

TRANSITION

2015 ANNUAL REPORT

we build
OPPORTUNITY »

MISSION

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.

CONTENTS



Director's
Welcome



Our
Division



By the
Numbers



At a Glance



Our
Organization



New Ideas in
Leadership



Services



Manufacturing



Agriculture



Ideas at Work



18

Finance

20

Marketing &
Sales

22

Advisory
Board

24

Facilities

26

Products
and Services

28

Financials

30

Canteen &
Financials

34

Ideas for
the Future

37

Our Staff

FROM THE DIRECTOR



It is all too obvious that channeling idle hands towards productivity can have a very positive effect. *Ideas at Work*, this year's annual report theme, succinctly states our daily mantra. We know that big ideas come to fruition here at Colorado Correctional Industries (CCI), and we put them to work benefiting everyone involved...offenders, staff and citizens.

BIG IDEAS. BIG RETURN.

In addition to the many obvious cost-saving benefits of CCI — reducing taxpayer inmate burden by nearly \$9 million per year for example — the many intangibles continue to impact our reality. For example, CCI's programs are responsible for bringing, and keeping, numerous jobs in America that would otherwise have been lost to foreign competition. In addition, our considerable purchases of Colorado raw materials and goods, funnel over \$13.4 million annually into our economy. And, of course, by providing inmates with skills and opportunity, we help improve the safety of our communities and close the revolving door of recidivism.

IDEAS AT WORK.

Our diversity continues to be our strength. In 2015, CCI saw expanded programs and the introduction of new ones. One of our most exciting additions, Print on Demand, in conjunction with the Department of Revenue, not only benefits our inmates and partner, but offers better customer service and expedient license plates for consumers throughout Colorado. We've also added other electronic-related services including LED Lighting.

THE POWER OF IDEAS.

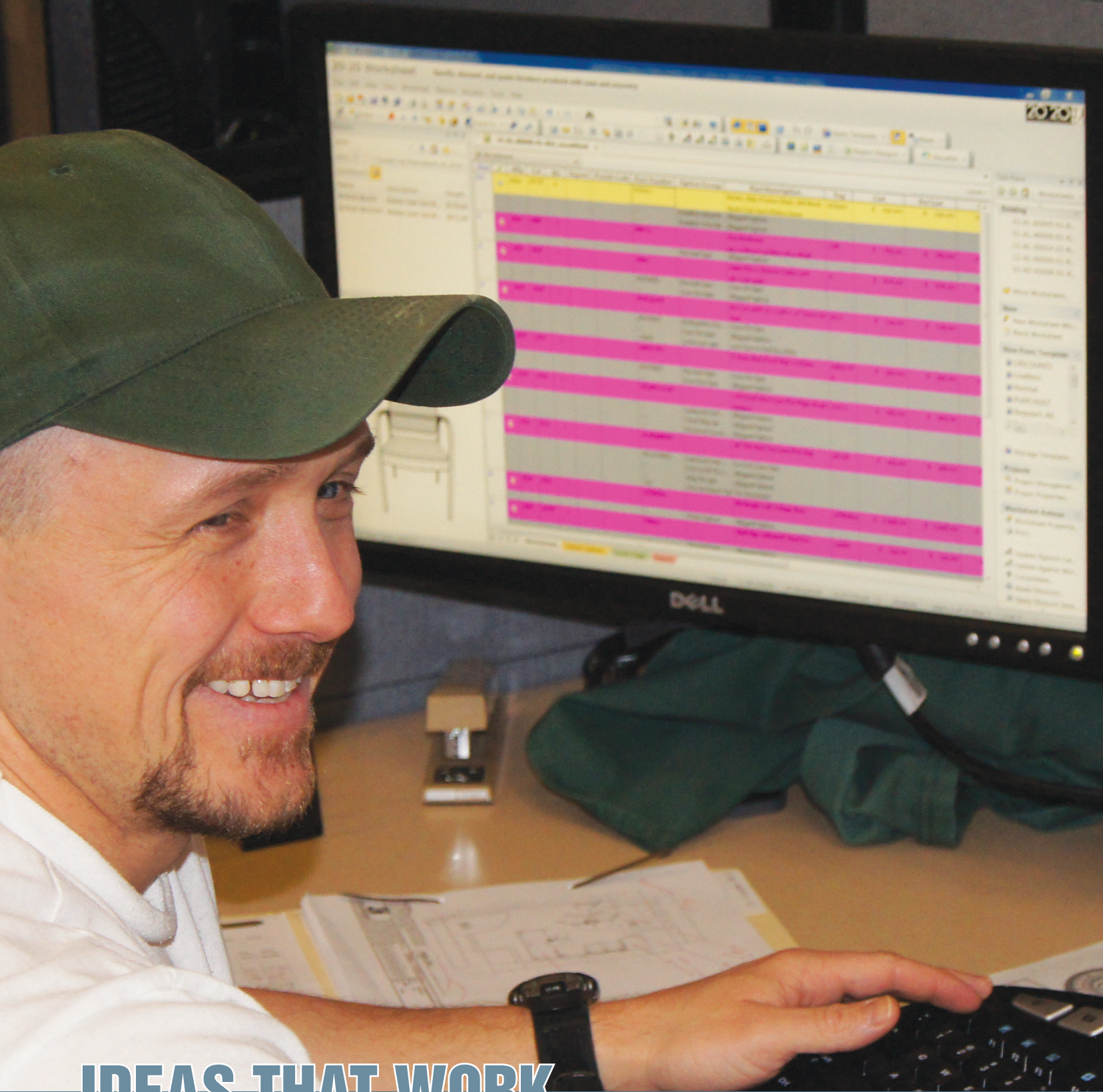
Victor Hugo once said, "There is one thing stronger than all the armies in the world, and that is an idea whose time has come." Since 2011, CCI has been sharing our correctional expertise with officials from around the globe. To date, the International Corrections Management Training Center (ICMTC), located in Cañon City, Colorado, has trained 28 countries and over 1,250 foreign officials. From Mexico, to Africa, to Asia, and beyond, we're putting our ideas to work transforming correctional facilities and increasing safety and security worldwide.

