



COLORADO DEPARTMENT OF CORRECTIONS

CANTEEN, VENDING MACHINE and LIBRARY ACCOUNT

A Division of Correctional Industries

ANNUAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

Canteen, Vending Machine and Library Account Committee:

Mark Fairbairn, Director of Prisons
Mitch Karstens, Interim Director of Finance and Administration
Lacy Monday, Director of Clinical and Correctional Services
Suzanne Scott, Budget Director
Brad Duca, Controller

Andre Stancil
Executive Director

COLORADO DEPARTMENT OF CORRECTIONS

CANTEEN ENTERPRISE FUND

A Division of Correctional Industries

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Canteen Services Mission Statement

The mission of Canteen Services 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, and to reduce reliance on taxpayer provided funds for inmate recreational, educational and social benefit expenditures.

**COLORADO DEPARTMENT OF CORRECTIONS
CANTEEN ENTERPRISE FUND
FISCAL YEAR ENDED JUNE 30, 2025**

CANTEEN ENTERPRISE FUND

The Canteen, Vending Machine and Library Account (Canteen enterprise fund) is an Enterprise Cash Fund that accounts for operations financed and operated in a manner similar to a private business enterprise. The Canteen, a division of Correctional Industries, sells merchandise which complies with security restrictions at each facility to inmates who have adequate funds in their inmate bank accounts. The Canteen offers inmate hygiene and cosmetic items, snack foods, phone time, postage stamps, tokens for facility vending machines, approved clothing, tennis shoes, watches, calculators, notebooks, other staples, and miscellaneous allowable property. The items sold to inmates are priced so that revenues are sufficient to fund all expenses of the Canteen and vending machines. Expenses include services of employees of the Canteen. All costs are considered in order to produce a reasonable profit. Profits from operations of the Canteen are used for the educational, recreational and social benefit of inmates, and to supplement direct inmate needs as required by Colorado Revised Statutes (C.R.S. 17-24-126).

The Canteen is managed as a profitable business, utilizing a computerized perpetual inventory. The Canteen serves inmates housed in Colorado Department of Corrections (CDOC) facilities as well as CDOC inmates housed at privately operated facilities in Colorado. In addition, the Canteen contracts and manages vending services for visiting rooms within each CDOC facility. Families are authorized to send funds to an inmate's bank account for canteen purchases and phone time. All deposits are subject to mandatory withholding for court ordered restitution and child support obligations.

Revenue sources for the Canteen program currently include retail sales to inmates and vending machine commissions. In Fiscal Year 2025, Canteen retail sales, vending machine commissions, and other revenues were approximately \$22,500,000.

The Colorado General Assembly appropriates funds from the Canteen to inmate education and recreation programs. In Fiscal Year 2025, approximately \$745,000 for Education and Recreation subprograms was appropriated by the General Assembly. With Senate Bill 25-206 for the upcoming Fiscal Year 2026, approximately \$804,000 has been appropriated by the General Assembly to continue funding for Education and Recreation subprogram costs.

Since July 1, 2002, the Canteen enterprise fund has been classified as a cash fund exempt operation. The General Assembly passed House Bill 02-1171 which transferred control of the Canteen to the Division of Correctional Industries and created a Canteen, Vending Machine and Library Account. The designation of enterprise status for the Canteen exempts the revenue of the Canteen from the State's Taxpayer Bill of Rights (TABOR) revenue base.

This report is provided as a general information document for the public as well as for compliance with standards outlined in the Department of Corrections Regulatory Compliance Program. The following is a brief description of the Canteen's operations.

CANTEEN SERVICES

Canteen sales in CDOC are similar in nature to a catalog mail order system. Purchases of goods and services, recording receipts, inventory maintenance, and deduction from inmate accounts are recorded electronically. Inmates' individual orders are filled by a selection process, from flow racks into baskets on a conveyor. The orders are inspected for accuracy and contraband, packaged into clear tamper proof plastic bags, and placed into secure storage.

