Bureau of Fugitive Recovery Inc
Form 10-K
March 15, 2012
FORM 10-K FOR FISCAL YEAR ENDED DECEMBER 31, 2011

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark one)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

o TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to________________________.

Commission File Number 000-54165

BUREAU OF FUGITIVE RECOVERY, INC.
(Exact name of registrant as specified in its charter)

Colorado	84-1306078
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

132 W. 11th Avenue
Denver, Colorado 80204
(Address of principal executive offices)

(720) 266-6996
Issuer's Telephone Number)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.   Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Act. Yes o No þ

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.   Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if asmaller reporting company)	o	Smaller reporting company	þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ

The aggregate market value of the shares of voting stock held by non-affiliates of the Registrant as of March 14, 2012 was $0.

As of March 14, 2012, the Registrant had 10,000,000 shares of Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE - None

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934. The statements regarding Industry Concept Holdings Inc. contained in this report that are not historical in nature, particularly those that utilize terminology such as “may,” “will,” “should,” “likely,” “expects,” “anticipates,” “estimates,” “believes” or “plans,” or comparable terminology, a forward-looking statements based on current expectations and assumptions, and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements.

Important factors known to us that could cause such material differences are identified in this report and in our “RISK FACTORS” in Item 1A. We undertake no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any future disclosures we make on related subjects in future reports to the SEC.

PART I

ITEM 1. BUSINESS

Overview

We were incorporated on April 26, 1995, in the State of Colorado under the name Colorado Security Patrol Inc. On March 12, 2007 we filed an amendment to our Articles of Incorporation changing our name to “Bureau of Fugitive Recovery, Inc.”

Our initial business was to provide a variety of security services on both a residential and commercial basis. In March 2007, we expanded our operations to include tracking and apprehension of offenders who had failed to appear in court or had otherwise had their bond revoked, creating a liability for the person or entity that had posted the bail bond. We recognized that we were able to avoid the significant competition that we were experiencing in the security services business, as we believed that there was no major companies engaged in the apprehension of offenders as there existed in the security services industry. As of the date of this Report we provide the following services: fugitive location and apprehension, preparation and filing of civil lawsuits against surety bond’s indemnitor for monies owning on the bond which they guaranteed and which are in forfeiture status and transportation of prisoners into custody based upon issuance of a court bench warrant. We are compensated for these services on a monthly invoiced basis for any and all services we provide pursuant to a service agreement that we execute with our client prior to providing such services.

We are currently considering expanding our operation into other jurisdictions and states via acquisition. Most of our current clients are bail bonding companies.

The bail surety industry has had a continuous, steady flow of clientele. As the population increases, the bail surety industry has continued to grow. According to the Department of Regulatory Agencies, Colorado Division of Insurance; Office of the State Court Administrator, Colorado Judicial Department, since 2000, there has been a consistent upwards trend in bail bonds written in the State of Colorado. While there is no one agency that keeps figures on the amount of bail surety written in the State of Colorado, we believe that as the population increases so does the number of offenders arrested and who become candidates for our services.

On August 10, 2010, we filed a registration statement on Form S-1 with the US Securities and Exchange Commission wherein we proposed to register an aggregate of 2,350,000 shares of our Common Stock previously issued in private offerings we had conducted since inception. Our registration statement became effective on November 23, 2010. On February 2, 2012, we filed a post-effective amendment to update our corporate and financial information. The post-effective amendment was declared effective on February 3, 2012.

Marketing

Because of the nature of the bail surety industry, our biggest client base, marketing efforts are primarily through yellow page advertising, billboards, other fixed advertising near jails, and word-of-mouth from former and current clients. Such methods are presently utilized by us and have proven to be effective in marketing our services to potential clientele.

We intend to expand our services by offering security guard and other security services and insurance and training for security officers and bail bond licensing agents.