A testament to our success, the following pages highlight our Ideas at Work and the benefits thereof. We hope you enjoy our latest Annual Report, and appreciate your continued interest in our programs.

Sincerely,

A handwritten signature in dark ink that reads "Dennis Dunsmoor". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis Dunsmoor
Director, Colorado Correctional Industries



IDEAS THAT WORK

Two in five inmates lack a high school diploma or its equivalent.¹

To help prepare prisoners for the post-incarceration, CCI requires all inmate workers receive their GED before being hired. Ongoing educational opportunities and hands-on skills training offer further post-secondary educational opportunities, a proven factor in reducing recidivism.²

¹ <https://csgjusticecenter.org/reentry/facts-trends/>

² The Council of State Governments, Justice Center, National Reentry Resource Center, What Works in Reentry Clearinghouse: Education, http://whatworks.csgjusticecenter.org/focus_areas/education

38 YEARS OF BIG IDEAS OUR DIVISION

With **38 years of success** under our belt, we're proud of our many success stories that have enhanced the lives of everyone involved — our offenders, our citizens and our partners. Resting on our laurels, however, has never been an option and CCI's plans for the future are bigger and brighter than ever before.

A Study in Self-Reliance.

CCI receives no tax-payer support.

Mandated to operate like any other traditional business, our success is completely dependent on the business savvy of our staff and the dedication of our inmate workforce. With **over 1,800 inmates working in more than 80 programs** in agriculture, services and manufacturing, CCI not only generates the revenues that allow us to fully fund the costs of operating our division, but saves Colorado taxpayers \$5,000 per inmate employed or nearly \$9 million a year in savings.

That's a Bright Idea.

Our highly sought after positions are tough to get. All applicants must meet a GED requirement as well as pass interviews, receive recommendations, and more. In addition, continuing education is not only offered, but encouraged, and in some cases required.

Inmates must work hard to get the job, and work equally hard to keep it. **Motivation**

is high, and productivity encouraged.

Discipline issues mean loss of employment and therefore occur far less with CCI workers than in the general population. By partnering with CDOC on every facet of our mission, we ensure a safe and secure environment is provided to inmates, staff and citizens of Colorado.

More Participation. Less Recidivism.

It's a proven fact that the opportunity to learn meaningful skills, work ethic and responsibility prior to release enhances the chances of an offender's success post-incarceration. Colorado **recidivism rates are improved by nearly 20% when compared to inmates not involved in a CCI program.** In other words, more participation equals fewer returning inmates and more productive citizens.

BY THE NUMBERS



1,800
inmates
employed
2015



88
CCi
industries
2015



559
inmates
participated in
college courses
2015



72
inmate
college
graduates
2015



11,142
staff
continuing education
hours
2015



\$8M
purchases from
Colorado Suppliers
2014



\$13.4M
purchases from
Colorado Suppliers
2015



14 tons
Recycled
aluminum



770 tons
Recycled
cardboard



61 tons
Recycled office
and newspapers



302 tons
Recycled scrap
metal and tin



8,000+
dogs adopted and
trained thru
K-9 Companion
Program



3,000+
Wild mustangs and
burros housed and
cared for in Cañon
City Facility



38.4%
national average
recidivism within
first year¹



14%
CCI average
recidivism within
first year

28

Countries benefitting from
CCI's International
Corrections Management
Training Center (ICMTC)



1,250

Foreign officials have
participated in ICMTC
training to date.

1. Durose, Matthew R., Alexia D. Cooper, and Howard N. Snyder, Recidivism of Prisoners Released in 30 States in 2005: Patterns from 2005 to 2010 (pdf, 31 pages), Bureau of Justice Statistics Special Report, April 2014, NCJ 244205.

AT A GLANCE

OUR INDUSTRIES

Services

50%



Manufacturing

27%



Agriculture

23%



OUR ORGANIZATION

Our long and successful track record spans diverse industries and services. Throughout the years, we have built a unique combination of professional expertise and in-depth knowledge of self-sustaining, profitable business endeavors that transform inmates into productive citizens.



NEW IDEAS IN LEADERSHIP

DENNIS DUNSMOOR

Dennis Dunsmoor, newly appointed Colorado Correctional Industries Director in 2015, first joined CCI in 1991 with a strong tool-and-die background. After working five years within the license plate factory, Dennis was promoted to Site Manager, and really started to make his mark. Managing several programs, he was recognized for his outstanding contributions to production line improvements in numerous shops including fiberglass, license plates, seating refurbishing, panel systems, furniture, offender phone systems, and central/northern canteen. Having mentored under our prior Director (retired), Dennis picked up the crucial skills of market analysis and trend evaluation, expertise sure to benefit our program and our offenders with growth for the future.





IDEAS THAT SERVE OTHERS

Some of our most well known programs reside within our Services Division. From fire fighting and trail blazing to training majestic mustangs and man's best friend, we've received accolades and attention from local and national press. But dozens of other worthy services are performed daily by the inmates employed by CCI. For example, this year, CCI helped to recycle over 1,100 tons of aluminum, paper, cardboard and metal. In addition, we landscape, print, move, clean, cook and repair. We also house, fulfill, construct, maintain and design. All of which provide our offenders with valuable experience and our communities with necessary services.



