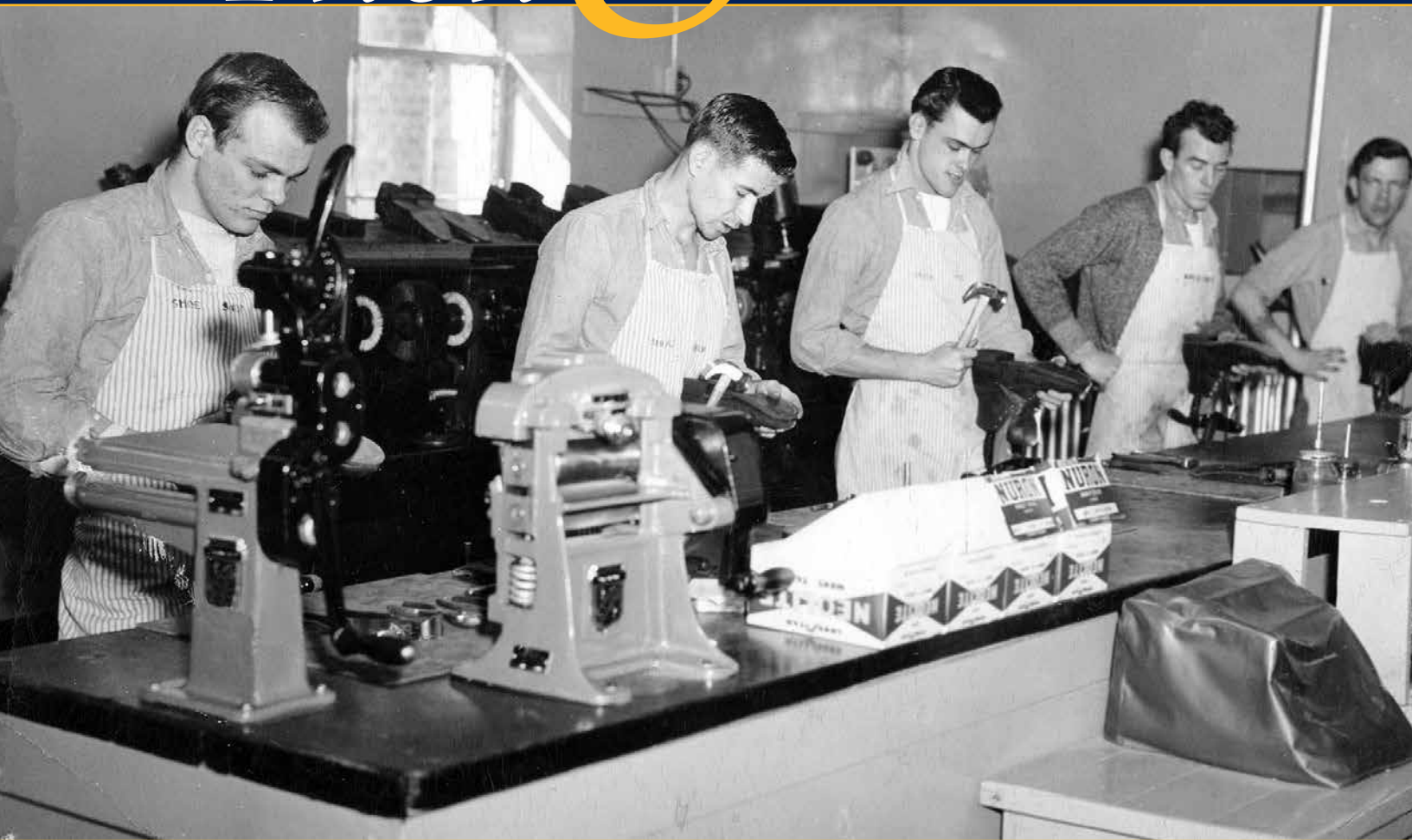


Iowa Prison Industries

Then & *Now*



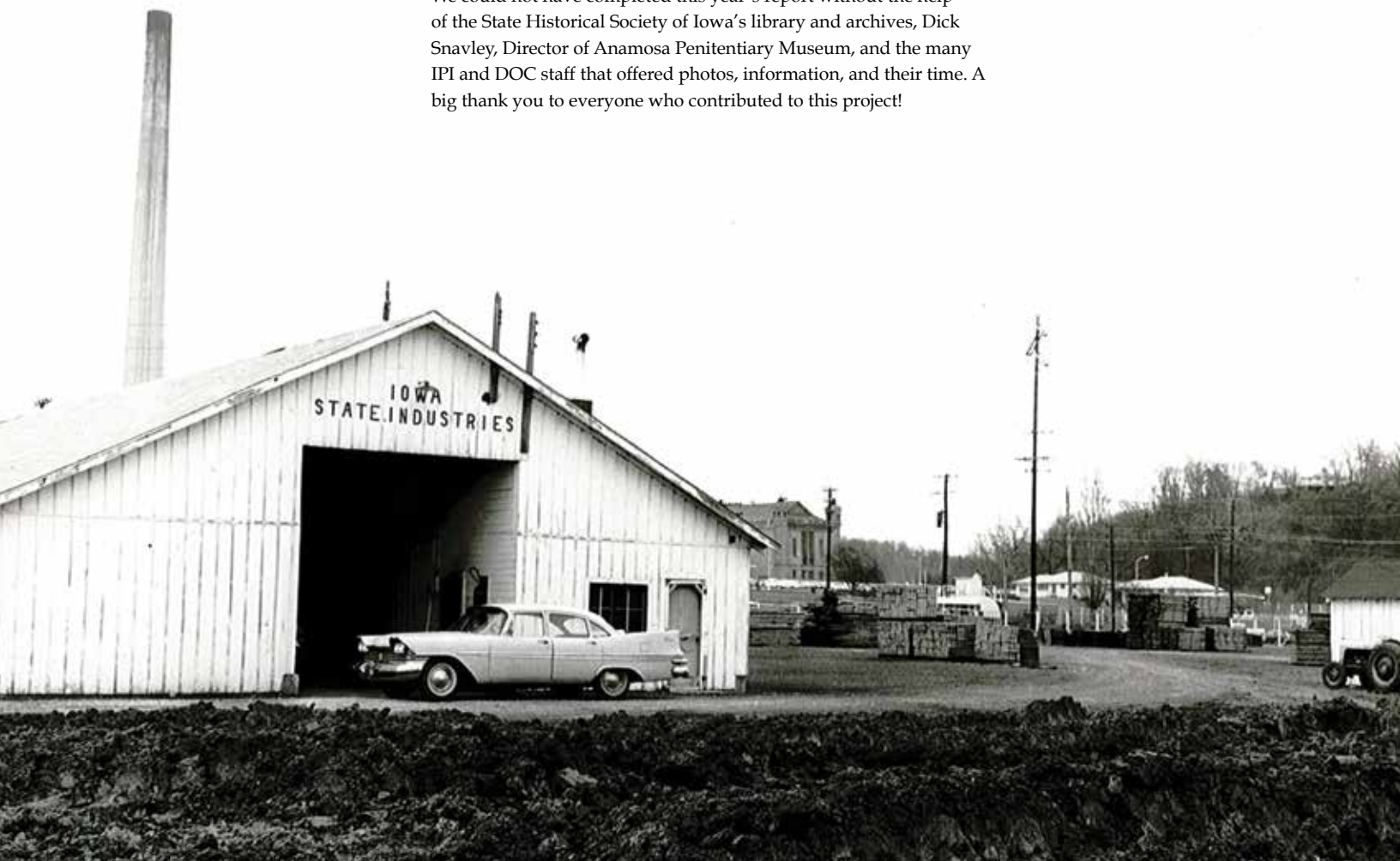
○ *FY2013 Annual Report*

A LOOK BACK OVER THE YEARS

Research for this year's annual report took us back well over one hundred years. Although it may not have been established as Iowa Prison Industries for that long, the founding principle has remained intact: we provide work for Iowa's offenders.

Throughout the years Iowa Prison Industries has adapted to the changing times around it. Production of cheese, brooms, and even shoe repair, as you can see from the cover, have all become a part of IPI's history. Other industries have proven to be staples, improving with today's technology. Now, we look for new ways to strengthen our founding principle by exploring new opportunities for offender employment. Each industry, past and present, gives the chance at a better, brighter future.

We could not have completed this year's report without the help of the State Historical Society of Iowa's library and archives, Dick Snavley, Director of Anamosa Penitentiary Museum, and the many IPI and DOC staff that offered photos, information, and their time. A big thank you to everyone who contributed to this project!



Letter From The Governor



Terry E. Branstad
Governor of Iowa

The work training programs of Iowa Prison Industries provide real world experience to offenders in Iowa's state institutions. More than 90% of these men and women will eventually be released back into Iowa communities, and those that have been trained by IPI are more likely to stay out of prison and become responsible taxpayers once again. IPI's programs enhance public safety by reducing crime.

Iowa Prison Industries trains offenders in areas such as welding, machining, and forklift operation – skills that are much needed by Iowa manufacturers. Perhaps most importantly, offenders learn the value of hard work and develop confidence in their ability to be self supporting.

Iowa Prison Industries is self-funding and receives no government appropriation. IPI is able to provide this training 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 the Capitol with top quality furniture that we enjoy to this day.

Through a separate Prison Industries Enhancement program operated by IPI, another 150 offenders "report to work" for private businesses across the state, manufacturing everything from grain trailers to newspaper inserts. As part of this special program, offenders paid more than \$2 million to the State during FY2013 in taxes, restitution, and to help defray the cost of their own incarceration.

Please join me in congratulating Iowa Prison Industries on a record setting performance in FY2013.

A handwritten signature in blue ink, appearing to read "Terry E. Branstad".

Letter From The DOC Director



John Baldwin, Director,
Department of Corrections

The Iowa Department of Corrections employs Evidence Based Practices (EBP) in pursuit of its Mission to "advance successful offender reentry to protect the public, staff and offenders from victimization". One very important EBP is offender work training, provided by Iowa Prison Industries. 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 more than 90% of Iowa's offenders will eventually be released, reducing recidivism is a critical effort for the DOC. The 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 help to make Iowa's prisons safer and less costly to operate – every day, 573 offenders are "at work", so the DOC 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, IPI provides a reward system that correctional staff can use to manage offender behavior.