Growth by Acquisitions

We also intend to expand our operations through the acquisition of related businesses that will complement our current service business. Acquisition targets include existing bail bonding companies, bail enforcement companies, security companies, and an insurance underwriting business to supplement the writing of surety bonds, title insurance, performance bonds, guarantee bonds and similar bonds. There are many small operations which have expressed an interest in being acquired by our Company. We believe this makes economic sense because we can eliminate duplication of general and administrative expense, provide a more centralized information sharing network available to enforcement agents and eliminate overlapping of services offered. We are presently evaluating several such businesses in the Denver Metropolitan Area as potential merger or acquisition candidates, and anticipate expanding this acquisition strategy to metropolitan areas in the states of Arizona, New Mexico and California. However, as of the date of this Report, there are no definitive agreements in place relating to our acquiring any such business and there can be no assurances that such agreements will be executed on favorable terms or at all in the future.

If we are successful, the acquisition of related, complimentary businesses is expected to increase profits by providing a broader range of services in vertical markets which are consolidated under one parent, thus reducing overhead costs by streamlining operations and eliminating duplicitous efforts and costs. There are no assurances that we will increase profitability if we are successful in acquiring other synergistic companies.

Management will seek out and evaluate related, complimentary businesses for acquisition. The integrity and reputation of any potential acquisition candidate will first be thoroughly reviewed to ensure it meets with management's standards. Once targeted as a potential acquisition candidate, we will enter into negotiations with the potential candidate and commence due diligence evaluation of each business, including its financial statements, cash flow, debt, location and other material aspects of the candidates' business. One of the principal reasons for our filing of our registration statement of which this Report is a part and the filing of an application to list our securities for trading is our intention to utilize the issuance of our securities as part of the consideration that we will pay for these proposed acquisitions. If we are successful in our attempts to acquire similar companies utilizing our securities as part or all of the consideration to be paid, our current shareholders will incur dilution.

In implementing a structure for a particular acquisition, we may become a party to a merger, consolidation, reorganization, joint venture, or licensing agreement with another corporation or entity. We may also acquire stock or assets of an existing business. On the consummation of a transaction, we do not intend that our present management and shareholders will no longer be in control of our Company.

As part of our investigation, our officers and directors will meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis of verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of our limited financial resources and management expertise. The manner in which we participate in an acquisition will depend on the nature of the opportunity, the respective needs and desires of us and other parties, the management of the acquisition candidate and our relative negotiation strength and such other management.

We will participate in an acquisition only after the negotiation and execution of appropriate written agreements. Although the terms of such agreements cannot be predicted, generally such agreements will require some specific representations and warranties by all of the parties thereto, will specify certain events of default, will detail the terms of closing and the conditions which must be satisfied by each of the parties prior to and after such closing, will outline the manner of bearing costs, including costs associated with our attorneys and accountants, will set forth remedies on default and will include miscellaneous other terms.

Depending upon the nature of the acquisition, including the financial condition of the acquisition company, as a reporting company under the 34 Act it may be necessary for such acquisition candidate to provide independent audited financial statements. If so required, we will not acquire any entity that cannot provide independent audited financial statements within a reasonable period of time after closing of the proposed transaction. If such audited financial statements are not available at closing, or within time parameters necessary to insure our compliance with the requirements of the 34 Act, or if the audited financial statements provided do not conform to the representations made by the candidate to be acquired in the closing documents, the closing documents will provide that the proposed transaction will be voidable, at the discretion of our present management. If such transaction is voided, the agreement will also contain a provision providing for the acquisition entity to reimburse us for all costs associated with the proposed transaction.

Competition

We compete with numerous other small companies and individuals in the Denver Metropolitan Area, typically run by one or two persons, family owned and operated, none of whom control any significant share of the market. We estimate that we presently have approximately one to two percent of the market share based on the many years of experience possessed by the main principal in this industry.

Government Regulation

We are not licensed by the State of Colorado to engage in our business. Rather, individual bail posting agents are licensed and regulated by the state. Bail enforcement agents are required to be licensed by the Colorado Division of Insurance, which is the licensing authority, to complete a 16-hour course, pass a Colorado Bureau of Investigation and Federal fingerprint and background check, and pass an additional course if a concealed weapons permit is sought by the agent. Other individual courses are recommended, but not required by the Division of Insurance, for training and use if any additional proactive or reactive tools are used, i.e., baton, mace, pepper spray, etc. Complaints against a bail enforcement agent are investigated by the Division of Insurance which, after the conclusion of the investigation, decides whether or not an agent's license may be affected adversely.

