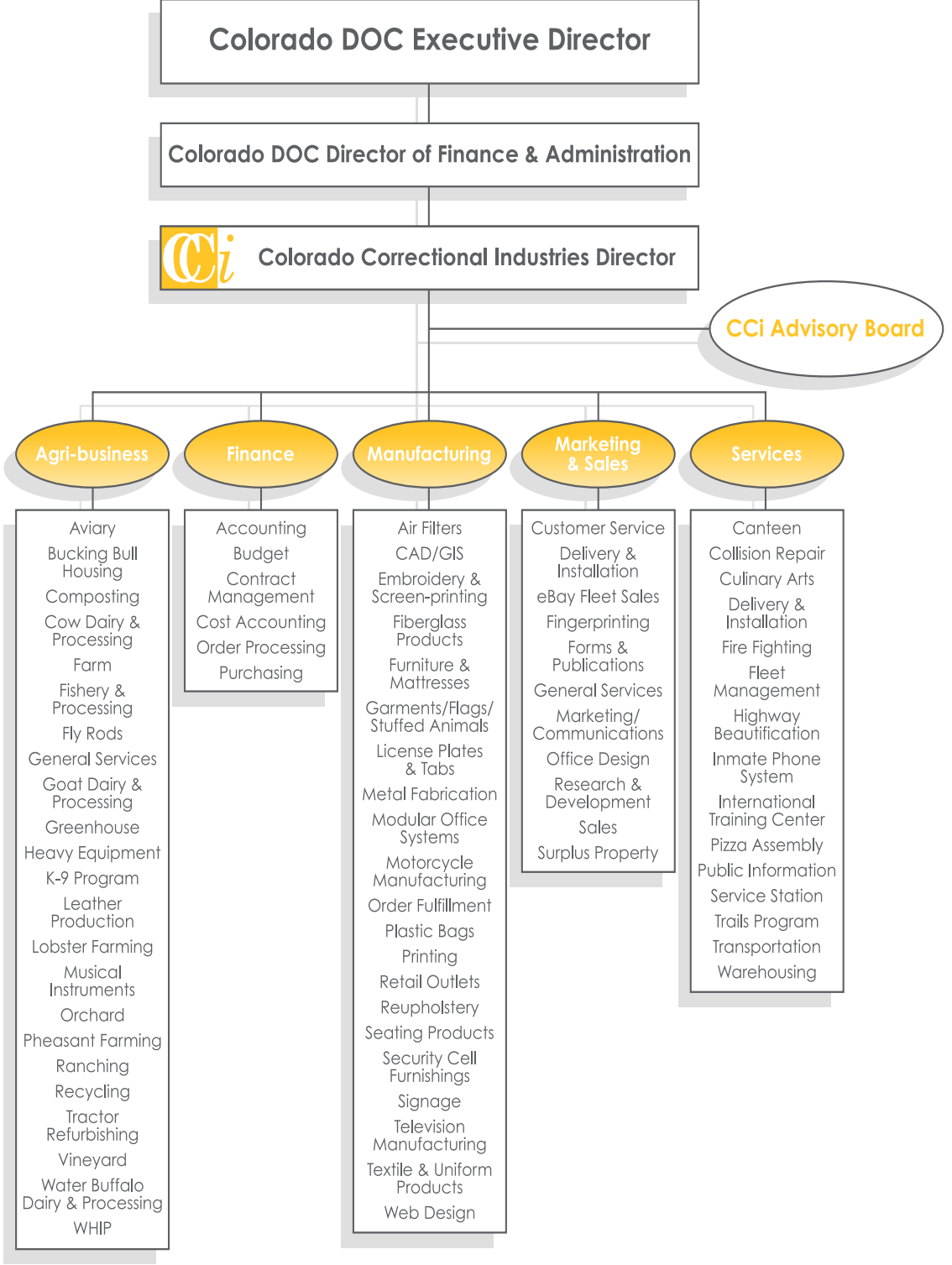
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- 6 VanDine, S., & Bickle, G. (2010). *What works? General principles, characteristics, and examples of effective programs*. Columbus, OH: Ohio Department of Rehabilitation and Correction.
- 7 Arizona Department of Corrections. *Arizona correctional industries impact recidivism (Fact sheet 03-01)*.





ORGANIZATIONAL CHART





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.



