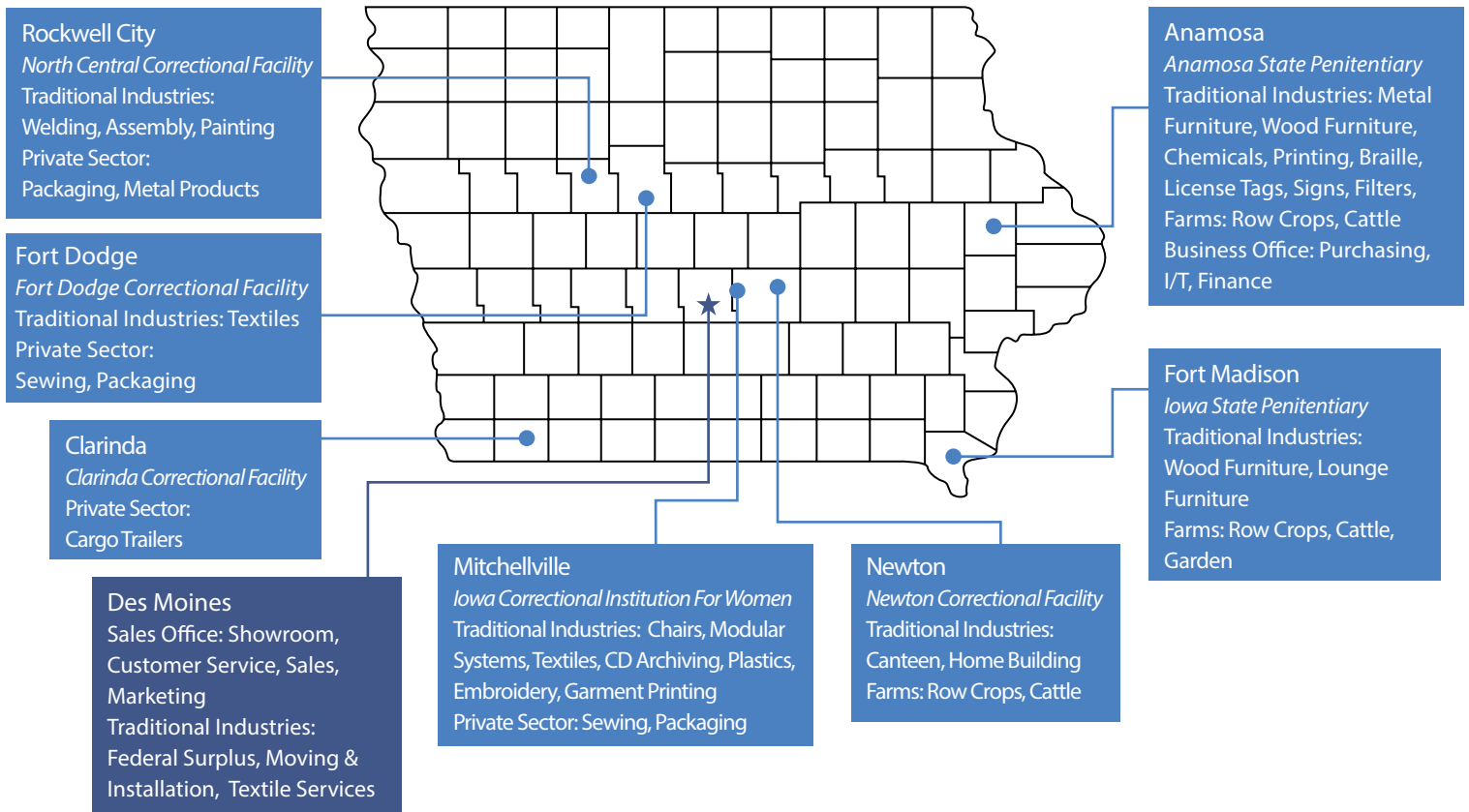


FY2019 ANNUAL REPORT



LOCATIONS



CONTACT INFORMATION

Sales Office/Showroom
 800-332-7922 | Fax: 800-741-0390
 1445 E Grand Ave, Des Moines, IA 50316