Employees

As of the date of this report we have three (3) employees, including our two officers and one person who is responsible for much of the administrative paperwork with the many respective county and municipal courts we deal with on a daily basis. We also currently have six bail enforcement agents that are independent contractors and who are paid on a commission plus expenses basis for each offender recovered and surrendered to the appropriate law enforcement agency. Our recovery agents, sometimes called "bounty hunters" may be asked, from time to time, to assist with other facets of our day-to-day operations as part of their independent contractor agreements, at no additional cost to us. Management believes that the relationship with all individuals associated with us, contractual or employed, is exemplary.

Trademarks/Trade names/Intellectual Property

We have no patents pending, nor have we registered any trademarks or trade names.

ITEM 1A. RISK FACTORS

Not applicable to a smaller reporting company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We operate from our offices at 132 West 11th Ave., Denver, Colorado 80204. This space is provided to us on a rent-free basis by our President. Management believes that this space will meet our needs for the foreseeable future. However, if we are successful in acquiring companies similar to ours over the next 12 months we anticipate that we will need additional office space if the geographic location of the acquisition candidate is significantly distant from our current location.

ITEM 3. LEGAL PROCEEDINGS

To the best of our management's knowledge and belief, there are no claims that have been brought against us nor have there been any claims threatened.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Item 5(a)

a) Market Information. The Company began trading publicly on the NASD Over the Counter Bulletin Board on December 8, 2010 under the symbol "BRFG".

b) Holders. At February 29, 2012, there were approximately 47 shareholders of the Company.

c) Dividends. Holders of our common stock are entitled to receive such dividends as may be declared by our board of directors. No dividends on our common stock have ever been paid, and we do not anticipate that dividends will be paid on our common stock in the foreseeable future.

d) Securities authorized for issuance under equity compensation plans. No securities are authorized for issuance by the Company under equity compensation plans.

e) Performance graph. Not applicable.

f) Sale of unregistered securities. In the past two fiscal years, we have not issued any unregistered securities.

Item 5(b) Use of Proceeds. Not applicable.

Item 5(c) Purchases of Equity Securities by the issuer and affiliated purchasers. Not applicable

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our initial business was to provide a variety of security services on both a residential and commercial basis. In March 2007, we expanded our operations to include tracking and apprehension of offenders who had failed to appear in court or had otherwise had their bond revoked, creating a liability for the person or entity that had posted the bail bond. We recognized that we were able to avoid the significant competition that we were experiencing in the security services business, as we believed that there was no major companies engaged in the apprehension of offenders as there existed in the security services industry. As of the date of this Report, we emphasize tracking and apprehension of offenders who had failed to appear in court or had otherwise had their bond revoked in the State of Colorado as our principal business. We are currently considering expanding our operation into other states via acquisition. Most of our current clients are bail bonding companies.

Results Of Operations

Comparison of Results of Operations for the fiscal years ended December 31, 2011 and 2010

During our fiscal year ended December 31, 2011, we generated $46,850 in revenues compared to $15,509 during our fiscal year ended December 31, 2010, an increase of $31,341. This increase in revenues was attributable to our expanding of business services to include paralegal preparation and counseling to sureties when dealing with Notices of Bail Forfeitures, exonerations of same and remissions of paid surety bonds where applicable. Cost of revenues during our fiscal year ended December 31, 2011 was $4,425, compared to $8,382 for our fiscal year ended December 31, 2010, an decrease of $3,957, which management attributes to the acquisition of computer programs implemented for more effective management of time resources of contracted individuals providing bail enforcement services.

Our general and administrative expense during our fiscal year ended December 31, 2011 was $43,315, compared to $10,526 during our fiscal year ended December 31, 2010, an increase of $32,789. This increase was primarily attributable to professional fees we incurred in 2010 relating to the filing of our registration statement with the SEC. We also incurred interest expense of $1,200 during our fiscal year ended December 31, 2011 and 2010.

As a result, we generated a net loss of ($2,090) during our fiscal year ended December 31, 2011 (approximately $0.00 per share), compared to a net loss of ($4,599) during our fiscal year ended December 31, 2010 (approximately $0.00 per share).