Jack Laughlin, CCI Service Division Manager since 2001, oversees transportation, the CCI International Correctional Management Training Center, fleet services and the statewide offender firefighting programs. From

1996 to 2001, Jack was CCI's Administration Director, overseeing all financial operations of the organization. Jack explains the best part of working for CCI is the variety of business opportunities and the challenges encountered in a correctional industry environment.



SERVICES

- | | |
|---------------------------------|--|
| Administrative Services | K-9 Adoption & Training |
| Auto Collision Repair/ Painting | Landscape Maintenance & Beautification |
| CAD/GIS | Pizza Assembly |
| Canteen | Printing Services |
| Construction & Maintenance | Public Information Services |
| Culinary Arts | Recycling |
| Customer Service | Reupholstery |
| Delivery & Installation | Service Station |
| DMV Public Information | Trails Program |
| Fire Fighting & Reclamation | Training & Guest Services |
| Fleet Services | Transportation & Tech Training |
| Fulfillment | Waste Site Maintenance |
| Heavy Equipment | Web Design |
| Information Technology | |
| Janitorial | |



MANUFACTURING

Air Filters

Canoes

Dormitory Furniture*

Embroidery

Fiberglass Tanks*

Flags

Fly Rods & Spinning Rods

Garments*

Granite Countertops

Leather Products*

LED Lighting

License Plates & Tabs

Mattresses

Metal Fabrication

Modular Office Systems

Motorcycles

Office Furniture*

Screen Printing

Seating

Security Cells & Furnishings*

Signs*

Stone Paver Castings

Television Manufacturing

Tractor Refurbishing

**PIECP*

IDEAS THAT CREATE



From the flag above Denver's Capitol Building, to the bear-safe recepticals found in our state's parks, CCI's Manufacturing Division has spent decades building self-sufficiency. In fact, three of our most popular industries, office furniture, modular office systems, and seating/lounge products, employ over 250 inmates. Two of our newest programs, Stone Pavers and Granite Countertops, are a testament to the ingenuity of this division and the men who work within it. Many of our most successful product lines are a direct result of an inmate's input, evidence that the offenders are highly invested in our efforts.



Andy Klinkerman, CCI Manufacturing Division Manager, began his career with CCI in 1992 in our agricultural division. In 1997, he became a facility site supervisor at Arkansas Valley Correctional Facility and five years later he was promoted to his current position. Andy is dedicated to providing a meaningful experience for offenders, while meeting the equally diverse needs of our customers.





AGRIBUSINESS

Big Horn Sheep Housing

Bucking Bull Housing

Composting

Cow Dairy & Dairy
Processing

Farming

Fish Farming

Fish Processing

Goat Dairy & Dairy
Processing

Greenhouse Products

Honey Production

Lobster Farming

Orchard

Partridge Hatchery

Pheasant Farming

Ranching

Ultra-high Pasteurization

Vineyard

Water Buffalo Dairy
& Processing

White Bison Housing

Wild Horse Inmate
Program (WHIP)



IDEAS THAT GROW


With agricultural roots dating back to 1874, CCI's farming has helped reduce offender idleness, provide food for the prisons and generate revenues from surplus crops sold to outside markets. More than 130 years later, CCI's agricultural activities include more than 20 programs employing up to 800 offenders annually. From corn to honey, wine to apples, CCI is proud of our growing success and the positive impact it has on our offenders and the communities we serve.

Jim Heaston, Agribusiness Division Manager appointed in 2008, oversees more than a dozen ag-related programs. With more than 20 years work experience in this program, Jim has been a key player in our biggest expansions. Jim has seen the CCI milking herd grow from 250 head to 850 head and from a twice-a-day operation to three-times-a-day, seven days a week. During 2007, Jim was extremely instrumental in assisting in the development and implementation of the largest goat herd and dairy within the State of Colorado. Jim believes in looking for opportunities that will continue to move the agricultural division forward in today's world.



DEASAT WORK IN COLORADO





21,120 Man hours spent fighting
2015 Colorado wildfires

\$334,303 Colorado taxpayer savings through
use of SWIFT firefighting crews

850 Cows milked 3x daily

550 Acres grown annually

90+ Colorado industry partners

2,042,048 Total offender hours worked in 2015

\$13.4M Raw materials purchased from
Colorado vendors in 2015

FUNDING & FINANCE

It's 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 the day. Our financial division must also be able to predict cash flow, oversee the budgets of our more than 70 cost centers and ensure end-of-year reconciliation.





FINANCE

Accounting

Budget

Contract Management

Cost Accounting

Order Processing

Purchasing



James McCoy, CCI Chief Financial Officer, joined CCI's executive staff in the Fall of 2009. Since then, he has analyzed and managed the diverse fiscal needs of our programs, enjoying the unique opportunity of working in a profit-and-loss business environment for the State of Colorado.



MARKETING IDEAS THAT WORK

Providing comparable pricing, along with quality and service above that of our competitors, has long been our objective at CCI. But even the most efficient business needs to be discovered. That's why we've spent the last few years developing a more sophisticated approach, evolving from word-of-mouth advertising to a full-scale showroom and the electronic world of websites and e-commerce.



Richard Curry joined CCI from the private sector in 2001 as our Sales Manager and was promoted to Marketing Director/ Sales Manager in 2002. He enjoys the dynamic business environment and progressive correctional

operations in Colorado and the challenge of helping an organization he believes can grow. Richard truly focuses on the gratification of working for an industry that receives no taxpayer assistance and provides a large array of skills and opportunities for offenders' success.



