
BUILDING BRIDGES TO SUCCESS

Iowa Prison Industries

FY2012 Annual Report





The cover of this year's Annual Report features the Principal Riverwalk Center Street Bridge in Des Moines, a pedestrian bridge spanning 400 feet across the Des Moines River.

We like to say that Iowa Prison Industries provides “Bridges to Success” for offenders incarcerated at Iowa’s state prisons. The work training programs of IPI provide offenders with an opportunity – an opportunity to walk away from their previous ways of thinking and acting, to a new pattern of behavior as responsible and productive citizens. To be sure, not every released offender will choose to cross that bridge, but study after study shows that work training programs are among the most effective tools in reducing recidivism.

The FY2012 Annual Report of Iowa Prison Industries was developed by Levi Ward, a marketing intern from Iowa State University. Levi captured the striking photographs of the Center Street Bridge, along with many other images throughout this report. The finished product was professionally printed by the Graphic Arts department at the Anamosa State Penitentiary.

LETTER FROM THE GOVERNOR



*Terry E. Branstad
Governor of Iowa*

Iowa Prison Industries provides a valuable service to Iowans through their inmate training programs. Most offenders are eventually released back to Iowa communities, and those that have been trained by IPI are more likely to stay out of prison and become responsible taxpayers once again. And the skills that they obtain in areas such as welding, machining,

and equipment operation are much needed by Iowa manufacturers. Iowa Prison Industries is self-funding and receives no appropriation. IPI is able to provide these programs at no cost to taxpayers by supplying high quality products to government agencies and nonprofits. I can personally attest to the excellent quality of IPI products – over the years IPI has furnished the Governor’s office and conference room with top quality furniture that we enjoy to this day.

Please join me in congratulating Iowa Prison Industries on a record setting performance in FY2012.



LETTER FROM THE DOC DIRECTOR



*John Baldwin, Director,
Department of Corrections*

One of the most effective strategies in achieving the Iowa Department of Corrections mission “to advance successful offender reentry to protect the public, staff and offenders from victimization” is the program of work training provided by Iowa Prison Industries. Many of the offenders working in IPI programs have not previously held any responsible job, and come in lacking the basic skills necessary to successfully reenter

society – showing up for work, producing a quality product, working in a team environment. Iowa Prison Industries gives offenders an opportunity to develop these skills, as well as specific vocational training such as welding, machining, computer aided design, or operating a forklift.

Numerous studies have shown that work training and vocational education are among the most successful programs in reducing recidivism – the likelihood that a released offender will end up back in prison. Since nearly 90% of Iowa’s prison inmates will eventually be released, reducing recidivism is a critical effort for the DOC. Those

offenders that have worked with Iowa Prison Industries are less likely to commit new crimes and return to prison. As a result, the programs of IPI mean there are fewer crime victims, fewer costs to investigate and prosecute crimes, and fewer costs to house and feed repeat offenders.

IPI programs also make Iowa’s prisons safer and less costly to operate – when these 550 inmates are “at work”, the institutions can reallocate their supervisory resources, and the offenders have less time and inclination to engage in counterproductive activities. And because a job with Iowa Prison Industries is highly valued among inmates, IPI provides a reward system that correctional staff can use to successfully manage inmate behavior.

Fiscal Year 2012 was a record year for Iowa Prison Industries, which is a testimony to their high quality and customer service standards. As always, IPI programs operate at no cost to taxpayers – IPI is completely self funding, and in fact during FY2012 returned more than \$1.4 million to the state’s General Fund and the institutions.

And so, on behalf of the entire Department of Corrections, I thank the staff of Iowa Prison Industries for their commitment to the overall DOC mission, and their service to the people of Iowa.



LETTER FROM THE IPI DIRECTOR



Dan Clark, Director,
Iowa Prison Industries

To the Customers, Employees and Friends of Iowa Prison Industries,

"It is the intent of this division [IPI] that there be made available to inmates of the state correctional institutions opportunities for work in meaningful jobs..."

With this "Statement of Intent" found in section 904.801 of the Iowa Code, the Iowa Legislature established its vision for Iowa Prison Industries. The legislators described their intent that IPI help offenders at our state institutions do such things as develop positive attitudes, make restitution to their victims, and accumulate savings prior to their release. In this Annual Report, we describe how Iowa Prison Industries carries out this legislative intent, and cover some of the highlights of FY2012 as well.

One major highlight of the year was the release of a new study by the Iowa Department of Corrections measuring the Return on Investment for various criminal justice programs, including Iowa Prison Industries. The study estimated the 10-year savings due to reduced crimes, fewer victims, and lower costs of incarceration. For the year 2011 alone, the study estimated that the work training programs of Iowa Prison Industries have saved taxpayers an impressive \$4.1 million.

In addition to this \$4.1 million saved by taxpayers, IPI's Private Sector and Commissary operations returned an additional \$1.4 million to DOC institutions and Iowa's General Fund during FY2012!

As measured by offender training hours and financial results, IPI made great strides in FY2012, as all three segments (*Traditional Industries, IPI Farms, and Private Sector*) achieved record results. This was due to the skill, dedication and hard work of the IPI team, as well as the support of customers and friends throughout the state.

For FY2012, the *Traditional Industries* segment of Iowa Prison Industries delivered record high offender training hours of 844,284, or 406 offenders on an FTE basis. Net sales likewise reached a record high of \$23.5 million, a 17% growth over the previous year. Net Sustainable Income nearly doubled to \$2.0 million, which allowed IPI to make

much needed investments in machinery and equipment. IPI's shops were kept busy with strong sales of dormitory furniture, as both Iowa State University and the University of Iowa reported record enrollments, each surpassing 31,000 students. But many other product lines experienced strong demand as well, including signs, textiles, Braille, cleaning chemicals and filters.

IPI Farms, which operate on a calendar year basis, provided offenders with 14,806 hours of agricultural training (35% growth over prior year), including production of corn and beans, feeder calves, and garden crops for institutional consumption. Net sales in 2011 grew 25% to \$1.5 million and Net Sustainable Income rose to nearly \$0.5 million. Of course, the 2011 results (the most recent reporting period for *IPI Farms*) don't reflect the terrible drought conditions experienced across the state during this past summer, and we are harvesting crops as of this writing.

The *Private Sector Operations* of Iowa Prison Industries also delivered stellar results in FY2012, with offender training hours reaching 290,330 (140 FTEs), a growth of 12% over last year. Gross Wages paid to offenders rose to \$2.7 million, a jump of 18%. Offenders working in IPI's Private Sector Programs are allowed, by law, to keep 20% of these gross wages, with the balance withheld for such items as income taxes, child support, and victim restitution, as well as the cost of their own incarceration. All of these accounts, including the Room and Board amounts, retained by the state prisons and Iowa's General Fund increased substantially.