Liquidity and Capital Resources

As of December 31, 2011, we had cash or cash equivalents of $599.

Net cash used in operating activities was ($890) during our fiscal year ended December 31, 2011, compared to ($3,399) during our fiscal year ended December 31, 2010. We anticipate that overhead costs in current operations will increase in the future as a result of our anticipated increased marketing activities.

Cash flows provided or used in investing activities were $0 during our fiscal years ended December 31, 2011 and 2010. Cash flows provided or used by financing activities were $0 during our fiscal year ended December 31, 2011 and 2010.

Our financial statements accompanying this report have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. We will, in all likelihood, sustain operating expenses without corresponding revenues, at least until the consummation of acquisitions of similar companies. This may result in our incurring a net operating loss which will increase continuously until we can consummate an acquisition. There is no assurance that we can identify such a business opportunity and consummate such an acquisition.

We believe that we currently have sufficient funds available for us to continue to operate our business for the next 12 months. However, we estimate that we will require approximately $25,000 in additional debt or equity capital to effectuate the acquisitions of symmetrical companies discussed under “BUSINESS – Growth by Acquisitions“ herein, as well as to meet our reporting requirements under the Securities Exchange Act of 1934, as amended. In the event we are unable to generate sufficient capital from our operations to implement our proposed expanded business plan it is anticipated that members of our management will issue loans to us on favorable terms to allow us to meet these obligations. In addition, if and when our Common Stock is approved for trading we believe we will be able to raise additional equity capital in a sufficient amount as to allow us to meet our obligations. The inability to obtain sufficient funds from external sources when needed will have a material adverse affect on our results of operations and financial condition.

Inflation

Although our operations are influenced by general economic conditions, we do not believe that inflation had a material effect on our results of operations during our fiscal year ended December 31, 2011.

Critical Accounting Policies and Estimates

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following represents a summary of our critical accounting policies, defined as those policies that we believe are the most important to the portrayal of our financial condition and results of operations and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Leases – We follow the guidance in SFAS No. 13 "Accounting for Leases," as amended, which requires us to evaluate the lease agreements we enter into to determine whether they represent operating or capital leases at the inception of the lease.

Stock-based compensation – Effective January 1, 2006, we adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standard (SFAS) No. 123R, "Share Based Payment." SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized on a straight-line basis over the employee service period (usually the vesting period). That cost is measured based on the fair value of the equity or liability instruments issued using the Black-Scholes option pricing model.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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RONALD R. CHADWICK, P.C.
Certified Public Accountant
2851 South Parker Road, Suite 720
Aurora, Colorado 80014
Telephone (303)306-1967
Fax (303)306-1944

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Bureau of Fugitive Recovery, Inc.
Denver, Colorado

I have audited the accompanying balance sheets of Bureau of Fugitive Recovery, Inc. as of December 31, 2010 and 2011, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bureau of Fugitive Recovery, Inc. as of December 31, 2010 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has suffered recurring losses from operations, a condition that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Aurora, Colorado
February 24, 2012

Ronald R. Chadwick, P.C.
RONALD R. CHADWICK, P.C.

BUREAU OF FUGITIVE RECOVERY, INC.
BALANCE SHEETS

	Dec. 31, 2010	Dec. 31, 2011
ASSETS		
Current assets		
Cash	$1,489	$599
Total current assets	1,489	599
Total Assets	$1,489	$599
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable	$15,000	$15,000
Accrued interest payable	1,590	2,790
Total current liabilties	16,590	17,790
Total Liabilities	16,590	17,790
Stockholders' Equity		
Preferred stock, $.001 par value;		
25,000,000 shares authorized;		
No shares issued & outstanding	-	-
Common stock, $.001 par value;		
100,000,000 shares authorized;		
10,000,000 shares issued & outstanding	10,000	10,000
Additional paid in capital	20,000	20,000
Accumulated deficit	(45,101)	(47,191)
Total Stockholders' Equity	(15,101)	(17,191)
Total Liabilities and Stockholders' Equity	$1,489	$599