Fiscal Year 2013 was another record year for Iowa Prison Industries, both in sales and in offender training hours. This demonstrates that IPI customers value the high quality products and excellent service that IPI provides. And these programs operate at no cost to taxpayers – IPI is completely self funding, and in fact during FY2013 returned \$1.7 million to the state's General Fund and DOC 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.

A handwritten signature in blue ink, appearing to read "John Baldwin".

Letter From The IPI Director



Dan Clark, Director,
Iowa Prison Industries

"As always, Iowa Prison Industries fulfilled its mission without receiving any appropriation from state government."

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

I am pleased to report that all three segments of IPI (Traditional Industries, IPI Farms, and Private Sector) posted record results for Fiscal Year 2013.

As always, Iowa Prison Industries operated without receiving any appropriation from state government. Indeed, IPI's Private Sector and Commissary operations returned more than \$1.7 million to DOC institutions and Iowa's General Fund during FY2013.

IPI Traditional Industries ended FY2013 with record sales of \$24.0 million (an increase of \$0.6 million from prior year) and Net Sustainable Income of \$1.9 million, a decrease of \$0.1 million from FY2012. Offender training hours were 856,033, an increase of 1.4% versus prior year.

Sales of dormitory furniture to Iowa's colleges and universities were particularly strong as enrollment figures continued to climb, especially at Iowa State University. Sales of institutional furniture were strong as well, as IPI supplied casework and furniture for the new DOC institutions in Fort Madison and Mitchellville.

IPI's Commissary sales reached a record \$4.9 million, driven by sales of the newly introduced MP3 player and songs. Net income for the Commissary exceeded \$0.5 million, all of which is returned to the DOC institutions for offender programs. Offenders pay sales tax on their Commissary purchases, as well as Pay For Stay (PFS), which helps to offset the cost of their incarceration. In FY2013, PFS payments totaled \$0.3 million.

IPI Farms, which operate on a calendar year basis,

reported record revenues of \$2.3 million for 2012, an increase of \$0.4 million, primarily due to higher prices for agricultural commodities. Net Sustainable Income grew by 12% to \$0.5 million, and offender training hours increased 43% to 21,198 as a new garden operation began at Farm 3 near Fort Madison.

IPI's Private Sector activity increased nicely to a new record, as total working hours grew 9% to 314,901, and Gross Wages increased 14% to \$3.1 million. By law offenders are able to keep 20% of their gross wages, with the balance going to taxes, child support, and programs for victim restitution and compensation. All of these accounts, as well as the Room and Board amounts retained by the state prisons and Iowa's General Fund, increased accordingly.