During FY2012, we welcomed Marcia Nichols to the IPI Advisory Board as labor representative, but we lost a valued member of the Anamosa staff in Chris Gilmore, who passed away suddenly at age 48. Almost one year later, Chris is still deeply missed.

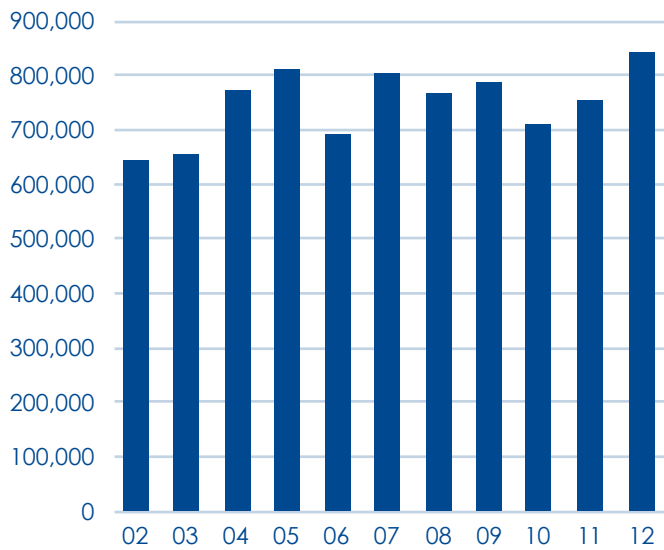
As we look ahead to FY2013 and future years, we remain focused on delivering excellent value, quality and service to our customers, while providing offenders with the opportunity to develop personal responsibility and valuable work skills, and indeed, the chance to change their lives for the better. In so doing, IPI will continue to benefit all of Iowa's taxpayers and citizens.

On behalf of the Iowa Prison Industries team, I invite you to enjoy our FY2012 Annual Report, which provides more details about our statewide operations, and also touches on some of the highlights of the past year.

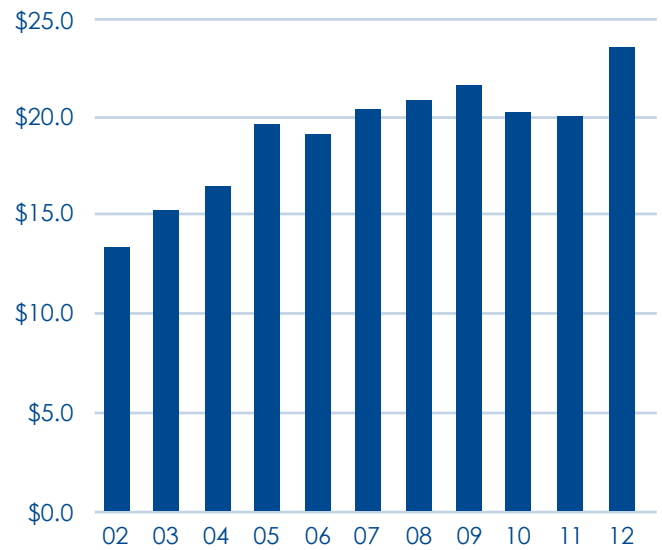


TRAINING HOURS & SALES

Training Hours for IPI Traditional Industries



Net Sales for IPI Traditional Industries (\$ millions)



IOWA CODE §904.801 – STATEMENT OF INTENT

It is the intent of this division that there be made available to inmates of the state correctional institutions opportunities for work in meaningful jobs with the following objectives:

1 To develop within those inmates willing to accept and persevere in such work:

- a Positive attitudes which will enable them to eventually function as law-abiding, self-supporting members of the community;
- b Good work habits that will assist them in eventually securing and holding gainful employment outside the correctional system;
- c To the extent feasible, marketable skills that can lead directly to gainful employment upon release from a correctional institution.

2 To enable those inmates willing to accept and persevere in such work to:

- a Provide or assist in providing for their dependents, thus tending to strengthen the inmates' family ties while reducing the likelihood that inmates' families will have to rely upon public assistance for subsistence;
- b Make restitution, as the opportunity to do so becomes available, to the victims of the offenses for which the inmates were incarcerated, so as to assist the inmates in accepting responsibility for the consequences of their acts;
- c Make it feasible to require that such inmates pay some portion of the cost of board and maintenance in a correctional institution, in a manner similar to what would be necessary if they were employed in the community;
- d Accumulate savings so that such inmates will have funds for necessities upon their eventual return to the community.

IPI ADVISORY BOARD



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Financial Representative & Board Chair
Drake University
West Des Moines



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Former Iowa Senator
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Mount Pleasant



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Manufacturing Representative
PDM Distribution, Inc.
Ames



THOMAS PHILLIPS
BOP Representative
Iowa Board of Parole
Waukee

The Iowa Prison Industries Advisory Board plays a key role in the success of IPI, one that has been recognized by the State Legislature by codifying its responsibilities and authority. The board approves new business ventures and the overall operating plans of IPI for all three segments: *Traditional Industries*, *IPI Farms*, and *Private Sector*. In addition, the Board provides expert advice to the director and staff of IPI.

Board meetings are held quarterly and rotate among the state institutions where IPI operations are located. The schedules, agendas and minutes for Board Meetings are available on the IPI website.

The makeup of the board is intended to provide a diverse collection of viewpoints and experience. Five board members are appointed by the Governor to represent distinct sectors: Agriculture, Finance, Labor, Manufacturing, and Vocational Education. Two others represent the Department of Corrections and the Iowa Board of Parole.

§904.801 (1a)

“To develop *positive attitudes* which will enable them to eventually function as law-abiding, self-supporting members of the community.”

IPI MANAGEMENT TEAM



DAN CLARK
IPI Director



CATHY BENEDICT
Chief Financial Officer



ROBERT FAIRFAX
Sales & Marketing Manager



MIKE LYNCH
Farms Director



BECKY MUNOZ
Ft. Madison Plant Manager
Mt. Pleasant Plant Manager



SHAWN PRESTON
Mitchellville Plant Manager
Newton Plant Manager



AL REITER
Anamosa Plant Manager
Rockwell City Plant Manager



CLINT SCHMIDT
Des Moines Operations Manager

Total Satisfaction Guarantee

“We guarantee your Total Satisfaction on all purchases from Iowa Prison Industries! If you are unsatisfied with the quality of the materials or workmanship, we will adjust, repair or replace to YOUR satisfaction.”