Orders are delivered to facilities throughout the State by Canteen delivery personnel. Facility staff distribute orders to individual inmates. Inmate order issues are communicated to the Canteen through each facility Canteen Coordinator for resolution.

Product lines purchased for resale are reviewed and approved by the Canteen Review Committee who consider inmate needs, security requirements, and profitability. The purchasing for resale is accomplished within the Canteen. Merchandise is received, stocked, and maintained for order processing at the Canteen.

The Canteen program exists for the benefit of incarcerated inmates in CDOC and privately-operated facilities statewide. Approximately 55,500 orders are processed monthly. Canteen Services currently employs approximately sixty male inmates, Monday through Friday, at its 18,500 square foot facility located at the Arrowhead Correctional Center in Cañon City where Canteen Services Administration is also located.

INMATE BENEFITS

The Canteen, Vending Machine, and Library Account Committee allocates estimated Canteen annual profits on an annual basis using the following six expenditure categories:

Expenditure Category	Definition and Fund Uses
Education	Expenses in this category are required to support inmate education programs department-wide. This allocation has supported costs including Chromebook replacements, annual Google licenses for the inmate education platform, program licenses for the inmate GED learning management system, the inmate network system, contracts with colleges to provide training and CTE courses to inmates, and the Denver University Prison Arts Initiative.
Recreation	Expenses in this category are required to support inmate recreational activities department-wide. Funds are allocated directly to facility recreation departments to purchase items such as recreation and gym equipment, supplies, gaming systems, media, and computers. The Volunteers Subprogram is included in this expenditure category but has not been funded through the Canteen by the General Assembly since Fiscal Year 2022.
Media	Department-wide satellite television, movie licenses, and satellite radio.
Library	Funds allocated directly to each facility to purchase library related items such as books, subscriptions, supplies, CDs, and headphones.

Expenditure Category	Definition and Fund Uses
Facility Resident Benefits	Expenses in this category are made up of funds allocated directly to each facility to support facility-specific inmate benefit expenses. This allocation supports inmate education, recreation, and program costs as determined by facility management. This expense category also funds printer and toner costs required to print e-messages received from inmate families as well as transportation for families and visitors at the East Cañon Complex.
Capital Construction & Contingency Projects	See the "Other Infrastructure Investments" section below. In addition, contingency funds have been used in the past for projects such building handball courts, replacing gym floors, upgrading outdoor basketball courts, funding inmate CrossFit coaching, and purchasing inmate microwaves for all facilities.

Approximately \$1,091,000 and \$1,514,000 were spent for inmate benefits in Fiscal Years 2025 and 2024, respectively. A table of Inmate Benefit Expenditures for the five previous fiscal years can be found on page four. Canteen profits can also be used to fund certain capital construction projects authorized by the General Assembly as described in the following section.

OTHER INFRASTRUCTURE INVESTMENTS

As part of inmate benefits, profits from the Canteen have been utilized to fund capital construction projects that were authorized by the General Assembly. Profits from the Canteen have been used in past years to fund projects such as expansion of the Canteen at the East Cañon City Complex, a hobby shop at Fremont Correctional Facility, a recreational multi-purpose building at Colorado Correctional Center, a gymnasium at Trinidad Correctional Facility, a visitor center at the East Cañon City Complex, and construction of the Colorado State Penitentiary II Inmate In-Cell Services project. Funds from the Canteen are transferred to the Capital Construction fund for amounts expended for these projects.