And so all three IPI divisions - *Traditional Industries, IPI Farms, and Private Sector* - fulfilled their Mission by providing increased offender training and record financial results. This was due to the skill, dedication and hard work of the IPI team, and the support of our many customers and friends across the state.

Iowa Prison Industries is introducing a new logo this year, communicating our central mission of providing offenders with the opportunity for *Building Brighter Futures*. The new logo incorporates the familiar bridge imagery - the role we play in assisting offenders with their re-entry back into society. Since more than 90% of offenders in state prison are scheduled to be released, the work training programs of IPI are vital to the safety and security of Iowa.

On behalf of all of Iowa Prison Industries, I invite you to enjoy our FY2013 Annual Report, which provides a historical retrospective of Iowa's correctional industries programs. Thanks again for your support of IPI!



IPI Advisory Board & Management Team

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.



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



Robert Carr
DOC Representative & Board Vice-Chair
Former Iowa Senator
Dubuque



Jennifer Gardner
Agricultural Representative
Farmer & Teacher
Douds



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



Robin Malmberg
Vocational Education Representative
Southeastern Community College
Mount Pleasant



Terry Goodman
Manufacturing Representative
PDM Distribution, Inc.
Ames



Thomas Phillips
Parole Board Representative
Iowa Board of Parole
Waukee



Cathy Benedict
Chief Financial Officer



Robert (Bob) Fairfax
Sales & Marketing Manager



Mike Lynch
Farms Director

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 IPI customers demand. They are also responsible for financial management, including budgeting, sales analysis, and expense control.



Becky Munoz
Fort Madison Plant Manager
Mount Pleasant Plant Manager



Justin Opfer
Mitchellville Plant Manager
Newton Plant Manager



Al Reiter
Anamosa Plant Manager
Rockwell City Plant Manager



Clint Schmidt
Des Moines Operations Manager

Then & Now

The idea of offenders working while in Iowa's prisons dates back to the opening of Iowa's first two prisons, the Iowa State Penitentiary in Fort Madison in 1839 and the Anamosa State Penitentiary (originally called the Men's Reformatory) in 1875. In fact, a number of offenders were walked over 100 miles from Fort Madison to Anamosa to assist in the construction of the Reformatory.

Soon after, the practice of leasing inmate labor to private corporations was instituted in order to defray the cost of operating the prisons. Various companies brought in the tools and machinery necessary to the prisons, and the institutions were paid either based on output of the inmates or a percentage of sales of the final goods. The inmate laborers were then paid a small percent of these funds.

In 1918, this type of inmate leasing was abolished, but the State still realized the necessity of employing offenders to support the cost of running the prisons. The State appropriated \$275,000 for the prisons (then under the state agency the Board of Control) to establish their own prison industries. Three commercial industries that could sell to private companies were established along with three industrial industries that provided goods for the maintenance of the inmates. These industries grew quickly, and by 1926, over 1,200 inmates were employed in sixteen operations.

The industries and prisons were self-sustaining at this point and remained so until the Hawes-Cooper Act of 1929 was enacted, which restricted the sales of inmate

By 1900, Anamosa's first inmate labor contract was signed to manufacture wooden butter tubs.



During the 1970s, offenders were trained in meat cutting.



goods to private companies. Any commercial shops that sold to private companies were then either closed or restructured to sell to governmental agencies.

The main goals of industries at this point were two-fold: to support the cost of running the prisons and to produce goods and services utilized by the prisons at a lower cost than purchasing from private companies. The prisons recognized, however, that keeping the offenders employed was beneficial to reducing

idle time and improper inmate behavior. Over time, the benefits of teaching offenders real-world job skills was realized, and the purpose of Industries gradually shifted to an offender training program rather than just a money-making program.

Today, Iowa Prison Industries shops are designed to provide valuable work training opportunities with transferable skills that the offenders can use upon release as well as to remain financially self-supporting.

The Cooperage Shop, which manufactured butter tubs, was the first industry at Anamosa. Approximately 25 workers produced 600 to 1,000 butter tubs daily.

Then & Now

1927 - Soap factory opens at Anamosa



Some manual labor such as staining and sanding performed in the woodworking shops is much the same today as it was 100 years ago.



The Chair Factory produced 188,144 chairs and 1,433 tables totaling \$665,182 in sales in 1923 and 1924.

1934 - Hawes-Cooper Act takes effect that restricts the sales of inmate goods

WOOD WORKING

Wood Furniture production at Iowa Prison Industries goes back to the very beginning of Industries history with the establishment of the Chair & Furniture Factory at Fort Madison in 1918. In early years, woodworking required a great deal of manual labor and the Fort Madison Furniture shop employed upwards of 200 to 250 inmates in the production of chairs and dining room tables. Finished product was sold to one private company until 1935 when the shop was restructured to produce office furniture for State Agencies. In the 1960s, sales averaged under \$400,000 annually of product lines such as office desks and chairs, church pews, and upholstered lounge furniture. A second wood shop, the Custom Wood shop at Anamosa, was opened in 1983 to produce primarily custom items.

To assist Fort Madison with dormitory furniture production for Iowa's colleges and universities, IPI opened a third wood furniture plant at Rockwell City in 2006, which later was moved to Mount Pleasant in 2008. These three shops are still in operation

today and together accounted for nearly \$5 million in sales in FY2013 and employed 162 offenders.

Fort Madison Furniture still operates out of the original Industries buildings that were built in 1922 with additions in 1932. IPI staff and offenders are anxiously awaiting the completion of the new Iowa State Penitentiary in 2014 that includes a 76,000 square foot single-level Industries building. About 50,000 square foot will be dedicated to a new state-of-the-art woodworking shop.