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.



AGRI-BUSINESS

CCI's agricultural roots began with farming in 1874 as part of the Colorado State Penitentiary offender 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.



MARKETING & SALES

CCI understands that we must provide comparable pricing, along with quality and service above that of our competitors to deserve our 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.



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.



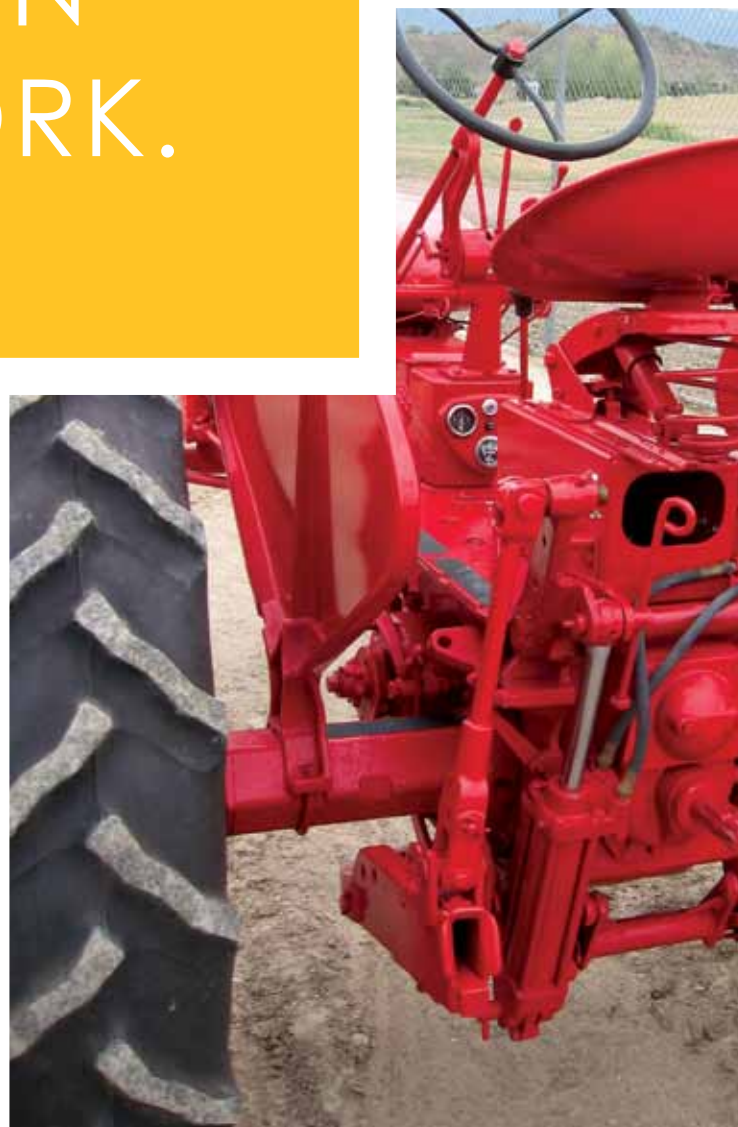
SERVICES

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.