--Dan Clark, Director IPI

\$904.801 (1a) – In Action

IPI's work training programs help “rewire” unproductive thought patterns. Offenders learn the inherent value of work as they produce quality products that meet customer expectations. As they develop new skills and learn to take responsibility, offenders see firsthand the results of their efforts and feel the satisfaction of doing a good job.

FY2012 HIGHLIGHTS

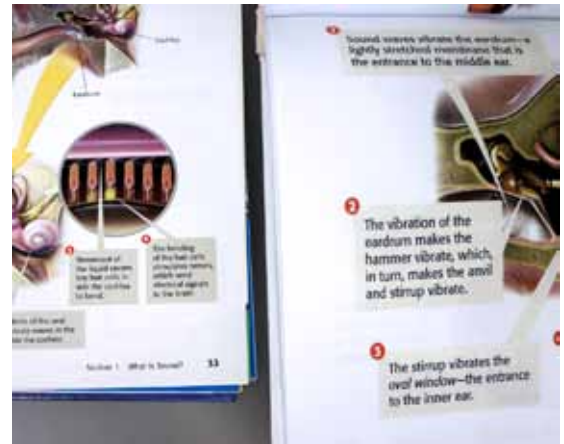
New Food Safety Program

IPI provides training to 40 offenders at its Central Commissary, located within the Newton Correctional Facility. This “pick-and-pack” distribution center supplies nearly 1,000 SKUs of snacks, personal care products, music CDs and other sundries to each of Iowa’s nine state prisons. Processing over 240,000 orders annually, offenders utilize advanced scanning technology and integrated software systems that were updated over the last year. During FY2012, offenders also developed and implemented a new Food Safety Program covering everything from Master Sanitation Schedules to Product Recall Policies to Self Directed Inspection Teams.



IPI Introduces Large Print Textbooks

IPI’s Anamosa Braille Center provides great training opportunities to nearly 25 offenders. Certified by the U.S. Library of Congress, this group includes Braille transcriptionists for music and mathematics, considered to be the most advanced and difficult specialties. Over the course of the past year, the Braille Center and Graphic Arts departments at Anamosa developed the capability to transcribe and produce Large Print textbooks for the Iowa Department for the Blind. Now, Iowa Prison Industries can meet the needs of all of Iowa’s sight impaired students, as well as a large number of out of state schools.

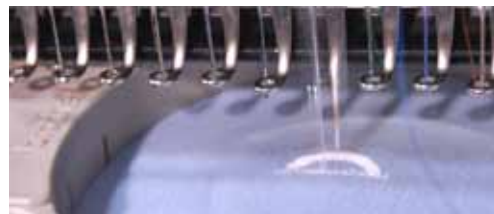


§904.801 (1b)

“To develop *good work habits* that will assist them in eventually securing and holding gainful employment outside the correctional system.”

FY2012 HIGHLIGHTS

Consolidation of Textiles Production



In FY2012, IPI's two Textiles Operations were consolidated at the Iowa Correctional Institution for Women in Mitchellville. Now, garment production, embroidery and fabric printing are gathered under one roof, ensuring "seamless" order fulfillment for IPI customers. Training up to 40 offenders at any one time, the Textiles Operation provides inmate apparel such as jeans and jackets, flat goods such as sheets and blankets, kitchen and hospital apparel, as well as custom embroidered and printed garments.

The State Turns Green



Throughout 2012, all state buildings, public schools, community colleges and Regents universities were required to transition to using "green" cleaning products in place of conventional chemicals, and Iowa Prison Industries was there to assist in the conversion. Besides manufacturing green certified cleaning products at the Iowa Correctional Institution for Women in Mitchellville, IPI provided onsite technical support and training to customers as they made the conversion. IPI provides green products for buildings throughout the State Capitol complex, correctional facilities throughout the state, and more than 100 buildings at Iowa State University.

§904.801 (1b) – In Action

IPI provides an opportunity for offenders to learn the basic habits needed to hold a steady job once they re-enter society – showing up on time, working steadily, being accountable for results, and working with others in a cooperative manner. Offenders must interview for a position with IPI, and then receive regular performance reviews, are eligible for promotions and merit raises, and receive assistance with resumes.

FY2012 HIGHLIGHTS

Improved Sustainability

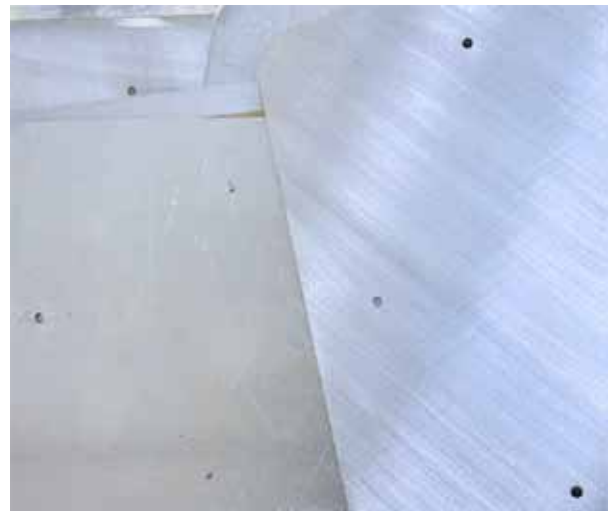


Each year, more organizations have sought to improve the sustainability of their operations, and Iowa Prison Industries is there to assist customers in lowering their costs and reducing waste going to the landfill.

Mitchellville offenders provide reupholstery service to churches, local universities, state agencies and healthcare organizations. Typically, a reupholstered chair or sofa will cost 40-50% less, yet look and perform identically to a new one.

Another group of offenders at Mitchellville refurbishes modular office systems. The restored work surfaces, wall panels, and filing cabinets look and perform as good as new. IPI's customers improve their sustainability and save money at the same time.

Signs, Signs, Everywhere Are Signs



The Sign Shop at the Anamosa State Penitentiary supplies the single largest product line for IPI. Processing thousands of orders each year, the Sign Shop manufactures a wide variety of products – including street and highway signs, wayfinding and construction signs, banners and vehicle decals. Up to 50 offenders work in the Sign Shop, learning skills such as silk screen printing, machining, graphic arts, quality assurance, inventory management, and customer service!

During FY2012, Iowa Prison Industries installed a new sign sander to speed the process of recycling used signs from cities and counties across the state.

§904.801 (1c)

“To the extent feasible, develop *marketable skills* that can lead directly to gainful employment upon release from a correctional institution.”