MARKETING AND SALES

eBay Auto Sales
Fingerprinting Services
Fleet Sales
Forms & Publications
General Services
Highway Cleanup
Marketing/
Communications
Moving Service
Office Design
Research & Development
Retail Outlets
Sales
State & Federal Surplus
Property
State Patrol Training
Academy, Garage,
Kitchen, Maintenance
Transportation &
Tech Training
Warehousing

ADVISORY BOARD

The CCI advisory board, defined through legislation, evaluates proposed new industries that would utilize the services of prisoners prior to their establishment. Members of this board, selected from the State of Colorado, correctional entities, private industry and organized labor, serve for the duration of their term in office or for a three-year appointment by the Governor.

expert
advice

- State Treasurer
- Two house representatives and two senators from the General Assembly
- Director of the Office of State Planning and Budgeting
 - Executive Director of the Department of Personnel
 - Two business community leaders
 - Two members from organized labor
 - Executive Director of the CDOC
 - A County Sheriff

“

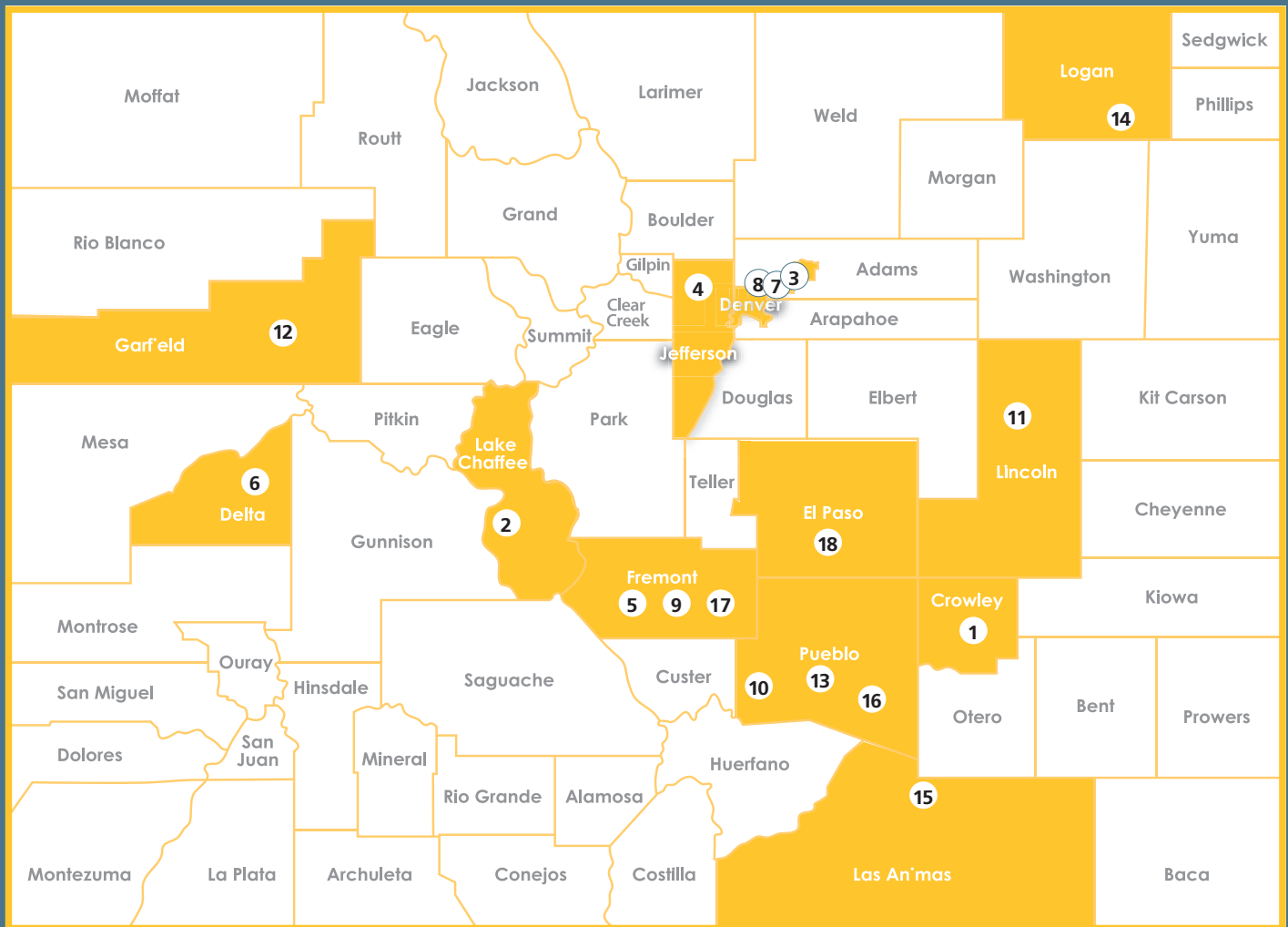
America is the land of the second chance —
and when the gates of the prison open,
the path ahead should lead to a better life.

”

— Former President, George W. Bush

WHERE WE ARE FACILITIES






Working closely with the Department of Corrections, CCI operates industries in 20 of the 24 facilities located throughout Colorado. Our programs employ over 200 civilian staff and 1,800+ inmates on a monthly basis.