OTHER INVESTMENT INFORMATION

The Colorado Department of Corrections deposits its cash (including Canteen enterprise funds) with the Colorado State Treasurer as required by Colorado Revised Statutes. The State Treasurer pools these deposits and invests them in securities authorized by C.R.S. 24-75-601.1. The State Treasury acts as a bank for all State agencies. Monies deposited in the Treasury are invested until the cash is needed. For financial reporting purposes, all of the Treasurer's investments are reported at fair value, which is determined based on quoted market prices at the June 30th fiscal year end. On the basis of CDOC's participation in the pool, CDOC reports an increase or decrease in cash for its share of the Treasurer's unrealized gains and losses on the pool's underlying investments. The State Treasurer does not invest any of the pool's resources in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains/losses included in "Investment Income" reflect only the change in fair value for the fiscal year. Additional information on investments of the State Treasurer's pool may be obtained in the State of Colorado's Annual Comprehensive Financial Report.

**COLORADO DEPARTMENT OF CORRECTIONS
CANTEEN ENTERPRISE FUND
INMATE BENEFITS
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

TABLE I.

Canteen, Vending Machine, and Library Account Committee Inmate Benefit Allocations					
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Education	\$ 410,260	\$ 1,302,412	\$ 1,388,311	\$ 1,929,896	\$ 1,985,352
Recreation	65,000	77,552	77,552	557,554	557,554
Media	434,740	440,975	392,140	379,000	349,000
Library	55,000	65,000	95,862	95,862	95,862
Facility Resident Benefits	184,049	448,431	564,677	742,360	1,014,441
Capitol Construction and Contingency Projects	-	-	100,000	100,000	100,000
Total Inmate Benefit Allocations	\$ 1,149,049	\$ 2,334,370	\$ 2,618,542	\$ 3,804,672	\$ 4,102,209

TABLE II.

Inmate Benefit Expenditures by Expenditure Group					
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Education	\$ 422,854	\$ 584,284	\$ 923,223	\$ 1,440,917	\$ 1,393,741
Recreation	59,494	69,481	72,165	614,408	605,820
Media	416,618	442,062	295,801	308,440	267,056
Library	53,398	69,887	120,932	100,811	123,890
Facility Resident Benefits	138,656	347,886	380,453	303,659	631,820
Capitol Construction and Contingency Projects	-	-	184,026	214,550	200,278
Total Inmate Benefit Expenditures	\$ 1,091,020	\$ 1,513,599	\$ 1,976,600	\$ 2,982,785	\$ 3,222,605

TABLE III.

Inmate Benefit Expenditures as a Percent of Allocations, Net Operating Revenues, and Net Operating Income					
	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021
Total Inmate Benefit Expenditures	\$ 1,091,020	\$ 1,513,599	\$ 1,976,600	\$ 2,982,785	\$ 3,222,605
Total Inmate Benefit Allocations	1,149,049	2,334,370	2,618,542	3,804,672	4,102,209
Inmate Benefits Percentage	95%	65%	75%	78%	79%
Net Operating Revenues	22,505,788	20,244,127	23,244,036	24,485,740	18,949,000
Inmate Benefits Percentage	5%	7%	9%	12%	17%
Net Operating Income	1,026,436	-113,401	2,964,149	4,625,553	1,104,000
Inmate Benefits Percentage	106%	-1335%	67%	64%	292%

**COLORADO DEPARTMENT OF CORRECTIONS
CANTEEN ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025 AND JUNE 30, 2024
UNAUDITED (NOTE 1)**

	YEAR ENDING 6/30/25	YEAR ENDING 6/30/24
ASSETS:		
CURRENT ASSETS:		
Cash and Pooled Cash (NOTE 2)	\$ 5,331,257	\$ 4,978,821
Inventories	1,190,404	1,923,901
TOTAL CURRENT ASSETS	<u>6,521,661</u>	<u>6,902,722</u>
NONCURRENT ASSETS:		
Depreciable Capital Assets and Infrastructure, net	1,273,113	1,364,361
TOTAL NONCURRENT ASSETS	<u>1,273,113</u>	<u>1,364,361</u>
TOTAL ASSETS	<u>\$ 7,794,774</u>	<u>\$ 8,267,083</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 951,538	\$ 1,097,100
TOTAL CURRENT LIABILITIES	<u>951,538</u>	<u>1,097,100</u>
NONCURRENT LIABILITIES:		
Accrued Compensated Absences	119,217	222,995
TOTAL LIABILITIES	<u>1,070,755</u>	<u>1,320,095</u>
NET POSITION:		
Net Investment in Capital Assets	1,273,113	1,364,361
Unrestricted	5,450,906	5,582,627
TOTAL NET POSITION	<u>\$ 6,724,019</u>	<u>\$ 6,946,988</u>

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.