FY2012 HIGHLIGHTS

Agricultural Training Programs



IPI Farms provides important agricultural training opportunities to offenders in Anamosa, Fort Madison and Newton. Working “outside the fence”, these minimum security offenders participate in Iowa Prison Industries training programs covering row crop production of corn and soybeans and cow-calf operations. Like any farmer, much of their day is spent repairing fences, putting up machine sheds, shoring up dikes, and digging stock ponds. In addition, the IPI Farms team spent much of 2011 preparing for a new garden operation at Farm 3 in Montrose that will supply state prisons with fruit and vegetables.



License Plate Replacement Begins

License plates for Iowa’s 4.2 million registered vehicles (autos, buses, trucks, and trailers) are produced by Iowa Prison Industries at the Anamosa State Penitentiary. In FY12, plate characters were changed from blue ink to black. The change increases the background contrast and made license plates easier to read, an important feature for law enforcement. The change also made plate production more consistent and cost-effective.



Late last year, the Iowa Department of Transportation, in cooperation with Iowa’s 99 county treasurers, began implementing a “rolling” replacement cycle for those plates that have reached an age beyond their usual lifespan.

Under the replacement cycle, all currently issued license plates will be replaced over the course of the next 10 years, with the oldest plates being replaced first.

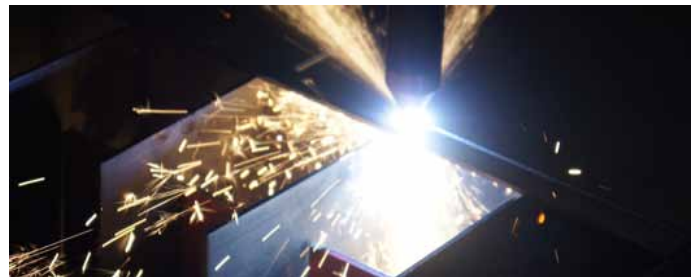
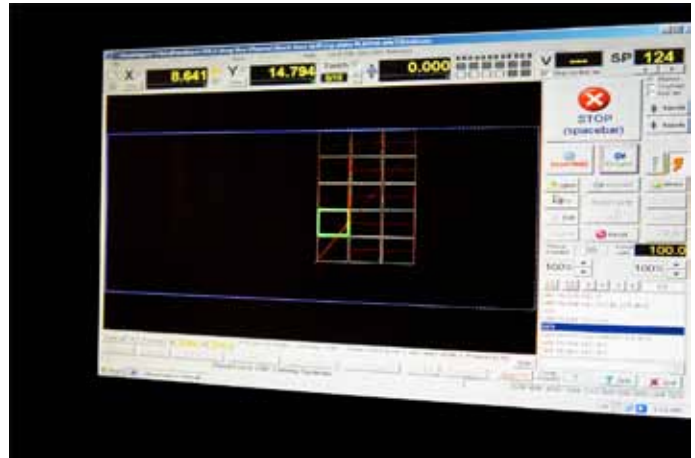
§904.801 (1c) – In Action

At Iowa Prison Industries, offenders are trained and certified in skills such as welding, machine tool operation, forklift driving, Braille transcription, Computer Aided Design (AutoCAD), and use of ERP systems for production and inventory management.

FY2012 HIGHLIGHTS

Advanced Machining Center

The Metal Furniture Shop at Anamosa produces such items as school furniture, library shelves, and student lockers. This past year, IPI invested in a computer-controlled plasma cutting table. Using high energy plasma, the machine can cut through steel up to one inch thick, producing complex shapes. This advanced machining center provides offenders with state-of-the-art training skills that can be readily applied upon their release.



Custom Furniture For ISU's New President



Iowa State University welcomed its 15th president, Dr. Steven Leath, in September 2011. The Custom Wood Operation at Anamosa was proud to design and manufacture furniture for Dr. Leath's office in Beardshear Hall, as well as his private residence in The Knoll. Crafted from quartersawn white oak and red mahogany, the pieces included a rolltop desk, conference table, office desk, and printer stand.



§904.801 (2a)

“Provide or assist in *providing for their dependents*, thus tending to strengthen the inmates' family ties while reducing the likelihood that inmates' families will have to rely upon public assistance for subsistence.”

FY2012 HIGHLIGHTS

Habitat For Humanity



In November 2011, IPI joined forces with the Restorative Justice Program in Fort Madison to manufacture casework and trim for Habitat For Humanity affiliates across Iowa. This cabinetry is custom designed and handcrafted by highly skilled offenders, and utilizes tongue-and-groove joints throughout for added strength. Interiors are made from architectural grade super-ply Baltic Birch. The drawers feature dovetail joinery in both front and back, providing greater strength and durability. The cabinets are easy to clean and maintain, with a multi-coat sealer system that provides a durable waterproof finish.



Offenders in IPI's work training program use AutoCAD software to design the kitchen and bathroom cabinetry, working with HFH volunteers around the state to make sure each home is ready for its new family.

Specifically designed to be sturdy and maintenance-free, the cabinets built by Iowa Prison Industries are perfect for first-time homeowners.

Safety is the First Priority at IPI

The safety of staff and offenders is always a primary concern for Iowa Prison Industries. For that reason, IPI recently began a project to replace all table saws in Mount Pleasant and Fort Madison with equipment utilizing the SawStop® technology, which automatically stops and retracts the blade on human contact. Mount Pleasant now features an Industrial Cabinet Saw, the top-of-the-line model that is both precise and heavy duty. New investments in modern equipment help ensure a safe working environment, high quality processes and finishes, and work training programs that mirror civilian society.



\$904.801 (2a) – In Action

In the last fiscal year, offenders working in IPI's Private Sector, Traditional Industries, and Farms programs earned \$1.2 million in net pay and allowances. Offenders use these earnings to support their families, pay restitution, fund savings accounts, and purchase canteen items.

FY2012 HIGHLIGHTS

Fort Madison Middle School

One of the larger projects completed in the summer of 2012 was the new middle school for the Fort Madison Community School District. IPI furnished the circulation desk, front office furniture, cabinetry, lockers, tables and chairs, bookshelves, and magazine racks.

“ Please let the craftsman in your furniture making department know how much we love the new furniture. It is truly beautiful and enhances the library. Thanks to this well-crafted and attractive furniture, our library is warm, welcoming, and a place students and adults want to spend time. Please thank IPI’s Brian Koechle for the precision he used to install this furniture. His attention to detail was impressive. ”

– Janice Burch, Director of Student Services
Fort Madison Community Schools



Extreme Makeover IPI Edition



When ABC’s Extreme Makeover Home Edition (EMHE) came to West Union, IA to shoot a makeover of a rundown farmhouse, IPI was eager to pitch in and help. EMHE needed furniture builders, so IPI filled out an online form detailing our builder’s capabilities. Within days, EMHE contacted IPI and asked if they could produce

metal workbenches that also included pegboards for hanging tools. The work benches would go into the family’s newly renovated garage. But there was a catch... IPI would have to design, manufacture and deliver the workbenches in just nine days!