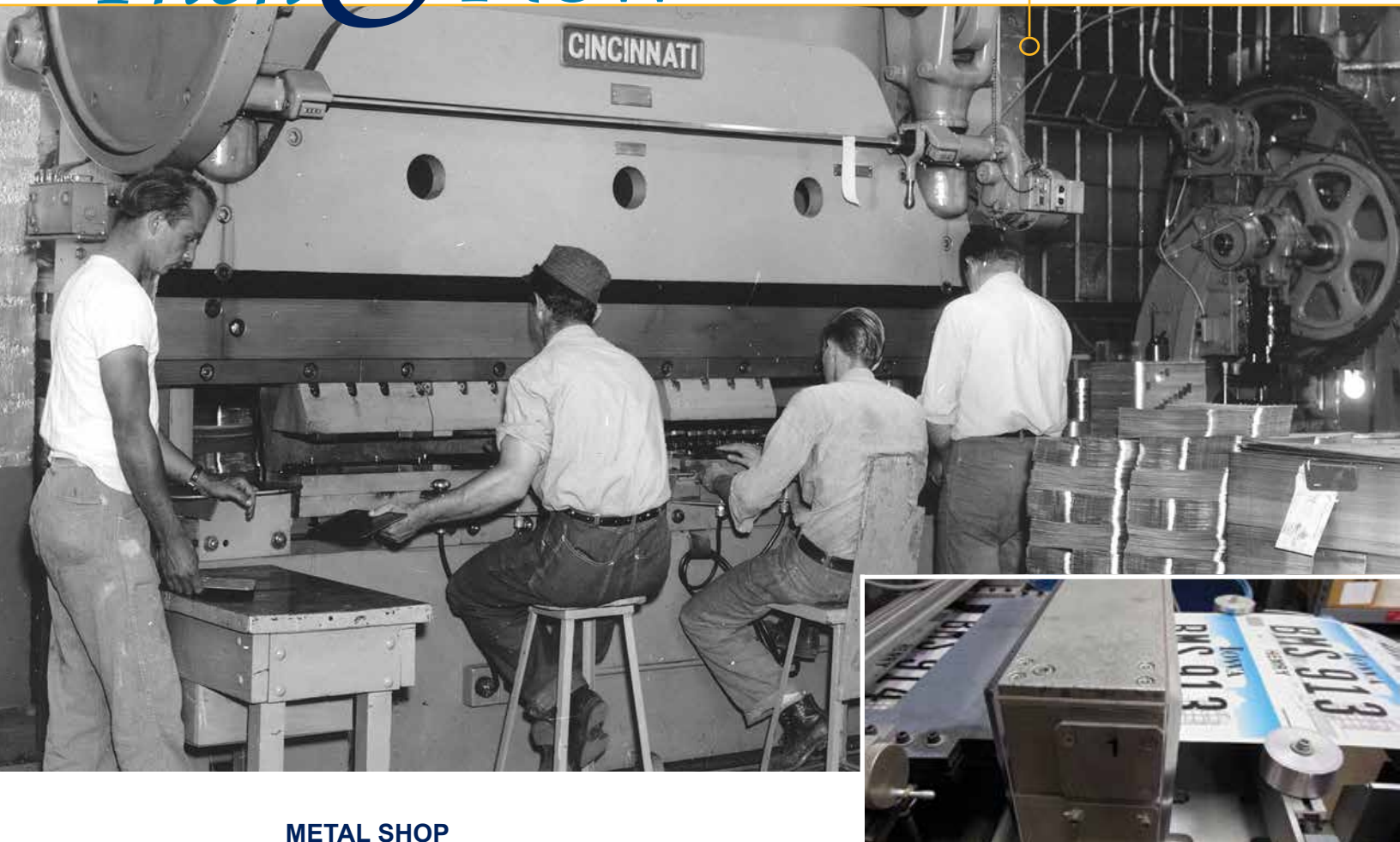
	Sales	Offenders
FY1927 & FY1928	\$757,903	270
FY1939 & FY1940	\$201,426	156
FY1962	\$311,416	197
FY1987	\$309,038	73
FY2013	\$4,787,417	162



Modern equipment such as this CNC machine gives offenders current skills that are in demand in the private sector.

Then & Now

1940 - Inmate wages average fifteen cents per day



METAL SHOP

Metal Working is one of the original Industries programs at Anamosa and consisted of what is currently known as Metal Furniture, Sign and License Plates.

The License Plates shop was constructed in 1925 to produce number plates for issuance in 1926 and 1927. The License Plate Division is probably one of the most vastly changed of the IPI shops as originally the process of manufacturing license plates involved large presses and ovens; thus the shop was called Metal Stamping for many years. Now License Plates are produced using a digital system of thermal transfer printing. The old presses were removed in 2007, and the License Plate shop is a compact, efficient shop that averages only twelve offenders and two IPI staff with sales of \$1 million to \$2 million annually.

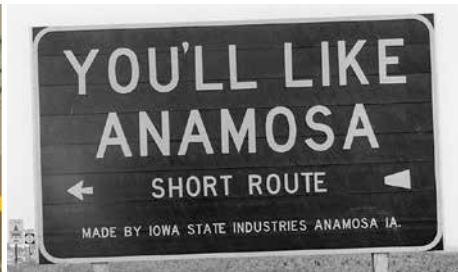
Road Markers were added to the License Plate shop in the early 1930s, but a law which prevented state industries from manufacturing road signs for its own highways was not

rescinded until the 1960s. What was once only a small part of the overall IPI operations is now one of IPI's largest shops in both sales dollars and offenders employed. Between 40 to 45 offenders work in the Sign Shop daily to produce over \$3 million in sales annually.

Metal Furniture, which produced school, office and outdoor furniture, was added as an Industry in the 1950s, and the shops were thereafter simply called Metals until they split into the three current divisions in 1976. To meet increasing demand, a new building was constructed for Metal Furniture in 1983. Through the 1980s, Metal Furniture shop averaged only about \$400,000 annually. It was not until 1997 that the shop attained \$1 million in sales, but then doubled that amount by 2005. A second Metal Shop was opened at Rockwell City in 2008, allowing the division to expand the production of standard items as well as offer large equipment refurbishing and prison cell manufacturing.

Anamosa's License Plate shop produced 2,927,000 plates for '26 & '27 model years.

1943 - The War Production Board of the Federal Government awards Anamosa the National Service Flag



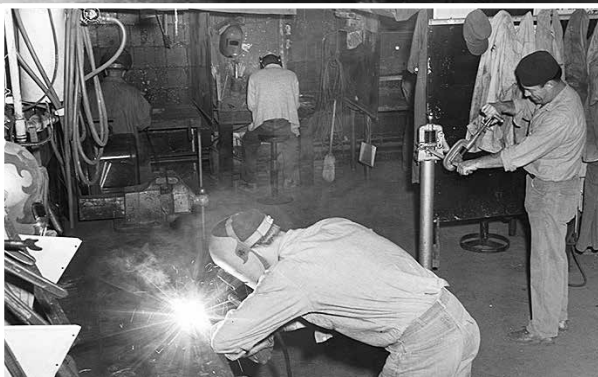
Many signs are still made using the traditional screen printing method, but newer digitally produced signs are made using top of the line printers.