Bob Fairfax | 515-249-7588
 Director of Sales & Marketing

Jeff Peterson | 515-249-0694
 County, State, and Federal Government,
 Non-Profit Organizations

Albert Carr IV | 515-330-0095
 K-12 Education

Tammy Nielson | 515-669-1954
 Churches, City Government, Colleges &
 Universities, Health Care

Kevin Peterson | 319-350-8536
 DOC/DHS Institutions, Regents
 Universities, Service Statewide

Customer Service
 800-332-7922 | Fax: 800-741-0390
 1445 E Grand Ave, Des Moines, IA 50316

Sara Schnotala | 515-725-8706
 County, State and Federal Government,
 Non-Profit Organizations

Karen Donahue | 515-725-8708
 Churches, City Government,
 Health Care, Colleges & Universities

Michele Anderson | 515-725-8709
 K-12 Education, DOC/DHS Institutions

Business Office
 406 N High Street
 Anamosa, IA 52205
 Phone: 319-462-3706

Purchasing Office
 406 N High Street
 Anamosa, IA 52205
 Phone: 319-462-3706

**Federal Surplus
 Move & Install**
 600 SE 18th Street
 Des Moines, IA 50317
 Phone: 515-266-6913

IPI Farms
 406 N High Street
 Anamosa, IA 52205
 Phone: 319-462-3504 x7708

IPI Plants
 Anamosa: 319-462-3439
 Fort Madison: 319-316-7180
 Mitchellville: 515-725-5310
 Newton: 641-791-9242
 Rockwell City: 712-297-7717
 Fort Dodge: 515-705-7227

LETTER FROM THE IPI DIRECTOR



Dear friends of IPI:

Iowa Prison Industries continue to pursue its Vision of providing meaningful work training opportunities for every person. We know from extensive research conducted in Iowa and other states that work training and vocational education are among the most important factors in ensuring success for the thousands of men and women that return to Iowa communities every year from state prison.

Think back to when you last interviewed for a job – stressful, wasn't it? Now picture yourself trying to explain a felony conviction, and trying to convince the person across the desk to give you a second chance, a chance to prove yourself. This is where IPI comes in: we provide opportunities for men and women to develop working skills, to build a resume even while they're still incarcerated, and to gain the confidence that they indeed can be a valuable addition to any new employer.

Men and women released from state prison have a steep hill to climb upon returning to their home communities, but every hill is a lot steeper if you don't have a steady job that pays a decent wage. Many returning citizens end up in low wage positions because they may not have held legitimate jobs in the past, or don't have sufficient experience to convince employers to give them a chance.

A lack of skills not only holds back a person released from prison, it holds back Iowa's economic development as well. The Future Ready Iowa program recognizes the need for a more highly skilled workforce, setting a goal that at least 70% of all working Iowans have education and training beyond a high school degree by the year 2025. In

support of that goal, the Iowa Department of Corrections offers apprenticeship opportunities to incarcerated men and women in 25 different occupations, ranging from welding to plumbing to landscaping.

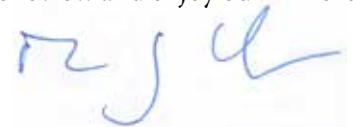
Fiscal year 2019 was a successful one for the Iowa Prison Industries program, as total work training hours for Traditional Industries grew by 7% to 901,408 hours, and total Net Sales to \$26.6 million. Net Sustainable Income, which funds purchases of machinery, equipment and vehicles for the IPI program, came to \$1,031,056, a tremendous improvement from a loss of \$871,943 in FY18. For IPI Farms, continued low commodity prices led to a loss of \$163,737 on revenues of \$1,723,121.

As the state's economy grew and Iowa employers struggled to find enough qualified civilian employees, IPI's private sector programs grew dramatically. Total wages paid to the men and women in the program grew to \$5.3 million and 421 incarcerated individuals worked in the program.

Together with Homes for Iowa, Inc., a 501(c)(3) nonprofit organization, IPI launched an affordable home building program at the Newton Correctional Facility. This program will train incarcerated men in the building trades, provide a new pipeline of talent for Iowa's construction industry, and make home ownership available to more income qualified Iowans.