IPI was certainly up to the task and started production of the work benches. Unfortunately, right as the deadline was looming, the Metal Furniture Shop Production Coordinator Chris Gillmore suddenly passed away. While this abrupt and shocking news caused a great deal of turmoil and anguish, the IPI team pulled

together and completed the project on time. IPI was happy to deliver these new benches that the family will surely use for years to come.

The episode featuring the West Union farmhouse aired on January 6, 2012.

§904.801 (2b)

“*Make restitution*, as the opportunity to do so becomes available, to the victims of the offenses for which the inmates were incarcerated, so as to assist the inmates in accepting responsibility for the consequences of their acts.”

FY2012 HIGHLIGHTS

Pheasants Forever Chests



Offenders at Mount Pleasant produced more than 500 specialty chests for the national habitat organization Pheasants Forever. Made using fine hardwoods such as red oak and walnut, the chests are used as auction items for fundraisers held by local Pheasants Forever chapters.



Record Year For Residence Furniture

IPI supplies 100% of the dormitory furniture needs of Iowa's three regents universities (Iowa State University, University of Iowa, and University of Northern Iowa). Record student enrollments at ISU and U of I meant that offenders were extremely busy during FY2012 producing wardrobes, desks, loft beds, and other student furniture at Mount Pleasant and Fort Madison.

Providing work training opportunities for up to 110 offenders, Iowa Prison Industries supplies residence hall furniture to a number of Iowa's private colleges and community colleges as well. During the college summer break, minimum security offenders from IPI's Move and Install program haul the furniture to each student room and assemble it.



\$904.801 (2b) – In Action

Offenders working in the IPI Private Sector program paid more than \$420,000 in Restitution and Victim Compensation during the year, and nearly \$1 million over the past three years.

FY2012 HIGHLIGHTS

Offenders Pay \$1 Million in Room & Board



The *Private Sector Operations* of IPI reached record heights over the last fiscal year. Under this program, offenders are employed by private, for-profit companies throughout the state, in businesses ranging from call centers to cargo trailer manufacturing to the printing of newspaper inserts. The businesses can operate on or off prison grounds, and in many cases, offenders work side-by-side with civilians.

Throughout FY2012, these offenders paid more than \$1 million to the state in “room and board.” Offenders employed under the private sector program receive market-based wages, but by law are allowed to keep just 20%. The remaining 80% goes toward taxes, victim restitution, child support, and to help defray the costs of the offender’s own incarceration.



Skill Certification

Even during times of high unemployment, Iowa manufacturers can still struggle to find skilled employees. The work programs offered at Iowa Prison Industries train offenders in skills such as welding, painting, machining, and fork truck operation. Prior to their release back to society, offenders have the opportunity to obtain official certification in these marketable skills. Offenders have an easier time transitioning back to society as productive citizens, and Iowa manufacturers have a larger pool of skilled workers from which to choose.



§904.801 (2c)

“Make it feasible to require that inmates *pay some portion of the cost of board* and maintenance in a correctional institution, in a manner similar to what would be necessary if they were employed in the community.”

FY2012 HIGHLIGHTS

Refurbishment Program

During 2012, IPI has expanded its equipment refurbishing program at the North Central Correctional Facility in Rockwell City. Working on pieces ranging from snow plows to truck beds, offenders sandblast, clean, repair, and powder coat equipment for the Iowa Department of Transportation and Public Works Departments across the state.



Offenders Create Gift, Receive Blessing in Return

Offenders at IPI's Fort Madison operation designed and built a custom walnut business center for the Ronald McDonald House of Iowa City in November 2011. The floor-to-ceiling center holds space for Ronald McDonald House families to stay connected with family, pay bills, and surf the Internet. The project provided a great opportunity for offenders to give something back to society, and they

were able to use their skills in computer aided design and furniture manufacturing to produce something special for the families that stay there.

Many offenders and employees related how their lives had been touched by the Ronald McDonald House, when they or someone they loved required medical treatment at the Iowa City hospitals. The Ronald McDonald House of Iowa City has been a "home away from home" for over 80,000 family members from all 99 Iowa Counties, all 50 states, and 55 foreign countries.



**RONALD MCDONALD
HOUSE CHARITIES®
OF EASTERN IOWA**

§904.801 (2c) – In Action

During FY2012, the Central Commissary operated by Iowa Prison Industries collected more than \$269,000 in Incarceration Fees (the "Pay For Stay" program), in which offenders contribute to their own cost of incarceration. On top of this, offenders in the IPI Private Sector program paid more than \$1 million in "Room and Board" back to the state prisons and Iowa's General Fund.

FY2012 HIGHLIGHTS

Baysden Building Wins Multiple Design Awards



Photo courtesy of Cameron Campbell / Integrated Studio

ASK Studio of Des Moines has now won three awards for its design of the IPI Showroom in Des Moines, which opened for business in November 2009. Most recently, ASK Studio received an award in the Metal Building division of *Metal Architecture's* 2012 Design Awards. The building received the award for “its simple refinement, thoughtful solutions to lighting and excellent use of the site”. As one judge remarked, “The building shows what can be achieved with standard metal components and some design talent.”

Other awards included a Merit Award from *Residential Architect* magazine in the light commercial division of the 2012 Residential Architect Design Awards. It is one of 36 winners selected from a group of more than 800 entries. The building received the award for its beauty in simplicity. Previously ASK Studio received a 2011 AIA Iowa Excellence in Design Award of Merit from the American Institute of Architects, Iowa Chapter. ASK Studio received extra press for this award, as it was highlighted in the January 2012 issue of the *Iowa Architect* under the article “A Good Neighbor” for its respect for the neighborhood.

The IPI Showroom in Des Moines was built within a strict budget and without any taxpayer funds. The building was aptly named the Baysden Building in February 2011 after prior IPI Director Roger Baysden to honor his hard work and outstanding leadership.

Updated Website Adds New Features

On December 30, 2011, Iowa Prison Industries launched a new, fully-functional website at <http://www.iaprisonind.com>. Customers shopping on the new IPI website now enjoy advanced features such as saving shopping carts to order later, building wish lists of commonly ordered products, built-in volume discounts, and expanded product descriptions. The IPI website averages about 100 orders monthly with total sales this calendar year of over \$2 million.