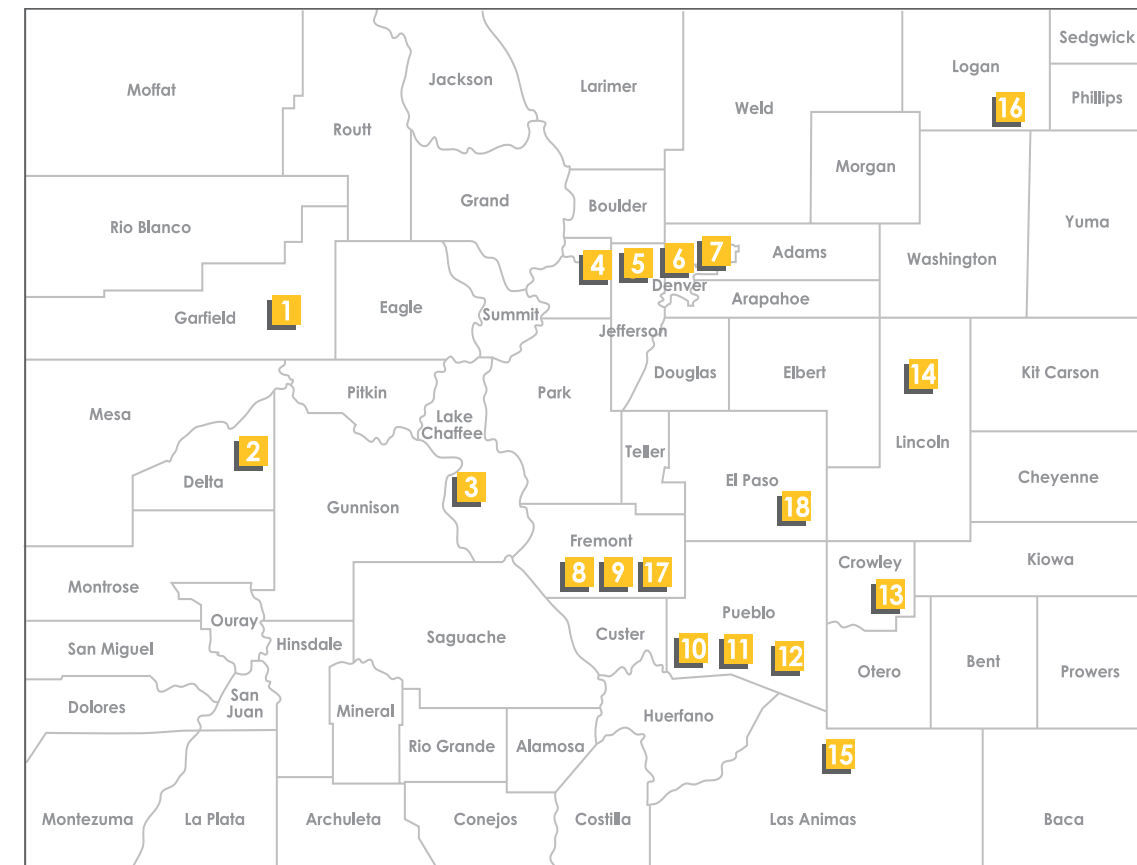
Jack Laughlin's State career has served both CDOC and CCI. His knowledge of operational responsibilities for each "side" and his eagerness to address challenges benefits CCI. Jack enjoys thinking outside the box when developing industry programs that address the needs of customers and offenders.



OFFENDERS PARTICIPATE
IN APPRENTICESHIPS OR
EARN COLLEGE CREDITS
ALL THE WHILE GAINING
EXPERIENCE IN
THEIR CHOSEN
FIELD OF WORK.



CCi works closely with the Colorado Department of Corrections to incorporate industry programs at each facility in which offenders are available for work. Together, we manage the population of incarcerated men and women throughout Colorado. CCI programs operate within 18 of the 24 DOC facilities and employ 212 civilian staff and over 1,800 offenders 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 |
| | 17 International Training Center |
| | 18 CCI Administration Office |


STATE FACILITIES

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PRODUCTS & SERVICES

2012

1 Rifle Correctional Facility 

Culinary Arts	Offender Jobs	42
Firefighting & Reclamation	Offender Jobs	24
Trails Program	Offender Jobs	24

2 Delta Correctional Center 


Farming	Offender Jobs	30
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3 Buena Vista Correctional Complex   

Firefighting & Reclamation	Offender Jobs	24
Fish Farming	Offender Jobs	10
K-9 Adoption & Training	Offender Jobs	16
Saddles & Leather Products (PIECP)	Offender Jobs	68/17 PIECP
Trails Program	Offender Jobs	22



4 CCI Oakland Facility 

CAD Design	Offender Jobs	1
Customer Service	Offender Jobs	2
Delivery & Installation	Offender Jobs	6
EBay Sales	Offender Jobs	2
Forms Distribution	Offender Jobs	1
Janitorial	Offender Jobs	1
Office Assistance	Offender Jobs	1
Sales & Showroom	Offender Jobs	2
State & Federal Surplus	Offender Jobs	3

5 Colorado Correctional Center 

Collision Repair	Offender Jobs	10
CSP Training	Offender Jobs	3
Academy Garage		
CSP Training	Offender Jobs	7
Academy Kitchen		
CSP Training	Offender Jobs	5
Academy Maintenance		
Delivery & Installation	Offender Jobs	24
Highway Barrier Fencing	Offender Jobs	6
Highway Cleanup	Offender Jobs	24
Highway Mowing/Trimming	Offender Jobs	12