The accompanying notes are an integral part of the financial statements

BUREAU OF FUGITIVE RECOVERY, INC.
STATEMENTS OF OPERATIONS

	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2011
Revenues	$15,509	$46,850
Cost of revenues	8,382	4,425
Gross profit	7,127	42,425
Operating expenses:		
General and administrative	10,526	43,315
	10,526	43,315
Income (loss) from operations	(3,399)	(890)
Other income (expense):		
Interest expense	(1,200)	(1,200)
	(1,200)	(1,200)
Income (loss) before provision for income taxes	(4,599)	(2,090)
Provision for income tax	-	-
Net income (loss)	$(4,599)	$(2,090)
Net income (loss) per share (Basic and fully diluted)	$(0.00)	$(0.00)
Weighted average number of common shares outstanding	10,000,000	10,000,000

The accompanying notes are an integral part of the financial statements

BUREAU OF FUGITIVE RECOVERY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock				
	Shares (1)	Amount No Par	Paid in Capital	Accumulated Deficit	Stock-holders' Equity
Balances at December 31, 2009	10,000,000	$10,000	$20,000	$ (40,502)	$(10,502)
Net income (loss) for the year				(4,599)	(4,599)
Balances at December 31, 2010	10,000,000	$10,000	$20,000	$ (45,101)	$(15,101)
Net income (loss) for the year				(2,090)	(2,090)
Balances at December 31, 2011	10,000,000	$10,000	$20,000	$ (47,191)	$(17,191)

(1) As retroactively restated for a 10,000 for 1 forward stock split effective February 1, 2010

The accompanying notes are an integral part of the financial statements.

BUREAU OF FUGITIVE RECOVERY, INC.
STATEMENTS OF CASH FLOWS

	Year Ended Dec. 31, 2010	Year Ended Dec. 31, 2011
Cash Flows From Operating Activities:		
Net income (loss)	$(4,599)	$(2,090)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Accrued payables	1,200	1,200
Compensatory stock issuances	-	-
Net cash provided by (used for)		
operating activities	(3,399)	(890)
Cash Flows From Investing Activities:		
Net cash provided by (used for)		
investing activities	-	-
Cash Flows From Financing Activities:		
Notes payable - borrowings	-	-
Net cash provided by (used for)		
financing activities	-	-
Net Increase (Decrease) In Cash	(3,399)	(890)
Cash At The Beginning Of The Period	4,888	1,489
Cash At The End Of The Period	$1,489	$599
Schedule of Non-Cash Investing and Financing Activities		
None		
Supplemental Disclosure		
Cash paid for interest	$-	$-
Cash paid for income taxes	$-	$-

The accompanying notes are an integral part of the financial statements.

BUREAU OF FUGITIVE RECOVERY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2011

NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Bureau of Fugitive Recovery, Inc. was incorporated in the State of Colorado on April 26, 1995. The Company provides bounty hunting services for bail bond businesses. The Company may also engage in any other business permitted by law, as designated by the Board of Directors of the Company.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Accounts receivable

The Company reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt expense when deemed necessary. At December 31, 2010 and 2011 the Company had no balance in its allowance for doubtful accounts.

Income tax

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

At December 31, 2010 and 2011 the Company had net operating loss carryforwards of approximately $18,000 and $20,000 which begin to expire in 2027. The deferred tax asset of approximately $3,600 and $4,000 in 2010 and 2011 created by the net operating losses have been offset by a 100% valuation allowance. The change in the valuation allowance in 2010 and 2011 was $900 and $400.

Net income (loss) per share

The net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common outstanding. Warrants, stock options, and common stock issuable upon the conversion of the Company's preferred stock (if any), are not included in the computation if the effect would be anti-dilutive and would increase the earnings or decrease loss per share.

Revenue recognition

Revenue is recognized on an accrual basis after services have been performed under contract terms, the service price to the client is fixed or determinable, and collectability is reasonably assured.

Financial Instruments

The carrying value of the Company’s financial instruments, as reported in the accompanying balance sheets, approximates fair value.

Long-Lived Assets

In accordance with ASC 350, the Company regularly reviews the carrying value of intangible and other long-lived assets for the existence of facts or circumstances, both internally and externally, that may suggest impairment. If impairment testing indicates a lack of recoverability, an impairment loss is recognized by the Company if the carrying amount of a long-lived asset exceeds its fair value.