Custom Furniture & Other Items On Display In The State Capitol



Top Row: IPI Director Dan Clark, Director of Sales & Marketing Bob Fairfax

Bottom Row: Lt. Governor Kim Reynolds, Governor Terry E. Branstad

IPI delivered new custom conference room furniture for the Governor's Office at the State Capitol in April 2012. This display is used daily by the Governor, Lt. Governor and their staff to conduct business for constituents across the state. The conference room features some new products and examples of our custom capabilities. The conference table, laser-engraved State Seals, coat tree, and IPI's most advanced conference chairs will provide years of valuable service.

\$904.801 (2d)

“Accumulate savings so inmates have funds for necessities upon their eventual return to the community.”

FY2012 HIGHLIGHTS

Farm To Furniture



When a number of barns and outbuildings at the Eldora State Training School needed to be razed, Iowa Prison Industries and Iowa Central Community College “deconstructed” the buildings, reclaiming valuable timber and other materials.

As part of the deconstruction program, offenders from Rockwell City attended classroom training and studied to become certified in areas such as asbestos handling, lead paint abatement, and OSHA safety. Under the supervision of ICCC and IPI, these offenders carefully disassembled Eldora’s barns and outbuildings, yielding a treasure trove of old growth Douglas Fir – the fine wood used by IPI to craft the new “Eldora Line” of furniture.



Student Intern Designs New Line of IPI Furniture

Iowa Prison Industries introduced a new line of modular furniture for spaces such as college lounges, libraries and public waiting areas in the summer of 2012. Known as the Alexander Line, the furniture was designed by Dan Neubauer, a furniture design intern from Iowa State University. Named as one of Iowa’s Emerging Artists in

2012 by the prestigious Des Moines Arts Festival®, Neubauer created a versatile system of components that can be configured in countless ways, such as serpentine or circular groupings. Customers can select from a multitude of chair and sofa designs, with coordinating accessory pieces such as connector tables and ottomans available.



\$904.801 (2d) – In Action

Every offender is required to contribute part of their pay and allowances to a mandatory Savings Account, up to \$100. Offenders receive their savings account balance when they re-enter society.

FINANCIAL STATEMENTS: TRADITIONAL INDUSTRIES

FY2012 vs FY2011

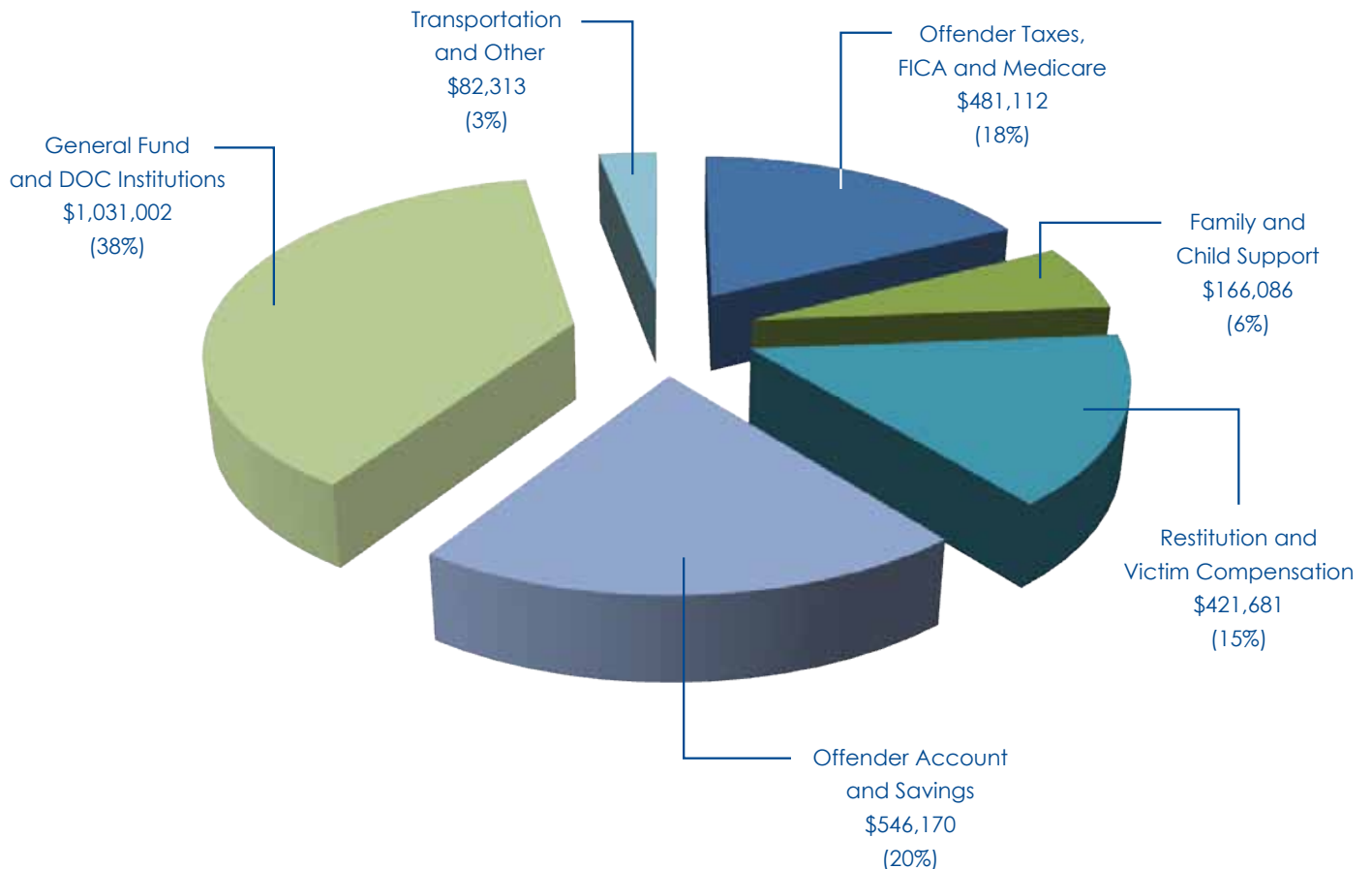
Income Statement	FY2012	FY2011	Increase/(Decrease)
Sales	23,474,735	20,060,532	3,414,203
Cost of Goods Sold	<u>16,667,476</u>	<u>14,537,561</u>	<u>2,129,915</u>
Gross Profit	6,807,259	5,522,971	1,284,288
Operating Expenses	4,353,007	3,990,584	362,423
Canteen Redistribution	409,756	483,617	(73,861)
Net Sustainable Income / (Loss)	2,044,496	1,048,770	995,726
Balance Sheet	FY2012	FY2011	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	3,221,103	2,989,645	231,485
Accounts Receivable	3,402,408	2,547,006	855,402
Inventory	8,309,015	7,955,416	353,599
Prepaid Expense	<u>210,587</u>	<u>16,179</u>	<u>194,408</u>
Total Current Assets	15,143,113	13,508,246	1,634,867
Property, Plant & Equipment			
Land	222,666	222,666	0
Machinery & Equipment	1,531,676	1,300,814	230,862
Buildings	3,056,904	3,213,789	(156,885)
Vehicles	<u>222,996</u>	<u>244,646</u>	<u>(21,650)</u>
Total Property, Plant & Equipment	5,034,242	4,981,915	52,327
TOTAL ASSETS	20,177,355	18,490,161	1,687,194
LIABILITIES & EQUITY			
Liabilities			
Accounts Payable	693,393	973,244	(279,851)
Deferred Revenue	<u>6,788</u>	<u>2,409</u>	<u>4,379</u>
Total Current Liabilities	700,181	975,653	(275,472)
Long Term Liabilities			
Accrued Vacations Payable	605,848	539,272	66,576
Accrued Sick Leave Term/Ret Pay	100,071	121,154	(21,083)
SERIP/SLIP Cash Payment	168,193	224,259	(56,066)
SERIP/SLIP Insurance Payment	<u>265,400</u>	<u>336,657</u>	<u>(71,257)</u>
Total Long Term Liabilities	1,139,512	1,221,342	(81,830)
Total Equity	<u>18,337,662</u>	<u>16,293,166</u>	<u>2,044,496</u>
TOTAL LIABILITIES & EQUITY	\$ 20,177,355	\$ 18,490,161	\$ 1,687,194