- 1 Arkansas Valley Correctional Facility
- 2 Buena Vista Correctional Complex
 - a. Buena Vista Correctional Facility
 - b. Buena Vista Minimum Center
- 3 CCI Oakland Facility
- 4 Colorado Correctional Center
- 5 Colorado Territorial Correctional Facility
- 6 Delta Correctional Center
- 7 Denver Reception and Diagnostic Center *(no programs)*
- 8 Denver Women's Correctional Facility
- 9 East Cañon Complex
 - a. Arrowhead Correctional Center
 - b. Centennial Correctional Facility *(no programs)*
 - c. Colorado State Penitentiary *(no programs)*
 - d. Four Mile Correctional Center
 - e. Fremont Correctional Facility
 - f. Skyline Correctional Center
- 10 La Vista Correctional Facility
- 11 Limon Correctional Facility
- 12 Rifle Correctional Center
- 13 San Carlos Correctional Facility *(no programs)*
- 14 Sterling Correctional Facility
- 15 Trinidad Correctional Facility
- 16 Youthful Offender System
- 17 International Correctional Management Training Center
- 18 CCI Administrative Office





PRODUCTS & SERVICES










Facility		# Positions Available
1 Rifle Correctional Facility		
Culinary Arts		38
Firefighting & Reclamation		22
Trails Program		12
2 Delta Correctional Center		
Farming (seasonal)		30
3 Buena Vista Correctional Complex	  	
Firefighting & Reclamation		25
Fish Farming		10
Heavy Equipment		15
K-9 Adoption & Training		16
Saddles & Leather Products (PIECP)		50
Trails Program		24
4 CCI Oakland Facility	 	
CAD Design		1
Customer Service		2
Delivery & Installation		6
eBay Sales		2
Fingerprinting		-
Forms Distribution		1
Janitorial		1
Office Assistance		1
Sales & Showroom		2
State & Federal Surplus		3
5 Colorado Correctional Center		
Collision Repair		10
CSP Training – Academy Garage		3
CSP Training – Academy Kitchen		10
CSP Training – Academy Maintenance		5
Delivery & Installation		24
Highway Barrier Fencing		6
Highway Cleanup		24
Highway Mowing/Trimming		12

Facility		# Positions Available
6 Denver Reception and Diagnostic Center		
No programs – Receiving Facility		
7 Denver Women's Correctional Facility	 	
Canteen		25
Electronics Recycling		10
Garments		20
K-9 Adoption & Training		36
Printing Services		25
Tablet Service		6
TV Manufacturing		6
8 Colorado Territorial Correctional Facility		
★ Print on Demand		5
License Plates & Tabs		103
Motorcycle Manufacturing		5
Signs (PIECP)		18
K-9 Adoption & Training		14
9a Arrowhead Correctional Center	 	
Antique Vehicle Restorations		3
Canteen		60
Fish Farming		20
Fish Processing		40
Fishing Rod Manufacturing		15
Fleet Services		25
Greenhouse Products		89
Honey Production		2
K-9 Adoption & Training		12
Musical Instruments		2
Partridge Hatchery		8
Tractor Refurbishing		3
Transportation & Tech Training		10
Warehouse		10

9b Centennial Correctional Facility
No programs – High Risk/Residential Treatment Facility

9c Colorado State Penitentiary
No programs – Close Custody Facility

Facility	# Positions Available
9d Four Mile Correctional Center  	
Bucking Bull Housing	2
Big Horn Sheep Housing	2
Composting	2
Dairy & Dairy Processing	72
Heavy Equipment	20
K-9 Adoption & Training	12
Ultra-High Pasteurization	5
Water Buffalo Dairy	20
White Bison Breeding	1
Wild Horse Inmate Program (WHIP)	55
9e Fremont Correctional Facility 	
Dormitory Furniture (PIECP)	25
Fiberglass Tanks (PIECP)	25
Garments	15
Granite Countertops	5
LED Lighting	10
Metal Fabrication	120
Office Furniture (PIECP)	93
Security Cells & Furnishings (PIECP)	45
Stone Paver Castings	5
9f Skyline Correctional Center  	
Delivery and Installation	12
Farming	45
Fire Fighting & Reclamation	25
Goat Dairy & Processing	32
Heavy Equipment	5
Orchard & Vineyard	15
Recycling	15
10 La Vista Correctional Facility  	
Administrative Services	11
Construction & Maintenance Services	44
Farming	80
Information Technology	10
11 San Carlos Correctional Facility	
No programs – Mental Health Facility	
12 Youthful Offender System 	
Specialty Products	10

Facility	# Positions Available
13 Arkansas Valley Correctional Facility  	
CAD/GIS	15
Customer Service Toll-free	2
DMV Public Information Services	15
Fulfillment Center	15
Modular Office Systems	53
Web Design	4
14 Limon Correctional Facility 	
★ Electronics Recycling	20
Embroidery & Screen Printing	9
Flags	12
Garments (PIECP)	165
15 Trinidad Correctional Facility  	
Air Filters	5
K-9 Adoption & Training	24
16 Sterling Correctional Facility  	
Heavy Equipment	12
K-9 Adoption & Training	32
Seating	75
17 International Training Center 	
Culinary Arts	6
Pizza Assembly	15
Retail Outlets	1
Training & Guest Services	22
18 CCI Administration Office 	
Retail Outlets	–



 **Manufacturing**

 **Agribusiness**

 **Services**

 **Sales/Marketing**

★ **New this year!**

OUR FINANCES

For Fiscal Years Ended June 30, 2015 and 2014 unaudited (NOTE 1)