Stock based compensation

The Company accounts for employee and non-employee stock awards under ASC 718, whereby equity instruments issued to employees for services are recorded based on the fair value of the instrument issued and those issued to non-employees are recorded based on the fair value of the consideration received or the fair value of the equity instrument, whichever is more reliably measurable.

Advertising costs

Advertising costs are expensed as incurred. The Company recorded no advertising costs in 2010 and 2011.

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NOTE 2. NOTES PAYABLE

At December 31, 2010 and 2011 the Company had a note payable outstanding of $15,000, bearing interest at 8% per annum, unsecured, convertible into common stock at an unspecified price, with principal and interest due in September 2011.

Interest expense on the note for the years ended December 31, 2010 and 2011 was $1,200 each year, and accrued interest related to the notes payable at end 2010 and 2011 was $1,590 and $2,790.

NOTE 3. STOCKHOLDERS' EQUITY

Common stock

The Company as of December 31, 2010 and 2011 had 100,000,000 shares of authorized common stock, $.001 par value, with 10,000,000 shares issued and outstanding.

Preferred stock

The Company as of December 31, 2010 and 2011 had 25,000,000 shares of authorized preferred stock, $.001 par value, currently undesignated as to terms and conditions, with no shares issued or outstanding.

NOTE 4. GOING CONCERN

The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood will be required to make significant future expenditures in connection with continuing marketing efforts along with general administrative expenses. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company may raise additional capital through the sale of its equity securities, through an offering of debt securities, or through borrowings from financial institutions. By doing so, the Company hopes through increased marketing efforts to generate greater revenues from sales of its bounty hunting services. Management believes that actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Disclosure Controls and Procedures - Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report.

These controls are designed to ensure that information required to be disclosed in the reports we file or submit pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our CEO/CFO to allow timely decisions regarding required disclosure.

Based on this evaluation, our CEO/CFO have concluded that our disclosure controls and procedures were effective as of December 31, 2011, at the reasonable assurance level. We believe that our financial statements presented in this annual report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows for all periods presented herein.

Inherent Limitations - Our management, including our CEO/CFO, does not expect that our disclosure controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdown can occur because of simple error or mistake. In particular, many of our current processes rely upon manual reviews and processes to ensure that neither human error nor system weakness has resulted in erroneous reporting of financial data.

Changes in Internal Control over Financial Reporting – There were no changes in our internal control over financial reporting during our fiscal year ended December 31, 2011, which were identified in conjunction with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, our management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission .

Management believes that, as of December 31, 2011, our internal control over financial reporting was effective.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth information regarding our executive officers and directors:

Name	Age	Position
Jay Kelman	60	Chief Executive Officer, Chief Accounting Officer, Chief Financial Officer, and Director
Danielle Abrahams	36	Secretary and Director
Mark S. Cerullo	47	Director
Matt Hess	32	Director
Robert Copley	69	Director

The above listed officers and directors will serve until the next annual meeting of the shareholders or until their death, resignation, retirement, removal, or disqualification, or until their successors have been duly elected and qualified. Vacancies in the existing Board of Directors are filled by majority vote of the remaining Directors. Officers serve at the will of the Board of Directors.

Resumes

Jay Kelman has been our chief executive officer, chief accounting officer, chief financial officer and director since January 1, 2012. Prior to his retirement five years ago, Mr. Kelman worked as a pharmaceutical representative for Gordon Associates in New York. Mr. Kelman received a Masters of Science degree from Boston University and a Bachelor of Science degree from University of Southern California. He devotes approximately 20 hours per week to our affairs.

Danielle Abrahams has been our Secretary and a director of our Company since March 2007. In addition, Ms. Abrahams has been our Office Manager since March 2007. In addition to her positions with our Company, since July 2007 she has been an office manager with Winchester Chiropractic & Wellness Center, Centennial, Colorado. Prior, from October 2005 through June 2007 Ms. Abrahams worked part time as an independent bookkeeper. Ms. Abrahams received a Bachelor of Science degree in Biology from the University of Colorado–Denver in 1996 and an Associate of Animal Technology degree from Bel-Rea Institute in 1997. She devotes approximately 10 hours per week to our affairs.