FINANCIAL STATEMENTS: PRIVATE SECTOR

FY2012 vs FY2011

	FY 2012	FY 2011	Increase / (Decrease)	
Total Hours Worked	290,330	258,833	31,497	12%
Inmates Employed (FTE)	139.6	124.4	15.1	12%
Gross Wages	2,728,364	2,317,264	411,100	18%
Withholdings for Taxes, FICA, & Medicare	481,112	408,417	72,695	18%
Court Ordered Child & Family Support	166,086	153,487	12,599	8%
Victim Compensation & Restitution Payments	421,681	352,059	69,622	20%
Other Misc Deductions	82,313	76,733	5,580	7%
Amount Paid to Inmate Account	546,170	462,983	83,187	18%
Returned to Iowa's General Fund & DOC Institutions	\$ 1,031,002	\$ 863,585	\$ 167,417	19%

Wage Disbursement for Private Sector Offenders



FINANCIAL STATEMENTS: IPI FARMS

CY2011 vs CY2010*

Income Statement	CY2011	CY2010	Increase/(Decrease)
Sales	1,451,875	1,194,714	257,161
Cost of Goods Sold	271,710	597,025	(325,315)
Gross Profit	1,180,165	597,689	582,476
Operating Expenses	714,886	563,795	151,091
Net Sustainable Income / (Loss)	465,279	33,894	431,385

Balance Sheet	CY2011	CY2010	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	418,272	383,629	34,643
Accounts Receivable and Other	1,432,240	1,020,768	411,472
Total Current Assets	1,850,512	1,404,397	446,115
Fixed Assets			
Vehicles and Buildings (net)	491,555	443,008	48,547
Total Mach/Equip/Purch Breeding Stock	607,896	631,430	(23,534)
Total Fixed Assets	1,099,451	1,074,438	25,013
Other Assets			
Land	430,203	430,203	
Prepaid Expenses and Other	182,449	128,725	53,724
Total Other Assets	612,652	558,928	53,724
TOTAL ASSETS	3,562,615	3,037,763	524,852
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	49,622	17,724	31,898
Current SERIP Insurance Payment	2,614	4,285	(1,671)
Deferred Revenue	99,687	48,748	50,939
Total Current Liabilities	151,923	70,757	81,166
Long Term Liabilities			
Accrued Vacations Payable	49,397	45,743	3,654
Non-Current SERIP Cash Payment	21,744	28,992	(7,248)
Non Current SERIP Insurance Payment	17,000	35,000	(18,000)
Total Long Term Liabilities	88,141	109,735	(21,594)
Total Equity	3,322,551	2,857,271	465,280
TOTAL LIABILITIES & EQUITY	\$ 3,562,615	\$ 3,037,763	\$ 524,852

* IPI Farms reports its results on a Calendar Year basis



PRODUCTS & SERVICES FROM IOWA PRISON INDUSTRIES

Showroom & Sales Office: 1445 E Grand Ave, Des Moines, IA 50316 • Visit Us On The Web At: www.iaprisonind.com
Sales & Customer Service: 800-670-4537 • 515-242-5770 • Signs: 800-336-5863 • Printing: 800-432-9163



Seating

Executive, Conference, Office & Task, Guest, Stackable, Stool, Education, Lounge, Restoration



Filing & Storage

File Cabinets, Bookcases, Literature Display, Storage Cabinets, Specialty Storage, Custom Cabinets & Countertops



Library Furnishings

Circulation Desks, Bookcases & Shelving, Display & Storage, Tables, Seating



Church Furnishings

Pews & Seating, Pulpits & Lecterns, Tables, General Furnishings, Furniture Restoration



Parks & Recreation

Wood, Metal & Aluminum Seating & Tables, Trash Receptacles, Smokers' Receptacles, Bike Racks, Parking Lot Products, Grills, Docks & Piers



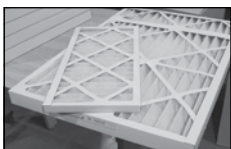
Office & School Apparel

Embroidery & Garment Printing, Knits, Wovens, T-Shirts, Activewear, Outerwear, Headwear, Briefcases & Bags, School Uniforms



Plastic Bags

Biodegradable, Recycled Content, Printed, Biohazard, Food Storage



Air Filters

Standard & High Capacity Pleated, Polyester Pad, Synthetic Pocket



Printing / Graphic Arts

Newsletters, Calendars, Annual Reports, Brochures, Business Cards, Letterhead, Envelopes, Forms, Specialty Items, Mail Services, Rubber Stamps



Braille Transcription

Book & Music Transcription, Duplication



Federal Surplus

Acquires & Makes Available to Iowa Organizations Excess Federal Vehicles & Equipment



Desks & Tables

Wood & Metal Office Systems, Modular Office Systems, Desks, Conference, Computer, General Use, Folding



School Furnishings

Classroom, Computer Lab, Science Lab, Music Room, Library, Multi-Purpose, Audio/Visual, Office & Administration, Buildings & Grounds, Outdoor Equipment



Residence Furnishings

Residential & Dormitory Beds & Accessories, Clothes Storage, Student Desks & Accessories, Lounge Furnishings