METAL SALES*

- FY54 = \$207,801
- FY70 = \$1,796,047
- FY90 = \$3,298,171
- FY13 = \$7,777,752

*Includes License Plate, Sign and Metal Furniture sales



Then & Now

1962 - Industries Director William Burke receives the "Man of the Year for 1962" award given by the American Corrections Association for his contribution to corrections in the US and Iowa

FARMS

The history of prison farms dates back to the earliest days of Iowa's Correctional Institutions. Farms were maintained at nearly all the institutions (including those now considered DHS institutions) and supplied them with milk, eggs, meats, vegetables and fruit. Some products from the farms were also used in Industries operations such as canning and cheese production. Farms were operated by each institution individually until 1990 when all the farms were transferred from DHS and DOC to Iowa Prison Industries for management.

Currently, farms are maintained at six correctional institutions and three DHS facilities, and total nearly 5,000 acres. Of this, about 2,000 acres are pasture and timber. The remaining is used for row crops, gardens or rented to local farmers.

A portion of the Farms in Fort Madison are certified organic. IPI began growing organic

alfalfa in 2007 and planted organic soybeans for the first time in 2012.

A new garden program was started at the Montrose location in 2012. Cabbage, onions, watermelon, cantaloupe, cucumbers, peppers, potatoes, tomatoes, and squash were grown. IPI sold over 40,000 pounds of produce to Iowa State Penitentiary, Mount Pleasant Correctional Facility and Anamosa State Penitentiary. IPI also donated produce to local food pantries.

In terms of sales and net profit, 2012 was IPI Farm's best year ever. Offender hours were also at an all-time high of 21,198 hours.

	Sales	Acres
1925 & 1926	\$1,581,795	13,053
1998	\$730,288	6,490
2012	\$2,251,792	4,933

This 1960 photo is of the dairy herd grazing just beyond the prison in Anamosa.



Workers pose for a picture labeled "Portion of Farm #3" and dated November 18, 1950.

1963 - A riot at Anamosa damages most of IPI's shops with the Print Shop receiving the most damage



One of the 1928 dairy herds made what was believed to be the highest average production of a state-owned herd in the country - 15,400 pounds of milk from 51 cows. The dairy barn shown was completed in 1929 and is currently part of the Iowa Men's Reformatory Dairy Barn Historic District .

Horses were used on Prison farms much later than most other Iowa farms.



An offender tailor is shown felling stripes on the new 50-star United States Flag in 1960.

TEXTILES

Textiles has a long history in Industries encompassing an array of shops, products and technologies throughout the years. The earliest Industries consisted of the Shirt Factory at Fort Madison and the Apron Factory at Anamosa, both of which were commercial industries which sold to private companies from 1918 to 1934. Shops that produced goods for Institution use included tailor, garment and shoe shops at Anamosa and shoe, tailor and knitting shops at Fort Madison. The Anamosa Tailoring shop was actually the largest clothing unit of Industries and offered a catalog of over seventy items in the 1960s.

The various textiles shops were gradually consolidated to Fort Madison in the late 1960s, and all were eventually closed in

1972. A Garment shop was then re-opened at Rockwell City, which was a women's facility, in 1977. Textiles operations resumed at Fort Madison in 1982, where some operations currently still exist. 2005 saw the addition of embroidery, first beginning with name tags for correctional officer uniforms.

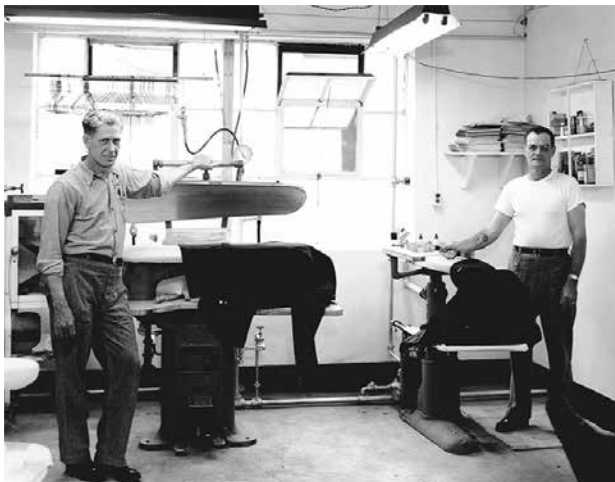
A second Textiles shop was opened at Mitchellville in 2008 to assist in the production of jeans for the Institutions. The Mitchellville Textiles shop gradually increased in size and production capabilities until all the Textiles products except mattresses were transferred there in 2012. The current Mitchellville Textiles operation employs 25 to 30 female offenders and includes embroidery and garment printing along with the manufacturing of institutional clothing and textiles.

1983 - Custom Wood opens at Anamosa



TEXTILES SALES

- FY60 = \$490,392
- FY70 = \$404,401
- FY85 = \$457,558
- FY03 = \$625,381
- FY13 = \$1,244,104



Beginning in the 1960s, both Anamosa and Fort Madison provided dry cleaning services to State employees. The Anamosa shop closed in the 1980s while the Fort Madison continued operating until 2005.

Then & Now

1994 - IPI reaches
\$10 million in sales

PRINTING

The Print Shop (now more appropriately called Graphic Arts) at Anamosa has been in existence since 1918, but it only provided services for the Board of Control institutions at first. Prisoners were taught printing, binding, linotype work and expert ruling, which resulted in these men finding good work after being paroled. Equipment in the shop included two linotype machines, two ruling machines and several large presses. The Print Shop has always replicated private sector print shops by keeping up with current equipment and technology trends.

To provide local service to the State Capitol Complex, a print shop was opened at

Mitchellville in 1982. Soon after, print sales grew to over \$1 million annually while employing upwards of thirty offenders between the two shops.

In 2008, print services were consolidated back to Anamosa in order for Mitchellville to bring in new product lines. Sales had been declining for several years and have continued to do so as more documents are electronically distributed rather than printed. The current Graphic Arts shop is a one-stop shop for printing, binding and distribution of printed materials. They also supplement traditional print products with specialty items such as coasters and mouse pads.