COLORADO CORRECTIONAL INDUSTRIES STATEMENT OF NET POSITION			6/30/15	6/30/14
CURRENT ASSETS				
Cash and Pooled Cash (NOTE 2)			\$4,366,464	\$6,146,634
Other Receivables, net			1,525,899	1,637,275
Due from Other Governments			427,483	402,402
Due from Other Funds			2,215,012	1,352,172
Inventories			14,838,181	14,015,178
Prepays, Advances, Deferred Charges			0	65,902
TOTAL CURRENT ASSETS			23,373,039	23,619,563
NONCURRENT ASSETS				
Other Long Term Assets			1,778,671	1,849,086
Depreciable and Capital Assets and Infrastructure, net			3,932,239	4,056,113
Land and Nondepreciable Infrastructure			920,412	920,412
TOTAL NONCURRENT ASSETS			6,631,322	6,825,611
TOTAL ASSETS			\$30,004,361	\$30,445,174
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities			\$5,123,704	\$5,478,771
Due to Other Funds			0	30,268
Compensated Absences Payable			55,700	88,000
Deferred Federal Revenue			212,442	160,590
Other Current Liabilities			7,123	0
TOTAL CURRENT LIABILITIES			5,398,969	5,757,629
NONCURRENT LIABILITIES				
Accrued Compensated Absences			1,249,577	1,190,751
TOTAL LIABILITIES			6,648,546	6,948,380
NET POSITION				
Net Investment in Capital Assets			4,852,651	4,976,525
Unrestricted			18,503,164	18,520,269
TOTAL NET POSITION			\$23,355,815	\$23,496,794
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET POSITION			6/30/15	6/30/14
OPERATING REVENUES				
Sales of Goods and Services			\$46,226,920	\$44,562,977
Federal Grants and Contracts			2,084,705	1,879,059
Intergovernmental Revenue			706	0
Other Revenues			239,439	228,596
TOTAL OPERATING REVENUES			48,551,770	46,670,632
OPERATING EXPENSES				
Raw Materials and Supplies			25,127,002	23,816,737
Salaries and Fringe Benefits			12,510,949	12,342,824
Operating & Travel (NOTE 3)			8,504,345	8,220,688
Depreciation			417,970	388,086
Grant Expenditures			2,063,731	1,861,157
TOTAL OPERATING EXPENSES			48,623,997	46,629,492
OPERATING INCOME (LOSS)			(72,227)	41,140
NON-OPERATING REVENUES AND (EXPENSES)				
Investment Income			100,818	44,933
Rental Income			220,294	348,731
Gifts and Donations			3,808	2,969
Loss on Transfer of Capital Asset			0	(60,000)
TOTAL NON-OPERATING REVENUES			324,920	336,633
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS			252,693	377,773
CONTRIBUTIONS AND TRANSFERS				
Transfers-Out to General Fund (NOTE 4)			(393,672)	(381,286)
TOTAL OPERATING TRANSFERS			(393,672)	(381,286)
CHANGE IN NET POSITION			(140,979)	(3,513)
NET POSITION - FISCAL YEAR BEGINNING			23,496,794	23,500,307
NET POSITION - FISCAL YEAR ENDING			\$23,355,815	\$23,496,794

COLORADO CORRECTIONAL INDUSTRIES STATEMENT OF CASH FLOWS			6/30/15	6/30/14
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from:				
Fees for Service			\$9,738,392	\$11,121,218
Sales of Products			35,801,365	34,712,070
Gifts, Grants, Donations (Federal Grant)			2,076,338	2,476,072
Income from Property (Rent)			220,294	348,731
Other Sources			240,145	228,596
Employees			(13,475,621)	(12,202,489)
Suppliers			(33,649,174)	(32,440,735)
Grant Expenses			(2,063,731)	(1,861,157)
Other			(85,036)	(54,966)
NET CASH PROVIDED BY OPERATING ACTIVITIES			(1,197,028)	2,327,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers-Out to the General Fund			(393,672)	(381,286)
Gifts, Grants, Donations not for Capital Use			3,808	2,969
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES			(389,864)	(378,317)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets			(294,096)	(653,088)
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES			(294,096)	(653,088)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments			110,741	30,039
Increase (Decrease) from Unrealized Gain (Loss) on Investments			(9,923)	14,894
NET CASH FLOWS FROM INVESTING ACTIVITIES			100,818	44,933
NET INCREASE (DECREASE) IN CASH AND POOLED CASH			(1,780,170)	1,340,868
CASH AND POOLED CASH, FISCAL YEAR BEGINNING			6,146,634	4,805,766
CASH AND POOLED CASH, FISCAL YEAR END			\$4,366,464	\$6,146,634
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income			\$(72,227)	\$41,140
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation			0	388,086
Rents			417,970	348,731
Insurance Recoveries			220,294	0
Compensated Absences			26,526	90,983
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables			(776,545)	1,772,136
(Increase) Decrease in Inventories			(752,588)	(1,280,473)
(Increase) Decrease in Other Operating Assets			65,902	(65,508)
Increase (Decrease) in Accounts Payable			(355,067)	900,630
Increase (Decrease) in Other Operating Liabilities			28,707	131,615
NET CASH PROVIDED BY OPERATING ACTIVITIES			\$(1,197,028)	\$2,327,340

NOTE 1 The underlying balances are audited in the statewide financial audit.

NOTE 2 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 and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, worker's compensation insurance, legal services, liability and property insurance, and other operating expenses.

NOTE 4 Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.

CANTEEN MISSION

- 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.



CANTEEN, VENDING, MACHINE & LIBRARY ACCOUNT

Like all CCI businesses, the Canteen program is a self-sustaining entity, receiving no taxpayer support. Profits from retail and vending machine sales, family gift packs and Colorado Inmate Phone System (CIPS) commissions help to fund inmate educational, recreational and social activities as well as supplementing other direct inmate needs.

Inmates housed within 21 CDOC locations and four private facilities benefit from Canteen services. Inmates with adequate funds can select from a wide range of retail products including candy and snacks, name brand hygiene and style products, and more. Orders are completed through two distribution centers; one in Denver and the other located in Cañon City. More than 60,000 monthly orders are processed by 85 male and female inmates employed within the operations. Supporting CCI's mission, the marketable skills and work ethic required for these positions transfer well to life after prison. In addition Canteen workers are encouraged to participate in college certificate classes, to further enhance their success upon release from incarceration.