6 Denver Reception & Diagnostic Center
No programs – Receiving Facility

7 Denver Women's Correctional Facility  

Canteen	Offender Jobs	25
Garments	Offender Jobs	20
K-9 Adoption & Training	Offender Jobs	36
Printing Services	Offender Jobs	25
TV Manufacturing	Offender Jobs	6

8 Colorado Territorial Correctional Facility  

License Plates & Tabs	Offender Jobs	110
Motorcycle Manufacturing	Offender Jobs	8
Signs	Offender Jobs	10

9a Arrowhead Correctional Center  


Canteen	Offender Jobs	60
Fish Farming	Offender Jobs	20
Fish Processing	Offender Jobs	40
Fishing Rod Manufacturing	Offender Jobs	15
Fleet Services	Offender Jobs	15
Greenhouse Products	Offender Jobs	89
Honey Production	Offender Jobs	2
K-9 Adoption & Training	Offender Jobs	16
Musical Instruments	Offender Jobs	2
Tractor Refurbishing	Offender Jobs	3
Transportation & Tech Training	Offender Jobs	10
Warehouse	Offender Jobs	10

9b Centennial Correctional Facility
No programs – Special Needs Facility

9c Colorado State Penitentiary
No programs – Maximum Security

9d Four Mile Correctional Center  

Bucking Bull Housing	Offender Jobs	2
Composting	Offender Jobs	2
Dairy & Dairy Processing	Offender Jobs	72
Heavy Equipment	Offender Jobs	30
K-9 Adoption & Training	Offender Jobs	12
Water Buffalo Dairy	Offender Jobs	6
Wild Horse Inmate Program	Offender Jobs	45

9e Fremont Correctional Facility 

Dormitory Furniture (PIECP)	Offender Jobs	25
Fiberglass Tanks (PIECP)	Offender Jobs	25
Garments	Offender Jobs	15
Metal Fabrication	Offender Jobs	120
Office Furniture	Offender Jobs	93
Security Cells & Furnishings (PIECP)	Offender Jobs	45

9f Skyline Correctional Center  



Delivery and Installation	Offender Jobs	10
Farming	Offender Jobs	45
Fire Fighting & Reclamation	Offender Jobs	24
Goat Dairy & Processing	Offender Jobs	30
Heavy Equipment	Offender Jobs	10
Orchard & Vineyard	Offender Jobs	15
Recycling	Offender Jobs	15

10 La Vista Correctional Facility  

Administrative Services	Offender Jobs	12
Construction & Maintenance Services	Offender Jobs	44
Farming	Offender Jobs	80
Information Technology	Offender 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	Offender Jobs	15
Customer Service Toll-free	Offender Jobs	2
Fulfillment Center	Offender Jobs	12
Modular Office Systems	Offender Jobs	53
Plastic Bags	Offender Jobs	5
Public Information Services	Offender Jobs	15
Web Design	Offender Jobs	4

14 Limon Correctional Facility 

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

15 Trinidad Correctional Facility  

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

16 Sterling Correctional Facility  

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

17 International Training Center 

Culinary Arts	Offender Jobs	5
Pizza Assembly	Offender Jobs	14
Retail Outlets	Offender Jobs	1
Training & Guest Services	Offender Jobs	22

18 CCI Administration Office 

Retail Outlets	Offender Jobs	0
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PRODUCTS & SERVICES

2012

SERVICES	
MANUFACTURING	
AGRI-BUSINESS	



For Fiscal Years Ended June 30, 2012 and 2011 (unaudited) (Note 1)

**COLORADO CORRECTIONAL INDUSTRIES
STATEMENT OF NET ASSETS**

ASSETS

Current Assets		
Cash and Pooled Cash (Note 2)	6,090,291	5,717,330
Other Receivables, net	907,630	1,119,520
Due from Other Governments	475,637	204,254
Due from Other Funds	2,736,252	3,022,777
Inventories	12,483,140	11,551,670
Prepays, Advances, Deferred Charges	251	38,087
TOTAL CURRENT ASSETS	22,693,201	21,653,638