Mark S. Cerullo has been a director of our Company since March 2007. In addition to his position with our Company, since July 2005 Mr. Cerullo has been an asset manager for OfficeScapes, Inc., Denver, Colorado. From November 2004 through June 2005, he was the manager of Baseball University, Denver, Colorado. Prior, he was employed for five years as the General Manger of Big "O" Tires, Denver, Colorado. He devotes only such time as necessary to our business.

Matt Hess has been a director of our Company since March 2007. In addition to his position with our Company, since April 2007 Mr. Hess has been employed by Qwest Communications, Denver, Colorado as a lead engineer. Prior, from January 2007 through April 2007, he was employed by Avaya, Inc. as a support communications engineer. From February 2006 through December 2006 he was employed by Ooma, Inc. as a senior operations engineer. He devotes only such time as necessary to our business.

Robert Copley has been a director of our Company since March 2007. In addition to his position with our Company, since April 2007 Mr. Copley has been self employed as a bail bondsman. From October 2000 through April 2007 Mr. Copley was a contract bail enforcement agent. He devotes only such time as necessary to our business.

We have appointed Mr. Kelman as an officer and director as a result of his extensive background in sales and business. We have elected Mr. Copley as a director as a result of his extensive experience in our industry. Ms. Abrahams was elected as a director as a result of her significant experience in our business affairs as a result of her serving as our Office Manager for in excess of three years. Neither Messrs. Cerullo nor Hess have had any experience in our industry and were elected as directors of our Company as a result of their relationship with our principal shareholders. Neither of the aforesaid two individuals possess any particular skill, qualification or experience that would ordinarily qualify them to serve as directors of a public company. We believe that we are unable to attract more experienced individuals to serve as directors because we have not obtained director and officer liability insurance and do not expect to purchase the same in the future. This may preclude our ability to attract experienced business people as officers and/or directors due to the potential liabilities that accrue to public companies.

Board Committees

As of the date of this report we do not have any committees of our board of directors. We expect to appoint outside directors to serve on our Board in the near future, but as of the date of this report we have not identified such prospective directors. Once appointed, we expect to form an audit committee, a compensation committee, a corporate governance committee and a nominating committee.

Family Relationships

There are no family relationships between any of our directors or executive officers.

Conflicts of Interest

Members of our management are associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and directors of our Company. Insofar as the officers and directors are engaged in other business activities, management anticipates it will devote only a minor amount of time to our affairs.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors and persons owning more than ten percent of the common stock, to file initial reports of ownership and changes in ownership with the Securities and Exchange Commission. Additionally, Item 405 of Regulation S-K under the 34 Act requires us to identify in its Form 10-K and proxy statement those individuals for whom one of the above referenced reports was not filed on a timely basis during the most recent year or prior years. We have nothing to report in this regard.

Code of Ethics

Our board of directors has not adopted a code of ethics but plans to do so in the future.

ITEM 11. EXECUTIVE COMPENSATION

We have not and do not expect to pay salaries to any of our executive officers or directors until such time as we are able to secure profitability. Our board will convene at that time to determine an appropriate compensation package for our directors. However, it is not anticipated that any of our executive officers will receive material compensation in the foreseeable future. Although no payments to directors have been made, they may be reimbursed for actual expenses incurred for each meeting of the board that they attend.

Employment Agreements

None of our executive officers is party to an employment agreement with us.

Stock Plan

We have not adopted any stock option or other employee plans as of the date of this report. We may adopt such plans in the future.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table contains certain information regarding beneficial ownership of our common stock as of the date of this report by (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) each of our officers and directors, and (iii) all directors and executive officers as a group. The percentages indicated below are derived from the 10,000,000 shares of common stock that are issued and outstanding as of the date of this report.