PRINT SALES:

FY70 = \$135,421

FY80 = \$395,033

FY90 = \$1,252,023

FY00 = \$1,387,223

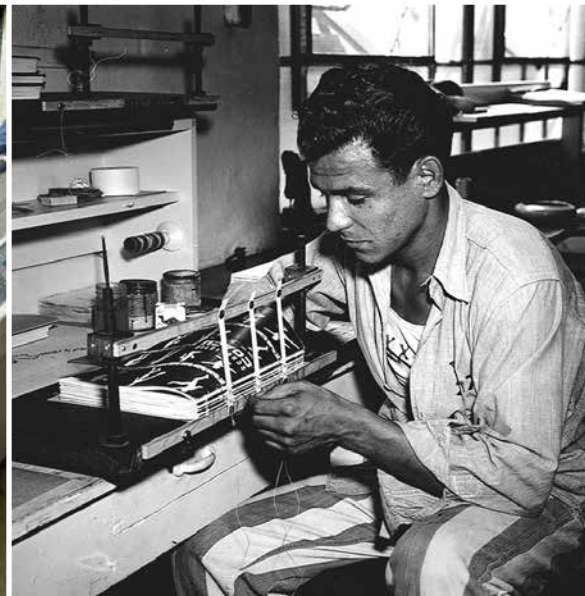
FY10 = \$852,981

FY13 = \$652,584

IPI delivers to all areas of the State frequently with a fleet of 12 trucks.



1999 - IPI constructs a factory at ICIW in Mitchellville



Then & Now

2002 - Canteen opens at Newton



The Soap Shop supplied more soap powder to the armed forces during WWII than any other penal institution in the US.

CHEMICALS

The operations of Housekeeping & Laundry at Anamosa and Housekeeping & Chemicals at Mitchellville were preceded by what was originally called the Soap Shop in Anamosa. The original Soap Factory was constructed in 1926 at a cost of approximately \$20,000, and the first machinery cost \$4,300. In the 1950s, the Soap Shop averaged \$75,000 in annual sales and employed about 40 offenders. Sales gradually increased throughout the years and broke the \$1 million mark in 1997 with only 12 offender employees.

To meet the environmental concerns of our customers, IPI introduced a line of Green Seal Certified chemicals in 2008, which were distributed from the new Mitchellville

Housekeeping & Chemicals operation. All other chemicals production except for Warewash and Laundry products were also moved to Mitchellville to better serve Central Iowa accounts such as the Capitol Complex and Iowa State University. Today, the two shops combined only employ eight to ten offenders but bring in sales of over \$1.5 million annually.

To complement IPI's chemical lines, IPI introduced Plastic Bags in 2003 and Air Filters in 2005. While these shops employ fewer offenders compared to some other IPI shops, they provide excellent training for the offenders while IPI customers receive quality products at very competitive pricing.

CHEMICAL SALES:

FY51 = \$78,845

FY75 = \$238,849

FY90 = \$728,708

FY13 = \$1,560,930

2003 - IPI reaches \$15 million in sales



The Tire Division at Anamosa supplied tire recapping services to city, county, state and school departments from 1960 to 1980. Other automotive related shops included the Ford Motor School and the Auto Body Shop.



Then & Now

2005 - Anamosa introduces
Air Filters product line

CANTEEN

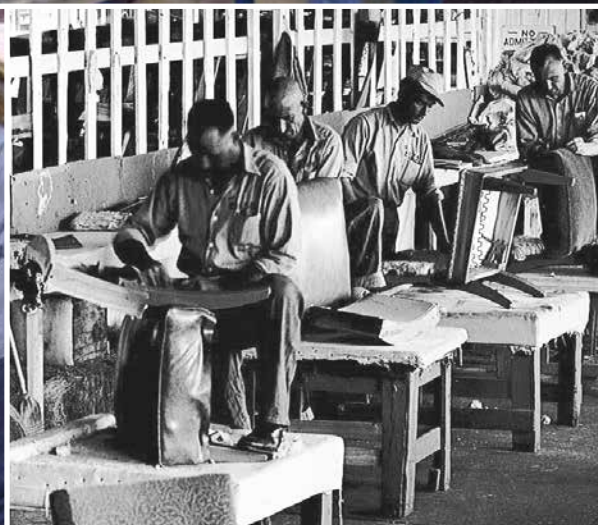
The IPI Canteen at Newton processed its first orders on July 31, 2001. Iowa State Penitentiary was the first institution to utilize the Canteen, and the other institutions were added gradually over the following three years. On its first day, the Canteen operation consisted of 7 stores, 3 checkout stations, 3 IPI staff, and 25 offender employees to process 548 orders. The Canteen operates today much like it did when it opened, but the operation is much more efficient now. On the Canteen's 10th anniversary of operation, the operation consisted of 10 stores, 8 checkout stations, 4 IPI staff and 39 offender employees to process about 1,500 orders daily.

While most of the Canteen products have remained largely unchanged over the years (chips, Ramen noodles, coffee, etc.), the Canteen has introduced various products to increase sales and meet the requests of Iowa's offenders. To fulfill offenders' music needs, the Canteen began selling CDs in FY2005 and introduced MP3 players in FY2013. Offenders downloaded nearly 40,000 songs in the first five months via kiosks at the institutions. Each December, the Canteen offers holiday gift packages for friends and family of offenders to purchase for them. In 2013, printed catalogs and bubble sheets for ordering were replaced with kiosks for computerized ordering.

The production of modular panels and office seating moved to Mitchellville from Fort Madison in FY2000 with the remaining upholstery work following in FY2005. Sales over the last 10 years average about \$1.5 million annually.



2007 - IPI reaches \$20 million in sales, doubling sales in just 13 years



CANTEEN SALES
FY02 = \$1,899,012
FY07 = \$4,755,231
FY13 = \$4,928,841

Then & Now

2009 - Permanent IPI Showroom & Sales Office opens just two blocks from the Capitol Complex



Photo courtesy of Cameron Campbell / Integrated Studio



DES MOINES SHOWROOM

Iowa Prison Industries first opened a Sales Office in Des Moines in 1988 within the Department of Corrections Central Office. IPI moved several times with the DOC Central Office over the years, finally renting enough space to have a sizable showroom to display furniture and other products in 1998. In 2005, the Sales Office & Showroom combined into one location with State & Federal Surplus and the Moving & Installation crew. Due to limited Showroom space and the discontinuation of the State Surplus program, IPI began to look for more permanent homes for the Des Moines operations.