NONCURRENT ASSETS

Other Long Term Assets	1,746,173	1,796,430
Capital Assets:		
Buildings	6,421,975	5,943,056
Equipment	12,753,653	12,473,580
Less Accumulated Depreciation	(15,345,958)	(15,012,324)
DEPRECIABLE CAPITAL ASSETS, NET	3,829,670	3,404,312
Land	980,412	980,412
TOTAL NONCURRENT ASSETS	6,556,255	6,181,154
TOTAL ASSETS	29,249,456	27,834,792

LIABILITIES

Current Liabilities:		
Accounts Payable and Accrued Liabilities	4,905,219	4,132,689
Compensated Absences Payable	36,000	26,300
Other Current Liabilities	15,283	4,434
Due to Other Funds	5,025	0
Deferred Revenues	26,269	0
TOTAL CURRENT LIABILITIES	4,987,796	4,163,423

NONCURRENT LIABILITIES

Accrued Compensated Absences	1,127,269	1,026,103
TOTAL LIABILITIES	6,115,065	5,189,526

NET ASSETS

Investment in Capital Assets	4,810,082	4,384,724
Unrestricted	18,324,309	18,260,542
TOTAL NET ASSETS	23,134,391	22,645,266

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS

OPERATING REVENUES	6/30/12	6/30/11
Sales of Goods and Services	48,708,212	45,299,456
Other Revenues	101,789	156,846
Grant Funds	1,503,050	0
TOTAL OPERATING REVENUES	50,313,051	45,456,302
TOTAL OPERATING REVENUES CANTEEN FUND	17,842,987	17,251,070
TOTAL CCI OPERATING REVENUES	67,156,038	62,707,372

OPERATING EXPENSES

Cost of Goods Sold	28,235,635	25,285,102
Salaries and Fringe Benefits	11,441,969	10,956,151
Operating & Travel (Note 3)	8,446,326	8,459,800
Depreciation	419,207	502,259
Grant Expenditures	1,409,805	0
TOTAL OPERATING EXPENSES	49,952,942	45,203,312
OPERATING INCOME	360,109	252,990

NON-OPERATING REVENUES AND (EXPENSES)

Investment Income	21,745	31,916
Rental Income	382,584	440,270
Gain/(Loss) on Sale of Capital Assets	9,015	1,229
Insurance Recoveries from Prior Year Impairments	0	16,204
TOTAL NON-OPERATING REVENUES (EXPENSES)	413,344	489,619
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	773,453	742,609

CONTRIBUTIONS AND TRANSFERS

Transfers-Out to General Fund (Note 4)	(347,328)	(330,462)
Transfers-In from Land Improvement Fund	63,000	0
Capital Contribution	0	0
TOTAL OPERATING TRANSFERS	(284,328)	(330,462)

CHANGE IN NET ASSETS	489,125	412,147
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TOTAL NET ASSETS - FISCAL YEAR BEGINNING	22,645,266	22,233,119
TOTAL NET ASSETS - FISCAL YEAR ENDING	23,134,391	22,645,266

STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From:		
Fees for Service	12,154,229	9,805,034
Sales of Products	36,807,283	34,226,653
Income from Property	382,584	440,270
Grants	1,503,050	0
Other Sources	101,789	173,050
Cash Payments To or For:		
Employees	(11,226,985)	(10,849,346)
Suppliers	(36,778,984)	(33,366,024)
Grant Expenses	(1,409,805)	0
Other	(62,067)	(112,350)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,471,094	317,287

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers-In from the Land Improvement Fund	63,000	0
Transfers-Out to the General Fund	(347,328)	(330,462)
Gifts and Grants for Other Than Capital Purposes	9,015	1,229
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(275,313)	(329,233)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(844,565)	(370,702)
Proceeds from Sale of Capital Assets	0	0
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(844,565)	(370,702)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Dividends on Investments	25,113	77,825
Increase (Decrease) from Unrealized Gain (Loss) on Investments	(3,368)	(45,909)
NET CASH FLOWS FROM INVESTING ACTIVITIES	21,745	31,916

NET INCREASE (DECREASE) IN CASH AND POOLED CASH

CASH AND POOLED CASH, FISCAL YEAR BEGINNING	5,717,330	6,068,062
CASH AND POOLED CASH, FISCAL YEAR END	6,090,291	5,717,330