Title of Class	Name and Address Of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent Of Class
Common	Jay Kelman (1) 1114 Acoma St., #16 Denver, CO 80204	0	0.0%
Common	Gabriele Family Trust (2) 132 West 11th Ave. Denver, CO 80204	2,500,000	25.0%
Common	AccessAmerica Assistive Technologies, Inc. (3) 70 Ogden #210 Denver, CO 80218	2,220,000	22.2%
Common	Robert Copley(1) 132 West 11th Ave. Denver, CO 80204	50,000	1.0%
Common	Mark S. Cerullo(1) 9425 Wickerdale Ct. Highlands Rach, CO 80130	150,000	2.0%
Common	Matt Hess(1) 22959 E. Smokey Hill Rd. #1108 Aurora, CO 80015	50,000	1.0%
Common	Danielle Abrahams (1) 21468 Tallkid Ave. Parker, CO 80138	50,000	1.0%
Common	All Officers and Directors As a Group (5 persons)	2,950,000	29.5%

Other 5% shareholders

Title of Class	Name and Address Of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent Of Class
Common	Frank Ficarra(4) 132 West 11th Ave. Denver, CO 80204	2,650,000 (5) (6)	26.5%

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(1) Officer and director of our Company.
(2) The beneficiaries of this trust are Kamryn Abrahams, who is the emancipated daughter of Danielle Abrahams, and Joseph Ficarra, who is the son of Frank Ficarra. Frank Ficarra and Danielle Abrahams each disclaim any beneficial ownership of these shares.
(3) The principal of this company is David Cerullo.
(4) Former officer and director of our Company
(5) These common shares are held in the name of Abrahams Family Trust. Frank Ficarra, our former president and a director, is the trustee of this trust and in his capacity as trustee, controls the disposition of these shares.
(6) Includes 150,000 common shares owned by Mr. Ficarra, individually.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

We operate from our offices at 132 West 11th Ave., Denver, Colorado 80204. This space is provided to us on a rent free basis by our former president.

There have been no other related party transactions, or any other transactions or relationships required to be disclosed pursuant to Item 404 of Regulation S-K.

Director Independence

None of our current directors are deemed "independent" pursuant to SEC rules. We anticipate appointing independent directors in the foreseeable future.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Fees Paid to Independent Registered Public Accounting Firms

The following table presents fees for professional audit services rendered by Ronald R. Chadwick, P.C., our independent accountant, during our fiscal years ended December 31, 2011 and December 31, 2010:

	December 31, 2011	December 31, 2010
Audit Fees	$ 3,757	$ 4,700
Audit Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	$ 3,757	$ 4,700

Audit Fees. Consist of amounts billed for professional services rendered for the audit of our annual financial statements included in our registration statement and this Annual Report on Form 10-K for our fiscal year ended December 31, 2011 and reviews of our interim financial statements.

Tax Fees. Consists of amounts billed for professional services rendered for tax return preparation, tax planning and tax advice.

All Other Fees. Consists of amounts billed for services other than those noted above.

We do not have an audit committee and as a result our entire board of directors performs the duties of an audit committee. Our board of directors evaluates the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following exhibits are included herewith:

Exhibit No.	Description
31.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Following are a list of exhibits which we previously filed in other reports which we filed with the SEC, including the Exhibit No., description of the exhibit and the identity of the Report where the exhibit was filed.

No.	Description	Filed With	Date
3.1	Amended and Restated Articles of Incorporation	Form S-1 Registration Statement	August 10, 2010
3.2	Bylaws	Form S-1 Registration Statement	August 10, 2010
10.1	Convertible Promissory Note and Amendment thereto	Form S-1/A1 Registration Statement	October 14, 2010
10.2	Form of Service Agreement	Form S-1/A1 Registration Statement	October 14, 2010

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned thereunder duly authorized.

BUREAU OF FUGITIVE RECOVERY, INC.

Dated: March 15, 2012	By:	/s/ Jay Kelman Jay Kelman Chief Executive Officer, Chief Financial Officer

In accordance with the Exchange Act, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 30, 2011.

Signature	Title	Date
s/ Jay Kelman Jay Kelman	Director	March 15, 2012
s/ Danielle Abrahams Danielle Abrahams	Director	March 15, 2012
s/ Mark S. Cerullo Mark S. Cerullo	Director	March 15, 2012
s/ Matt Hess Matt Hess	Director	March 15, 2012
s/ Robert Copley Robert Copley	Director	March 15, 2012