CANTEEN FINANCES

For Fiscal Years Ended June 30, 2015 and 2014 unaudited (NOTE 1)

CANTEEN ENTERPRISE FUND STATEMENT OF NET POSITION	6/30/15	6/30/14
ASSETS		
CURRENT ASSETS		
Cash and Pooled Cash (NOTE 2)	\$4,491,572	\$3,413,979
Other Receivables, net	213,221	238,808
Inventories	613,029	623,771
TOTAL CURRENT ASSETS	5,317,822	4,276,558
NONCURRENT ASSETS		
Depreciable Capital Assets and Infrastructure, net	1,647,064	1,811,082
TOTAL NONCURRENT ASSETS	1,647,064	1,811,082
TOTAL ASSETS	\$6,964,886	\$6,087,640
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$790,784	\$864,830
TOTAL CURRENT LIABILITIES	790,784	864,830
NONCURRENT LIABILITIES		
Accrued Compensated Absences	252,725	229,847
TOTAL LIABILITIES	1,043,509	1,094,677
NET POSITION		
Net Investment in Capital Assets	1,647,064	1,811,082
Unrestricted	4,274,312	3,181,881
TOTAL NET POSITION	\$5,921,376	\$4,992,963
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET POSITION	6/30/15	6/30/14
OPERATING REVENUES		
Sales-Canteen and Similar Activities	\$16,680,795	\$15,195,199
Commissions-Inmate Phone System	2,499,076	2,643,306
Other Revenues	29,095	19,541
TOTAL OPERATING REVENUES	19,208,966	17,858,046
OPERATING EXPENSES		
Cost of Goods Sold	12,243,934	11,320,389
Salaries and Fringe Benefits	2,201,935	1,967,902
Operating & Travel (NOTE 3)	1,024,448	745,615
Depreciation	164,019	121,880
TOTAL OPERATING EXPENSES	15,634,336	14,155,786
OPERATING INCOME	3,574,630	3,702,260
NON-OPERATING REVENUES AND (EXPENSES)		
Inmate Benefits	(2,631,264)	(2,890,579)
Investment Income	61,897	49,511
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,569,367)	(2,841,068)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,005,263	861,192
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS		
Transfers-Out to General Fund (NOTE 4)	(76,850)	(80,497)
TOTAL CONTRIBUTIONS AND TRANSFERS	(76,850)	(80,497)
CHANGE IN NET POSITION	928,413	780,695
NET POSITION - FISCAL YEAR BEGINNING	4,992,963	4,212,268
NET POSITION - FISCAL YEAR ENDING	\$5,921,376	\$4,992,963

CANTEEN ENTERPRISE FUND STATEMENT OF CASH FLOWS		6/30/15	6/30/14
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from:			
Sales of Canteen Items and Similar Activities		\$16,680,795	\$15,195,199
Commissions from Inmate Phone System		2,524,663	2,828,928
Other Revenues		29,095	19,541
Employees		(2,379,490)	(1,978,565)
Suppliers		(13,131,253)	(11,903,744)
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,723,810	4,161,359
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Inmate Benefits		(2,631,264)	(2,890,579)
Transfers-Out to the General Fund		(76,850)	(80,497)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES		(2,708,114)	(2,971,076)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets		0	0
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES		0	0
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments		60,808	38,175
Increase (Decrease) from Unrealized Gain (Loss) on Investments		1,089	11,336
NET CASH FROM INVESTING ACTIVITIES		61,897	49,511
NET INCREASE IN CASH AND POOLED CASH		1,077,593	1,239,794
CASH AND POOLED CASH, FISCAL YEAR BEGINNING		3,413,979	2,174,185
CASH AND POOLED CASH, FISCAL YEAR END		\$4,491,572	\$3,413,979
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income		\$3,574,630	\$3,702,260
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation		164,019	121,880
Compensated Absences		22,878	7,638
Net Changes in Assets and Liabilities Related to Operating Activities			
(Increase) Decrease in Operating Receivables		25,587	185,622
(Increase) Decrease in Inventories		10,742	(94,457)
(Increase) Decrease in Other Current Assets			
Increase (Decrease) in Accounts Payable		(74,046)	238,416
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$3,723,810	\$4,161,359

NOTE 1 The underlying balances are audited in the statewide financial audit.

NOTE 2 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 and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, worker's compensation insurance, legal services, liability and property insurance, and other operating expenses.

NOTE 4 Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.



BRIGHT IDEAS AT WORK TODAY. AND TOMORROW.

CCi continues to seek new endeavors that expand our programs, employ more inmates, and generate profits that ensure our future success. We encourage every participant to contribute in a manner that supports our mission.

It's a fact that fewer inmates return to crime after having worked in CCI's programs. Teaching marketable skills and instilling a work ethic has

proven successful in transitioning inmates into productive citizens upon reentry. Education furthers our efforts and we're proud to have hundreds of college graduates within our inmate population each year.

Giving back to victims. Citizens. Colorado. It's a worthy goal. And one that CCI is steadfastly committed to now. And in the future.