Heading into FY2020, the Iowa Prison Industries program is helping more incarcerated men and women than ever before, and helping Iowa's employers tap into a new source of talent.

From all of us at IPI, please review and enjoy our FY2019 Annual Report!



IPI ADVISORY BOARD



Dr. A Douglas Hillman
Financial Representative & Board Chair
Drake University (Retired)
West Des Moines



Tim Diesburg
DOC Representative
Former IPI-DOC Employee
Anamosa

The Iowa Prison Industries Advisory Board plays a key role in the success of IPI. 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.



Yvonne (Bonnie) Winther
Labor Representative
Communications Workers of America
Waterloo



Terry Goodman
Manufacturing Representative
PDM Distribution, Inc.
Ames



Megan Ellsworth
Vocational Education Representative
Des Moines Area Community College
Reasnor



Jennifer Gardner
Agricultural Representative
Farmer & Teacher
Douds



Sheila Wilson
Parole Board Representative
Iowa Board of Parole
West Des Moines

IPI MANAGEMENT TEAM



Ann Pollock
Chief Financial Officer



Robert (Bob) Fairfax
Sales & Marketing Manager

The Management Team ensures that IPI provides meaningful work training for offenders, while remaining self supporting. As with private corporations, IPI managers must deliver the price, quality and service that customers demand. They are also responsible for financial management, including budgeting, sales analysis, and expense control.



Jeff Bailey
Interim Fort Madison Plant
Manager



Justin Opfer
Mitchellville Plant Manager
Newton Plant Manager
Fort Dodge Plant Manager



Al Reiter
Anamosa Plant Manager
Rockwell City Plant Manager



Clint Schmidt
Des Moines Operations Manager



Mike Lynch
Farms Director

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:

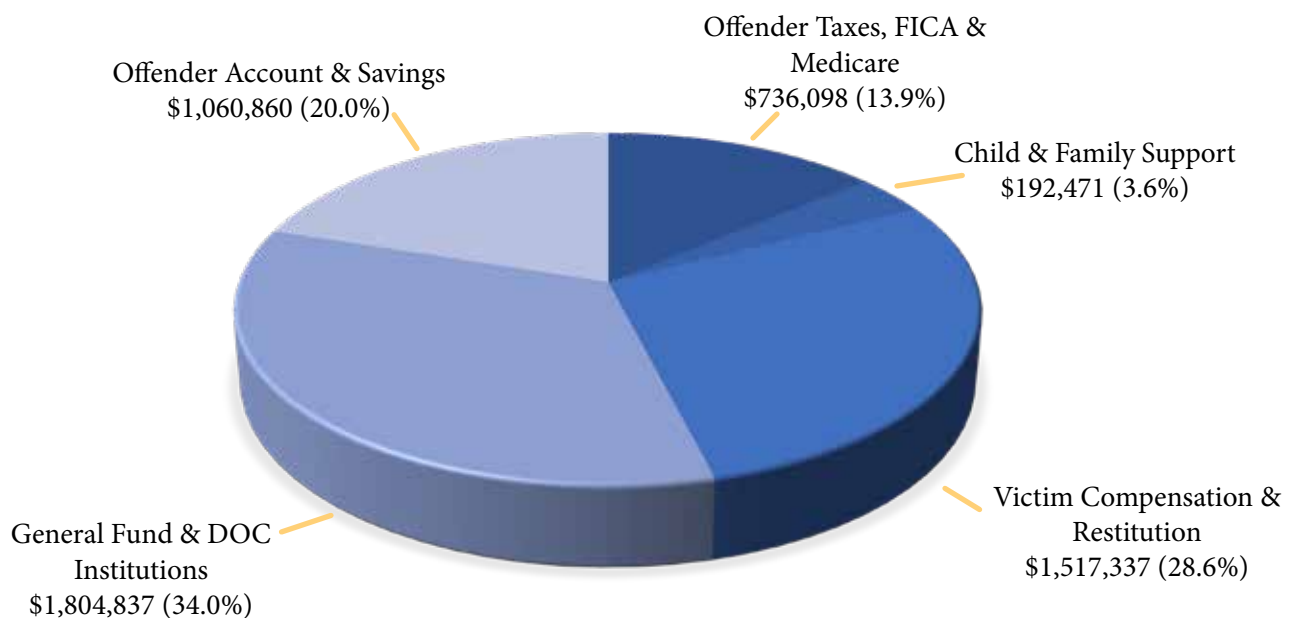
- a)** Provide or assist in providing for their dependents, thus tending to strengthen the inmates' family ties while reducing the likelihood that inmates' families will have to rely upon public assistance for subsistence
- b)** Make restitution, as the opportunity to do so becomes available, to the 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.