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	360,109	252,990
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	419,207	502,259
Rents	382,584	440,270
Insurance Recoveries	0	16,204
Compensated Absences	110,866	69,664
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	253,301	(1,267,769)
(Increase) Decrease in Inventories	(881,213)	(870,060)
(Increase) Decrease in Other Operating Assets	37,836	(4,010)
Increase (Decrease) in Accounts Payable	772,530	1,179,160
Increase (Decrease) in Other Operating Liabilities	15,874	(1,421)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,471,094	317,287

Note 1

Note 2 - Current Assets

Note 3 - Operating Expenses

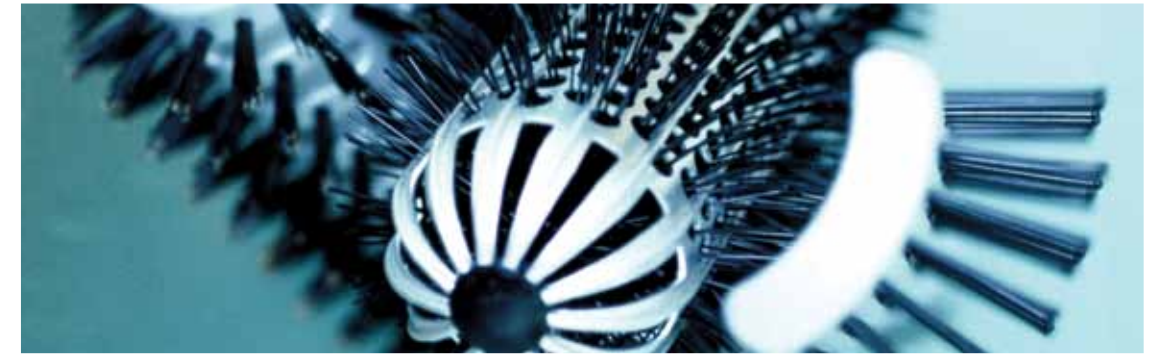
Note 4 - Operating Transfers

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 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.

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





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OUR MISSION

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 offender population in an efficient and profitable manner.
- Aid in the maintenance of a secure environment.
- Reduce reliance on taxpayer provided funds for offender recreational, educational and social benefit expenditures.



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 offenders, and to supplement direct offender needs as noted in State Statute CRS 17-24-126. Current revenue sources are derived from retail and vending machine sales to offenders, family gift pack and Colorado Offender Phone System (CIPS) commissions.

Offenders housed within the 24 CDOC facilities and 4 private facilities benefit from Canteen services. Retail product not provided by CDOC is available for purchase to offenders showing adequate funds within their offender bank account. 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. Between the two facilities, more than 61,000 orders are processed on a monthly basis. More than 85 offenders, male and female, are employed within the operations learning marketable skills and work ethics that are required to work in any job in our communities. College certificate classes are also available to the offenders working in Canteen during their off-hours, to further enhance their success upon release from incarceration.

CCI CANTEEN SERVICES





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

CANTEEN ENTERPRISE FUND

ASSETS

Current Assets		
Cash and Pooled Cash (Note 2)	2,021,006	1,433,109
Other Receivables, net	262,165	296,436
Inventories	587,717	487,945
Other Current Assets	0	71
TOTAL CURRENT ASSETS	2,870,888	2,217,561

NONCURRENT ASSETS

Capital Assets		
Buildings	2,443,646	2,443,646
Equipment	561,051	544,753
Less Accumulated Depreciation	(1,077,319)	(966,403)
DEPRECIABLE CAPITAL ASSETS, NET	1,927,378	2,021,996
TOTAL ASSETS	4,798,266	4,239,557

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	745,541	552,461
TOTAL CURRENT LIABILITIES	745,541	552,461

NONCURRENT LIABILITIES

Accrued Compensated Absences	208,494	200,369
TOTAL LIABILITIES	954,035	752,830

NET ASSETS

Investment in Capital Assets	1,927,378	2,021,996
Unrestricted	1,916,853	1,464,731
TOTAL NET ASSETS	3,844,231	3,486,727

OPERATING REVENUES

	6/30/12	6/30/11
Sales-Canteen and Similar Activities	14,297,694	14,568,930
Commissions-Offender Phone System	2,515,860	2,645,346
Other Revenues	29,433	36,794
TOTAL OPERATING REVENUES	16,842,987	17,251,070