NEW PROGRAM SPOTLIGHT

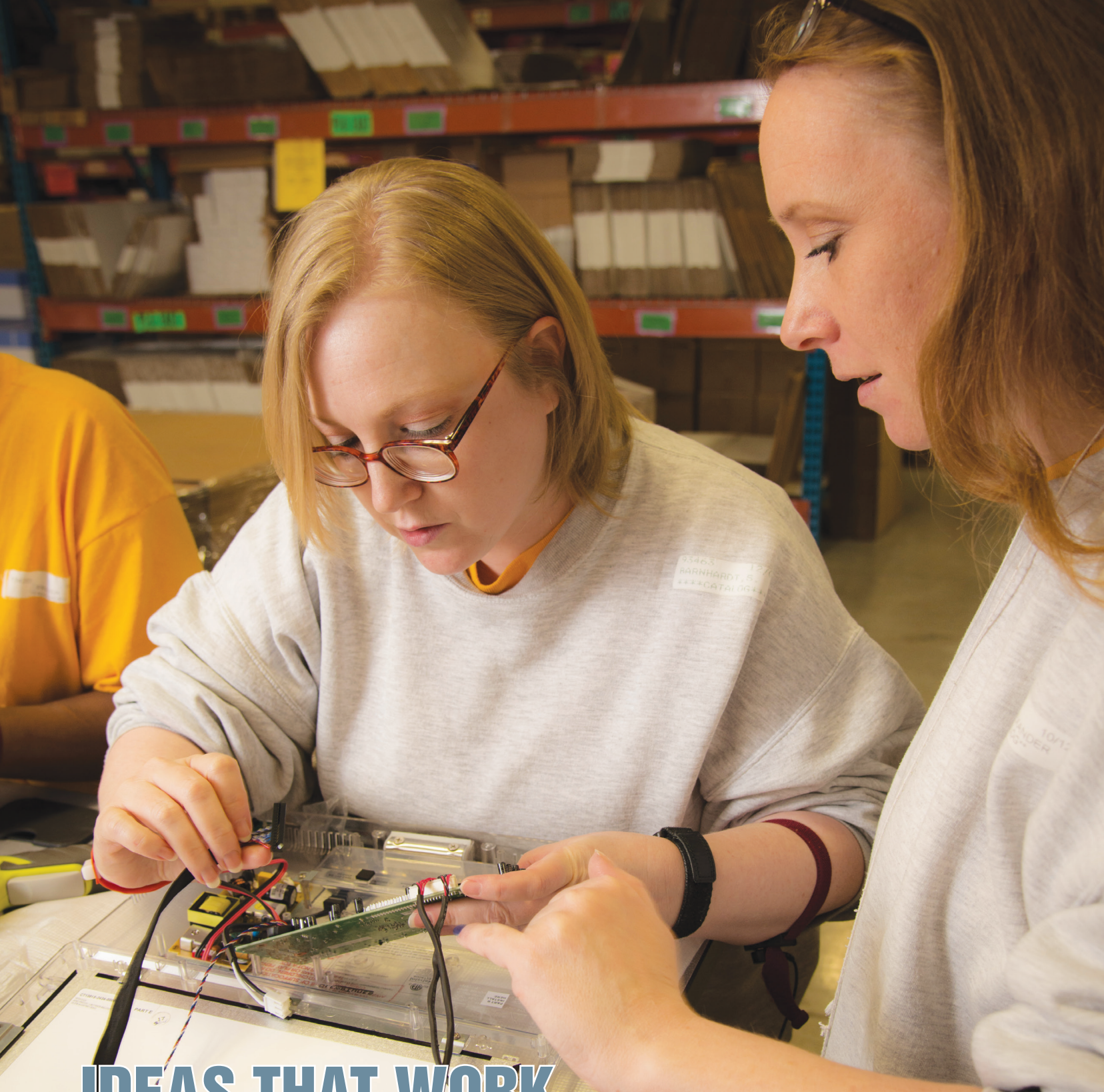
Print on Demand — Partners in a Better Solution

New to CCI's industry lineup in 2015, "Print on Demand" not only provides new jobs for our inmates that teach valuable skills, but allows the Department of Revenue to realize a decrease in funds for staffing to maintain license plate counters within all State/county buildings. Customers benefit by receiving their tagged specialty license plates at their door steps within a week. This expedited process benefits law enforcement as well;

facilitating more registered license plates on the road quickly provides the vital information needed for effective patrol of our State/County roads and highways.

Since inception, this program has maintained five full time inmates, and plans to further assist the Department of Revenue with other new time-saving methods are being discussed. It is truly a perfect example of the positive effects our programs have on everyone involved...inmates, local partners and Colorado citizens.





IDEAS THAT WORK

A 2007 study of incarceration in Colorado found that women inmates who participated in vocational programs had a recidivism rate of 8.75%; those who completed their GED only 6.71%; and those who participated in neither a vocational or academic program, 26%.

"Recidivism Rates of Women Offenders and Participation of Education Programs in Prisons." Applied Research Project. 28 April, 2008. n.pag. Print (<http://www.ceanational.org/phorum/read.php?16,1403,1403>)

THANK YOU!

THE CGI TEAM

Stoney Adams	Dennis DeLong	Paula Hunter	Richard Mouriquand	Jason Smith
Cheryl Ahumada	Ronald Diller	Phred Jahner	Cheryl Neff	Leonard Smith
Irene Alcon	Steve Dowd	Charles Johnson	Gary Nichols	Paul Smith
Philene Alfonso	Wade Draper	Lucas Johnson	John O'Brien	Ransie Smith
Robert Anderson	Dennis Dunsmoor	Sonji Johnson	Don Pacheco	Steve Smith
Chet Arnold	Ken Enslow	Tim Johnson	Dan Padilla	Richard Smythe
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Sherry Bell	Don Flock	Pam Kahanic	Alan Passarelli	Dan Spinuzzi
Dennis Berg	Tom Foreman	Rod Kappert	Pam Pearson	Chris Spitznogle
Mary Bergman	Chad Fraher	Raymond Kaspar	Gerald Peasley	Casey Spurlin
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Gina Cline	Greg Hawkins	Gavin McKenzie	Chris Sanchez	Meagan Werner
Melvin Cole	Jim Heaston	Glen McKinney	Joe Sanchez	Cody West
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Worden Davis	Paul Humiston	Caleb Moore	Troy Slate	
Kathy Dean-Lee	Sandy Hunsaker	Debi Morgan	Connie Sloan	
Mike DelCastillo	Justin Hunter	Dominic Moschetti	Dave Sloan	



MORE INFO

To learn more about our programs and how we work to give back to the communities we serve, please visit www.coloradoci.com or call 719.226.4200.



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