FINANCIALS

PRIVATE SECTOR

	FY2019	FY2018	Increase/(Decrease)
Offender Participants	421	102	319
Gross Wages	\$5,311,603	\$2,196,540	\$3,115,063
Withholdings for Taxes, FICA & Medicare	736,098	463,870	272,228
Court Ordered Child & Family Support	192,471	67,163	125,308
Victim Compensation & Restitution Payments	1,517,337	559,580	957,757
Returned to Iowa's General Fund & DOC Institutions	1,804,837	666,612	1,138,225
Amount Deposited in Offender Account & Savings	1,060,860	439,315	621,545

Wage Disbursement for Private Sector Offenders

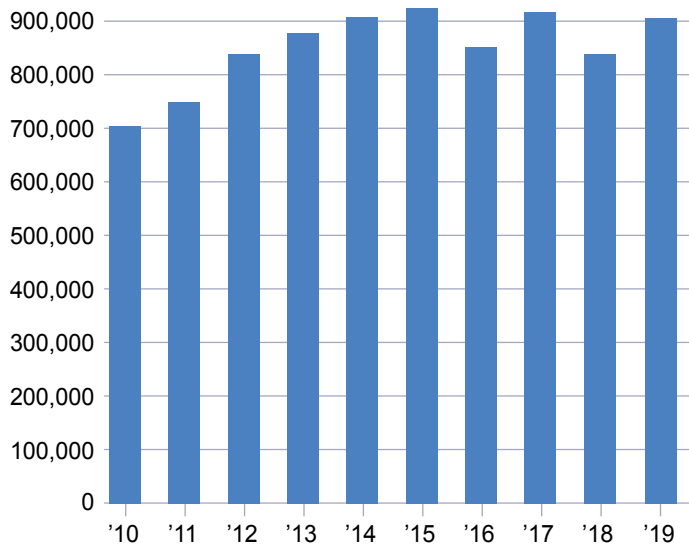


FINANCIALS

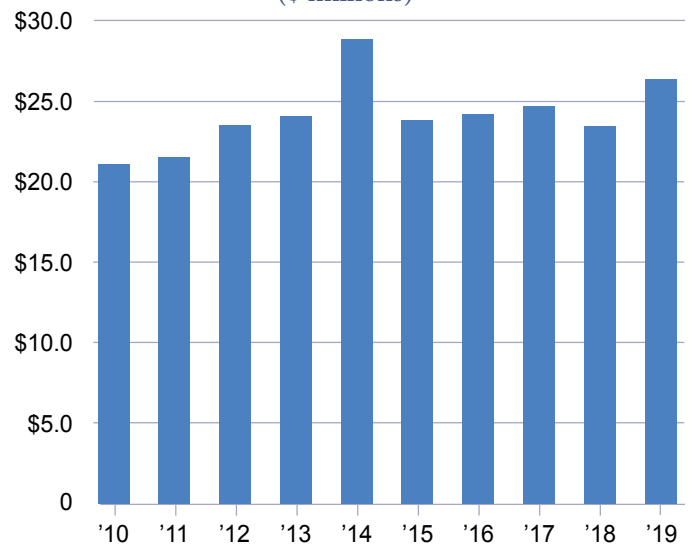
TRADITIONAL INDUSTRIES

	FY2019	FY2018	Increase/(Decrease)
Total Hours Worked	901,408	839,409	61,999
Inmates Employed (FTE)	433.4	403.6	29.8
Income Statement	FY2019	FY2018	Increase/(Decrease)
Sales	26,613,707	23,444,759	3,168,948
Costs of Goods Sold	20,681,886	19,082,267	1,599,619
Gross Profit	5,931,821	4,362,492	1,569,329
Operating Expenses	4,080,148	4,375,457	(295,309)
Canteen Redistribution	820,617	858,978	(38,361)
Net Sustainable Income/(Loss)	\$1,031,056	(\$871,943)	\$1,902,999