**COLORADO DEPARTMENT OF CORRECTIONS
CANTEEN ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024
UNAUDITED (NOTE 1)**

	YEAR ENDING 6/30/25	YEAR ENDING 6/30/24
OPERATING REVENUES:		
Sales-Canteen and Similar Activities	\$ 22,505,788	\$ 20,244,127
TOTAL OPERATING REVENUES	<u>22,505,788</u>	<u>20,244,127</u>
OPERATING EXPENSES:		
Cost of Goods Sold	17,035,866	16,033,026
Salaries and Fringe Benefits	2,358,388	2,521,394
Operating & Travel (NOTE 2)	1,884,124	1,584,584
Depreciation	200,974	218,524
TOTAL OPERATING EXPENSES	<u>21,479,352</u>	<u>20,357,528</u>
NET OPERATING INCOME	1,026,436	(113,401)
NON-OPERATING REVENUES AND (EXPENSES):		
Other Revenues	120,425	178,411
Investment Income	390,434	411,486
Inmate Benefits	(1,091,020)	(1,513,599)
Other Inmate Expenses	(551,512)	(308,745)
Gain/Loss on Sale or Impairment of Capital Assets	-	(7,651)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(1,131,673)</u>	<u>(1,240,098)</u>
INCOME BEFORE OPERATING TRANSFERS	(105,237)	(1,353,499)
OPERATING TRANSFERS:		
Transfers-Out to General Fund (NOTE 3)	(117,732)	(110,574)
TOTAL OPERATING TRANSFERS	<u>(117,732)</u>	<u>(110,574)</u>
CHANGE IN NET POSITION	(222,969)	(1,464,073)
NET POSITION - FISCAL YEAR BEGINNING	6,946,988	8,411,061
NET POSITION - FISCAL YEAR ENDING	<u>\$ 6,724,019</u>	<u>\$ 6,946,988</u>

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

NOTE 2: 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 3: Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.

COLORADO DEPARTMENT OF CORRECTIONS
CANTEEN ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024
UNAUDITED

	YEAR ENDING 6/30/25	YEAR ENDING 6/30/24
CASH FLOWS FROM OPERATING ACTIVITIES:		
Sales of Canteen Items and Similar Activities	\$ 22,505,788	\$ 20,244,127
Employees	(2,462,166)	(2,560,158)
Suppliers	(18,332,056)	(17,798,650)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,711,566</u>	<u>(114,681)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other Revenues	120,425	178,411
Inmate Benefits	(1,091,020)	(1,513,599)
Other Inmate Expenses	(551,512)	(308,745)
Transfers-Out to the General Fund	(117,732)	(110,574)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,639,839)</u>	<u>(1,754,507)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	(109,725)	(26,128)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(109,725)</u>	<u>(26,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	328,188	281,806
Increase from Unrealized Gain on Investments	62,246	129,680
NET CASH FROM INVESTING ACTIVITIES	<u>390,434</u>	<u>411,486</u>
NET INCREASE IN CASH AND POOLED CASH	352,436	(1,483,830)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	4,978,821	6,462,651
CASH AND POOLED CASH, FISCAL YEAR END	<u>\$ 5,331,257</u>	<u>\$ 4,978,821</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	\$ 1,026,436	\$ (113,401)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	200,974	218,524
Compensated Absences	(103,778)	(38,764)
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Inventories	733,497	(510,613)
Increase (Decrease) in Accounts Payable	(145,563)	329,573
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,711,566</u>	<u>\$ (114,681)</u>