The IPI Showroom & Sales Office was constructed on three lots just two blocks east of the Capitol Complex in 2009. The

building provides almost 8,000 square feet of display space as well as houses local sales and marketing personnel. The building has received several architectural awards for its design.

The IPI sales force has remained relatively stable in size during the past 25 years even though the product lines have changed significantly. In 1991, the sales force consisted of a team of six: four selling furniture within territories, one housekeeping and chemicals representative, and one traffic signs and markers representative. Today, three sales representatives promote furniture and consumable products in their territories plus an account representative handles institution sales and service.

The Des Moines Showroom was named the Baysden Building in 2011 after former Director Roger Baysden.

2013 - IPI employs an average of 573.2 offenders and provides 1,192,132 hours of offender training

IPI's new line of auditorium seating – shown here at Drake University – provides work for Metal Furniture and for the Des Moines Installation crews.

IPI wood and metal shops have produced many items for the two prison projects over the past 2 years such as this officer station at Fort Madison.



The new Iowa State Penitentiary, on track to open in 2014, is located on approximately 95 acres of IPI Farm #1 in Fort Madison.



IPI and its customers rely heavily on the IPI website for product information and order placement, and the usage of the website has grown significantly over the past 10 years. In 2004, only 97 orders totaling \$55,938 were placed on the website, and in 2012, 1,364 orders totaling over \$2.5 million were placed on the website.



Projects such as this dining center at the University of Northern Iowa provide offender training hours in numerous IPI shops. In FY2013, sales to the State Universities accounted for over 12% of all IPI sales.

Financial Statements: Traditional Industries

	FY2013	FY2012	Increase/(Decrease)
Total Hours Worked	856,033	844,284	11,749
Inmates Employed (FTE)	411.6	405.9	5.7

Income Statement	FY2013	FY2012	Increase/(Decrease)
Sales	24,046,717	23,474,735	571,982
Costs of Goods Sold	17,275,766	16,667,476	608,290
Gross Profit	6,770,951	6,807,259	(36,308)
Operating Expenses	4,356,921	4,353,007	3,914
Canteen Redistribution	514,928	409,756	105,172
Net Sustainable Income/(Loss)	1,899,102	2,044,496	(145,394)

Balance Sheet	FY2013	FY2012	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	4,171,514	3,221,103	950,411
Accounts Receivable	3,318,188	3,402,408	(84,220)
Inventory	9,795,051	8,309,015	1,486,036
Prepaid Expense	41,320	210,587	(169,267)
Total Current Assets	17,326,073	15,143,113	2,182,960
Property, Plant & Equipment			
Land	222,666	222,666	0
Machinery & Equipment	1,685,208	1,531,676	153,532
Buildings	2,974,058	3,056,904	(82,846)
Vehicles	403,703	222,996	180,707
Total Property, Plant & Equipment	5,285,635	5,034,242	251,393
TOTAL ASSETS	22,611,708	20,177,355	2,434,353
LIABILITIES & EQUITY			
Liabilities			
Accounts Payable	1,268,493	693,393	575,100
Deferred Revenue	15,223	6,788	8,435
Total Current Liabilities	1,283,717	700,181	583,536
Long Term Liabilities			
Accrued Vacations Payable	596,360	605,848	(9,488)
Accrued Sick Leave Term/Ret Pay	184,525	100,071	84,454
SERIP/SLIP Cash Payment	112,128	168,193	(56,065)
SERIP/SLIP Insurance Payment	198,215	265,400	(67,185)
Total Long Term Liabilities	1,091,227	1,139,512	(48,285)
Total Equity	20,236,764	18,337,662	1,899,102
TOTAL LIABILITIES & EQUITY	\$22,611,708	\$20,177,355	\$2,434,353

More detailed financial reports may be found at www.iaprisonind.com

Financial Statements: Private Sector

	FY2013	FY2012	Increase/(Decrease)
Total Hours Worked	314,901	290,330	24,571
Inmates Employed (FTE)	151.4	139.6	11.8
Gross Wages	3,101,494	2,728,364	373,130
Withholdings for Taxes, FICA, & Medicare	606,017	481,112	124,905
Court Ordered Child & Family Support	140,233	166,086	(25,853)
Victim Compensation & Restitution Payments	490,595	421,162	69,433
Other Misc Deductions	83,802	82,178	1,624
Amount Paid to Inmate Account & Savings	598,955	534,703	83,187
Returned to Iowa's General Fund & DOC Institutions	\$1,158,899	\$1,031,275	\$127,624

Financial Statements: IPI Farms*

	CY2012	CY2011	Increase/(Decrease)
Total Hours Worked	21,198	14,806	6,392
Inmates Employed (FTE)	10.2	7.1	3.1

Income Statement	CY2012	CY2011**	Increase/(Decrease)
Revenues & Gain/(Loss) on Inventory	2,251,792	1,841,065	410,727
Total Operating Expenses	1,747,314	1,396,612	350,702
Operating Income	504,478	444,453	60,025
Other Income/(Expense)	17,469	20,826	(3,357)
Net Sustainable Income/(Loss)	521,947	465,279	56,668

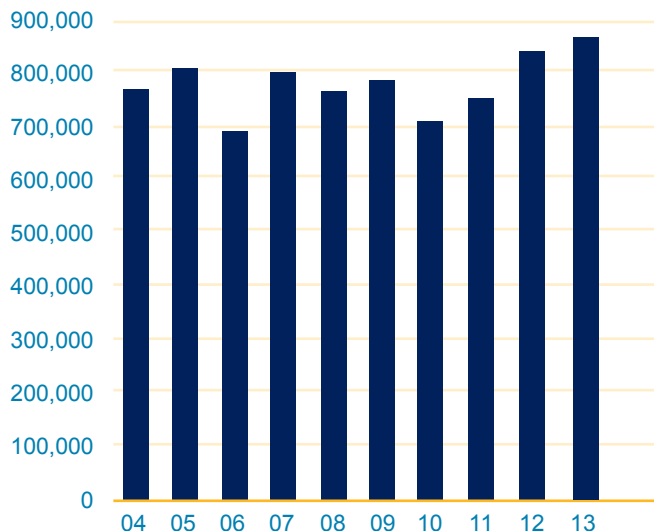
** Certain Revenue and Expense items for 2011 have been reclassified for reporting purposes. However, these reporting changes do not affect Net Sustainable Income.