Training Hours for IPI Traditional Industries



Net Sales for IPI Traditional Industries (\$ millions)



Balance Sheet	FY2019	FY2018	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	8,636,951	9,454,463	(817,512)
Accounts Receivable	3,441,085	2,149,728	1,291,357
Inventory	6,475,504	5,449,169	1,026,335
Prepaid Expenses	74,540	44,953	29,587
Total Current Assets	18,628,080	17,098,313	1,529,737
Property, Plant & Equipment			
Land	222,666	222,666	0
Machinery & Equipment	1,490,788	1,435,306	55,482
Buildings	5,772,498	5,895,449	(122,951)
Vehicles	107,924	114,079	(6,155)
Total Property, Plant & Equipment	7,593,876	7,667,500	(73,624)
TOTAL ASSETS	\$26,221,956	\$24,765,813	\$1,456,143
LIABILITIES & EQUITY			
Liabilities			
Accounts Payable	1,541,563	1,299,289	242,274
Deferred Revenue	284,433	40,105	244,328
Total Current Liabilities	1,825,996	1,339,394	486,602
Long Term Liabilities			
Accrued Vacations Payable	468,250	449,207	19,043
Accrued Sick Leave/Ret Pay	252,967	333,524	(80,557)
Total Long Term Liabilities	721,217	782,731	(61,514)
Total Equity	23,674,743	22,643,688	1,031,055
TOTAL LIABILITIES & EQUITY	\$26,221,956	\$24,765,813	\$1,456,143

FINANCIALS

FARMS

	CY2018	CY2017	Increase/(Decrease)
Total Hours Worked	21,802	22,955	(1,153)
Inmates Employed (FTE)	10.80	11.34	(0.54)

Income Statement	CY2018	CY2017	Increase/(Decrease)
Revenues & Gain/Loss on Inventory	1,723,121	1,809,676	(86,555)
Total Operating Expenses	1,890,763	2,010,884	(120,121)
Operating Income	(167,643)	(201,208)	33,566
Other Income/(Expense)	3,905	3,309	597
Net Sustainable Income/(Loss)	(\$163,737)	(\$197,900)	\$34,162

Balance Sheet	CY2018	CY2017	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	889,491	916,085	(26,594)
Accounts Receivable & Other	1,671,969	1,650,325	21,644
Total Current Assets	2,574,079	2,584,085	(10,006)
Fixed Assets			
Vehicles & Buildings (net)	596,147	693,077	(96,929)
Total Mach/Equip/Purch Breeding Stock	539,209	650,513	(111,304)
Total Fixed Assets	1,135,358	1,343,590	(208,232)
Total Other Assets (Land, PPE, & Other)	619,189	612,788	6,401
TOTAL ASSETS	\$4,328,624	\$4,540,463	(\$211,839)

LIABILITIES & EQUITY			
Total Current Liabilities	114,140	155,252	(41,113)
Total Long Term Liabilities	57,252	64,240	(6,988)
Total Liabilities	171,391	219,493	(48,101)
Total Equity	4,157,233	4,320,970	(163,737)
TOTAL LIABILITIES & EQUITY	\$4,328,624	\$4,540,463	(\$211,839)

PRODUCTS & SERVICES

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



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 & Lectors, Tables, General Furnishings, Furniture Restoration



Parks & Recreation

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



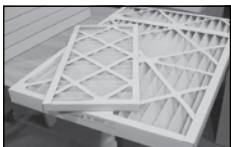
Office & School Apparel

Embroidery & Garment Printing, School Uniforms, Public Safety Apparel, Public Works Apparel, Briefcases & Bags



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



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, 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



Federal Surplus

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

MISSION STATEMENT

A self-sufficient program that positively impacts offender lives, reduces recidivism, and provides valued products and services to our customers.

VISION

A meaningful work opportunity for every person.



IPI's quality products and exceptional service ensure customer satisfaction while our work training opportunities make brighter futures possible for Iowa's offenders.