Detention Furnishings

Beds & Accessories, Mattresses, Seating, Tables, Dining Clusters, Storage



Furniture Restoration

Wood Refinishing, Metal Refurbishing, Fabric Reupholstery



Inmate Clothing & Textiles

Jeans, Scrubs, Jackets, Shirts, Undergarments, Mattresses, Bedding, Bath, Dietary Apparel, Laundry Bags



Chemicals & Cleaning

Supplies

Green Seal Certified, General, Floor Care, Warewash, Laundry, Health Care, Germicidal



Signs & Decals

No Smoking, MUTCD, Street Markers, Destination, Recreation, School Spirit, Custom, ADA Pictograms, Decals, Vehicle Markings



Retirement Gifts / Engraving Services

Nameplates, Plaques, Recognition Boards, Acrylic Awards, Clocks, Drinkware, Pen & Pencil Sets, Custom Engraving



Moving & Install

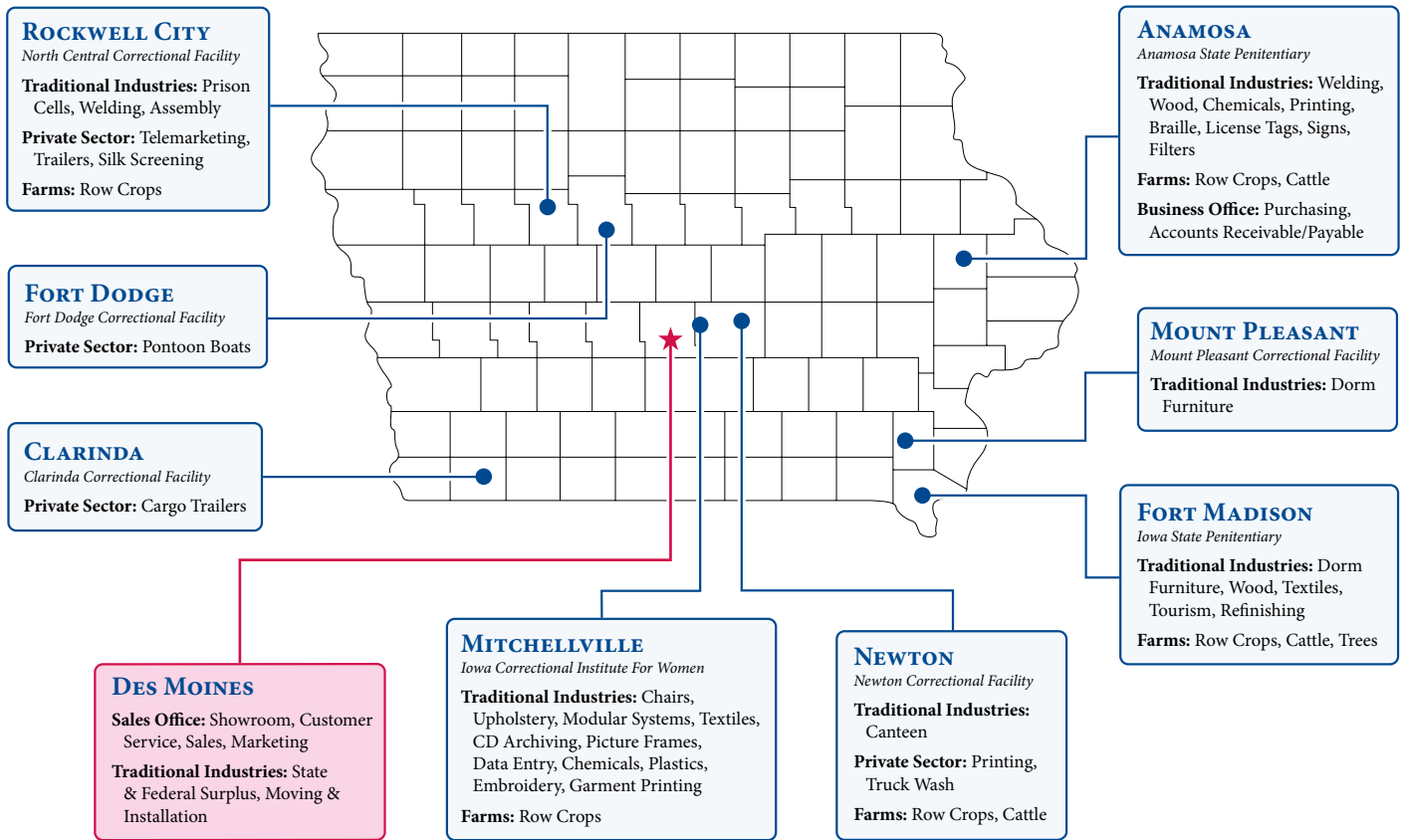
Moving & Installation of Offices, Furniture, Miscellaneous Items

Total Satisfaction Guarantee

"We guarantee your Total Satisfaction on all purchases from Iowa Prison Industries! If you are unsatisfied with the quality of the materials or workmanship, we will adjust, repair or replace to YOUR satisfaction."

--Dan Clark, Director IPI

LOCATIONS



CONTACT INFORMATION

Sales Office / Showroom

1445 E Grand Avenue
Des Moines, IA 50316
In Iowa: 800-670-4537
Fax: 515-242-5779

Robert (Bob) Fairfax, 515-242-5778
Director of Sales & Marketing

Dennis Barry, 515-242-5773
Furniture, Central Iowa & Capitol Complex

Scott Klinefelter, 515-242-5776
Furniture & Consumables, Western Iowa

Michael O'Brien, 319-350-5445
Furniture, Eastern Iowa

Kevin Peterson, 319-350-8536
Consumables, Service Statewide

Anamosa Sales Office

Signs: 800-336-5863
License Plates: 800-336-5863
DHS Forms: 800-432-1963
Print/Graphic Services: 800-432-1963
Braille Transcription: 800-332-7922

IPI Plants

Anamosa: 800-332-7922
Fort Madison: 800-382-0019
Mitchellville: 515-967-8884
Mount Pleasant: 319-385-1730
Newton: 641-791-9242
Rockwell City: 712-297-7717

Business Office

406 North High Street
Anamosa, IA 52205
Phone: 319-462-3504
Fax: 319-462-2158

Purchasing Office

406 North High Street
Anamosa, IA 52205
Phone: 319-462-3706
Fax: 319-462-2158

Federal Surplus

600 SE 18th Street
Des Moines, IA 50317
Phone: 515-266-6913

Move & Installation Services

600 SE 18th Street
Des Moines, IA 50317
Phone: 515-266-6913

IPI Farms

406 North High Street
Anamosa, IA 52205
Phone: 319-462-3504 x7708