Balance Sheet	CY2012	CY2011	Increase/(Decrease)
ASSETS			
Current Assets			
Cash	683,310	418,272	265,038
Accounts Receivable & Other	1,597,703	1,432,240	165,463
Total Current Assets	2,281,013	1,850,512	430,501
Fixed Assets			
Vehicles & Buildings (net)	503,520	491,555	11,965
Total Mach/Equip/Purch Breeding Stock	646,161	607,896	38,265
Total Fixed Assets	1,149,681	1,099,451	50,230
Total Other Assets (Land, PPE & Other)	615,349	612,652	2,697
TOTAL ASSETS	4,046,043	3,562,615	483,428
LIABILITIES & EQUITY			
Total Current Liabilities	134,518	151,923	(17,405)
Total Long Term Liabilities	67,027	88,141	(21,114)
Total Liabilities	201,545	240,064	(38,519)
Total Equity	3,844,498	3,322,551	521,947
TOTAL LIABILITIES & EQUITY	\$4,046,043	\$3,562,615	\$483,428

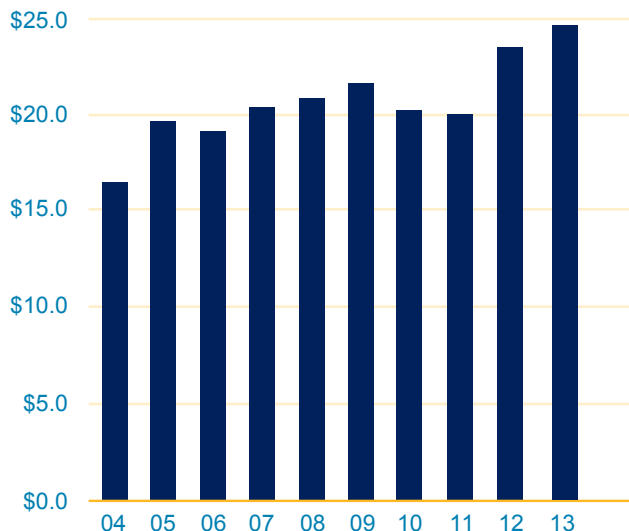
* IPI Farms reports results on a Calendar Year basis

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.

Products & Services from IPI

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 & 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



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



OFFENDER 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

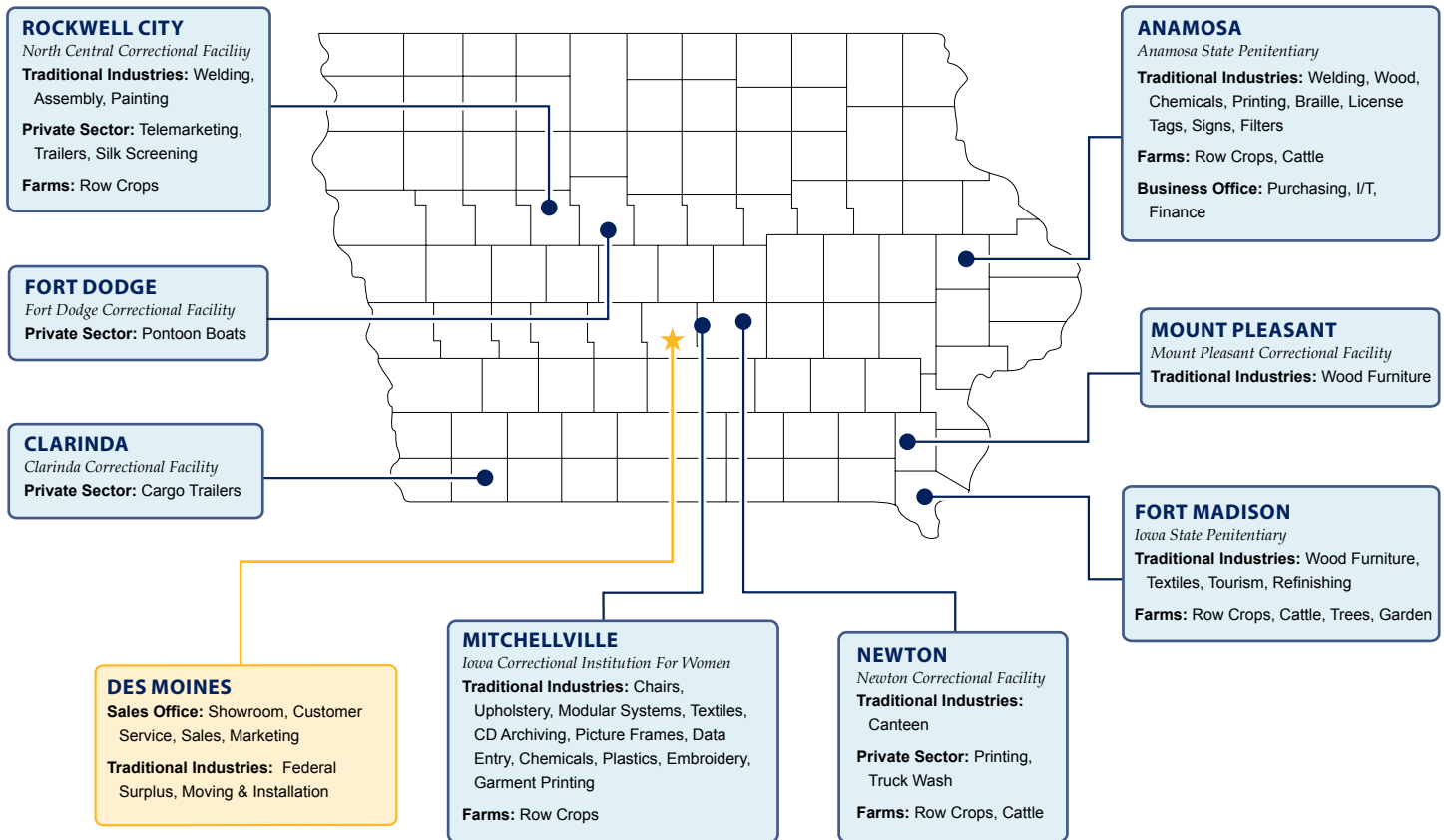
Moving & Installation of Offices, Furniture, Miscellaneous Items



FEDERAL SURPLUS

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

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, 515-249-0694
Furniture & Consumables, Central Iowa & Capitol Complex

Scott Klinefelter, 515-669-1954
Furniture & Consumables, Western Iowa

Michael O'Brien, 319-350-5445
Furniture & Consumables, 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