OPERATING EXPENSES

Cost of Goods Sold	10,694,394	10,952,067
Salaries and Fringe Benefits	1,961,500	1,943,038
Operating & Travel (Note 3)	662,599	700,832
Depreciation	110,915	110,084
TOTAL OPERATING EXPENSES	13,429,408	13,706,021
OPERATING INCOME	3,413,579	3,545,049

NON-OPERATING REVENUES AND (EXPENSES)

	6/30/12	6/30/11
Offender Benefits	(3,047,421)	(6,095,465)
Investment Income	42,536	23,835
Gifts and Donations	14,300	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,990,585)	(6,071,630)
INCOME BEFORE OPERATING TRANSFERS	422,994	(2,526,581)

OPERATING TRANSFERS

Transfer-Out to General Fund (Note 4)	(48,262)	(49,837)
Transfer-Out to Capital Construction Fund (Note 5)	(17,228)	(1,897,358)
TOTAL OPERATING TRANSFERS	(65,490)	(1,947,195)

CHANGE IN NET ASSETS **357,504** **(4,473,776)**

TOTAL NET ASSETS - FY BEGINNING **3,486,727** **7,960,503**
TOTAL NET ASSETS - FY ENDING **3,844,231** **3,486,727**

CASH FLOWS FROM OPERATING ACTIVITIES

	6/30/12	6/30/11
Cash Received From:		
Sales of Canteen Items and Similar Activities	14,297,694	14,568,930
Commissions from Offender Phone System Calls	2,550,131	2,657,689
Other Revenues	29,433	36,794
Cash Payment To or For:		
Employees	(1,970,828)	(1,893,014)
Suppliers	(11,246,160)	(11,659,045)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,660,270	3,711,354

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Offender Benefits	(3,047,421)	(6,095,465)
Transfers-Out to the General Fund	(48,262)	(49,837)
Transfers-Out for Capital Construction	(17,228)	(1,897,358)
Gifts and Grants for Other Than Capital Purposes	14,300	0
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(3,098,611)	(8,042,660)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(16,298)	0
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(16,298)	0

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and Dividends on Investments	38,830	109,898
Increase (Decrease) from Unrealized Gain (Loss) on Investments	3,706	(86,063)
NET CASH FLOWS FROM INVESTING ACTIVITIES	42,536	23,835

NET INCREASE (DECREASE) IN CASH AND POOLED CASH **587,897** **(4,307,471)**
CASH AND POOLED CASH, FY BEGINNING **1,433,109** **5,740,580**
CASH AND POOLED CASH, FY ENDING **2,021,006** **1,433,109**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	3,413,579	3,545,049
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	110,915	110,084
Compensated Absences	8,125	13,426
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Accounts Receivable	34,271	12,343
(Increase) Decrease in Inventories	(99,772)	(15,496)
(Increase) Decrease in Other Current Assets	71	(71)
Increase (Decrease) in Accounts Payable	193,081	46,019
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,660,270	3,711,354

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 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 Transfers

Operating transfer-out to Capital Construction Fund are for construction projects such as offender recreation and education equipment and buildings.



OUR FINANCIALS

OUR FINANCIALS

2012

2012



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, custom-made motorcycles, 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.

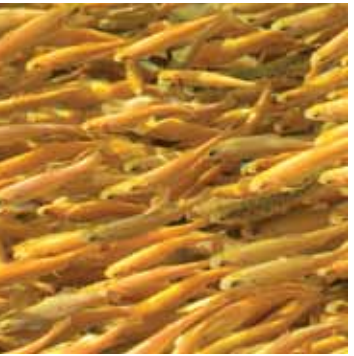
How does our fish farming and processing operation enhance employment for Americans? This explanation is a quick overview of the cycle. All of our raw materials and machinery were bought from American companies. The fish raised is sold to American companies for recreational use or as food products within the U.S. The fish 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 CCI 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. Our proven statistics show that less and less offenders come back to prison after working in CCI programs. Many offenders participate in apprenticeships or earn college credits all the while gaining experience in their chosen field of work. Their success places them within the cycle and helps with the future of America.

It is the vision of CCI to increase our employ of offenders and staff, train and mentor our work force, and continue to look for new opportunities and partnerships in the support of our and 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.



CCI IS COMMITTED
TO HELPING
MAKE RE-ENTRY
VICTORIOUS
THROUGH
HARD WORK,
TECHNOLOGICAL
ADVANCES,
COLLABORATION
AND WINNING
PARTNERSHIPS.



OUR
EMPLOYEES

20
12

Ted Adamic
Tom Adamic
Stoney Adams
Cheryl Ahumada
Irene Alcon
Philene Alfonso
Robert Anderson
Deeann Audet
Patricia Banks
Sherry Bell
Dennis Berg
Mary Bergman
Michelle Berry
Starla Black
Dave Block
Orville Bloesser
Arlin Bolkema
Chris Bongirno
Bruce Bradley
Rainey Brooks
Chris Brown
Charles Burrell
Joe Carochi
Celia Carrillo
Joe Carroll
Greg Carwin
Justin Chambers
James Chaney
Steven Chavez
Duncan Clarke
William Claspell
Mark Clementi
Melvin Cole
Kevin Conrad
Mike Cunningham
Doug Cuppy
Richard Curry
Cory Curtis
Dave Daiker
Andrew Dalton
Tim Dalton
Don Davis
Worden Davis
Michael Delarosa
Dennis DeLong
Mike DelCastillo
Ronald Diller
Wade Draper
Dennis Dunsmoor
Charlene Dykes
Ken Enslow
Bill Fetherston
Rick Fitzpatrick

Don Flock
Tom Foreman
Chad Fraher
Pat Gallegos
Amy Garcia
Connie Garcia
Steve Garcia
Larry Goad
Stacy Gordon
Frank Graeber
Brian Graham
Joe Granato
Sandy Gray
Virginia Green
Robert Greenfield
Garrick Gregory
James Grisenti
Joseph Grisenti
Vince Guara
Tim Guidry
Scott Hall
Brian Hardin
Bobby Harlan
Terry Harrow
Patricia Hart
Jim Hartman
Greg Hawkins
Jim Heaston
Sylvia Hernandez
Les Hilburn
Mary Hoffmann
Lyle Hollingsworth
Josh Hughes
Paul Humiston
Sandy Hunsaker
Justin Hunter
Paula Hunter
Phred Jahner
Charles Johnson
Lucas Johnson
Tim Johnson
Pam Kahanic
Rod Kappert
Raymond Kaspar
James Keller
Scott Kelley
Jonathan Kenline
Andy Klinkerman
David Klugh
Randy Klungseth
Sandra Knudsen
George Langbein
Dan Laughlin

Doug Laughlin
Jack Laughlin
Eric LeTendre
Gabriella Licano
Ray Logan
John Lopez
Jimmy Love
Brenda Marino
John Martinez
Michael Mattson
Shane McCall
Mike McConnel
Will McConnell
James McCoy
Ted McDowell
Jeff McGinnis
Darlene McInnes
Gavin McKenzie
Glen McKinney
Jason McLaughlin
Margie McNew
Crissy McQueen
Louis Medina
Roberta Melton
Ken Meyer
Jason Miller
Brian Millius
Ray Mizer
Tammy Monks
Charles Moon
Caleb Moore
Richard Mouriquand
Sid Myers
Gary Nichols
John O'Brien
Miriam Osburn
Don Pacheco
Dan Padilla
Dave Pagnotta
Julio Palm
Alan Passarelli
Pam Pearson
Charlie Pelletier
Brian Pence
Thom Phillips
Sharlann Pomeroy
Mary Provost
Richard Quijada
Tim Quinn
David Randall
John Reilly
Anthony Richey
Jacque Riffe

Thomas Rittenhouse
Cassandra Ritter
Tim Roberts
Danita Rocha
Jake Rodriguez
Tony Salazar
Chris Sanchez
Joe Sanchez
Ray Sanchez
Yvonne Sargent
Jeff Seley
Mark Serpa
Robert Sheets
Kellie Siegfried
Troy Slate
Connie Sloan
Dave Sloan
Jason Smith
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
Shirley Troutman
Art True
Raquel Trujillo
Dave Urich
Dawn Varian
Steven Varner
Mike Velotta
Willie Viljoen
David Wang
Randy Watters
Erik Wayland
Alan Werner
Cody West
Rhonda Wheeler
Brandon Wolfe
Alan Woolsey
Sherrill Woolsey
John Wright
Robert Wright
Glenn Yoder
Gailene Zalman