

2013 ANNUAL REPORT
NORTH CAROLINA CORRECTION ENTERPRISES
Strategic Positioning through Innovation

Printing & Quick Copy • Stainless Steel Items • Traffic Paints • Wood Furniture • Decals
Janitorial Products • Custom Signs • Office & Conference Seating • Architectural Coatings
Reupholstery • **General Purpose Paints** • Safety Signage • **Traffic Signs** • Eyeglasses
Moving Services • Upholstered Furniture • City License Plates • Clothing & Linens
Lubricating Products • Antifreeze • **Printing & Quick Copy** • Stainless Steel Items • Traffic
Paints • Wood Furniture • **Decals** • Janitorial Products • Custom Signs • Office & Conference
Seating • Architectural Coatings • Reupholstery • General Purpose Paints • **Safety Signage**
Traffic Signs • Eyeglasses • Moving Services • Upholstered Furniture • City License Plates
Clothing & Linens • **Lubricating Products** • Antifreeze • Printing & Quick Copy • Stainless Steel
Items • Traffic Paints • Wood Furniture • Decals • **Janitorial Products** • Custom Signs • Office
& Conference Seating • Architectural Coatings • Reupholstery • General Purpose Paints
Safety Signage • Traffic Signs • Eyeglasses • **Moving Services** • Upholstered Furniture • City
License Plates • **Clothing & Linens** • Lubricating Products • Antifreeze • Printing & Quick Copy
Stainless Steel Items • Traffic Paints • Wood Furniture • Decals • Janitorial Products • Custom
Signs • **Office & Conference Seating** • Architectural Coatings • Reupholstery • General
Purpose Paints • Safety Signage • Traffic Signs • Eyeglasses • Moving Services • Upholstered
Furniture • City License Plates • **Clothing & Linens** • Lubricating Products • Antifreeze
Printing & Quick Copy • Stainless Steel Items • Traffic Paints • Wood Furniture • Decals
Janitorial Products • Custom Signs • Office & Conference Seating • **Architectural Coatings**
Reupholstery • General Purpose Paints • Safety Signage • Traffic Signs • Eyeglasses
Moving Services • Upholstered Furniture • **City License Plates** • Clothing & Linens
Lubricating Products • Antifreeze • Printing & Quick Copy • Stainless Steel Items • Traffic
Paints • **Wood Furniture** • Decals • Janitorial Products • **Custom Signs** • Office & Conference
Seating • Architectural Coatings • **Reupholstery** • General Purpose Paints • **Safety Signage**
• Eyeglasses • Moving Services • Upholstered Furniture • City License Plates • Clothing & Linens
Lubricating Products • **Antifreeze** • Printing & Quick Copy • **Stainless Steel Items** • Traffic
Paints • Wood Furniture • Decals • Janitorial Products • Custom Signs • Office & Conference
Seating • Architectural Coatings • Reupholstery • General Purpose Paints • Safety Signage
Traffic Signs • **Eyeglasses** • Moving Services • **Upholstered Furniture** • City License Plates
Clothing & Linens • Lubricating Products • Antifreeze • Printing & Quick Copy • Stainless Steel Items
Traffic Paints • Wood Furniture • Decals • Janitorial Products • Custom Signs • Office & Conference
Seating • Architectural Coatings • Reupholstery • General Purpose Paints • Safety Signage
Traffic Signs • Eyeglasses • Moving Services • Upholstered Furniture • City License Plates
Clothing & Linens • Lubricating Products • Antifreeze • Printing & Quick Copy • Stainless Steel Items
Traffic Signs • Eyeglasses • Moving Services • Upholstered Furniture • City License Plates

Support from the Governor and Secretary of Public Safety



"Correction Enterprises is a component of the North Carolina Department of Public Safety. They train inmates to develop skills so they can go to work and be productive citizens. The program has an additional benefit to taxpayers since participants provide low cost, high quality products to state agencies."

- Pat McCrory, Governor



"The safety and security of North Carolinians is the primary mission of the Department of Public Safety and Correction Enterprises is an integral part of that effort. They provide inmates with meaningful job training and experiences that aid inmates in obtaining employment upon release."

- Frank L. Perry, Secretary, NC Department of Public Safety

A Message from the Director



"Correction Enterprises fulfills a unique dual mission within state government - training, encouraging and demanding the best efforts and productivity from incarcerated offenders, while providing exceptional customer service and high quality products to state agencies. These efforts produce huge benefits to the citizens of North Carolina, including annual contributions to the state's general fund and Crime Victims Compensation Fund. The most rewarding benefit though is producing well-trained inmates who are able to become productive citizens upon release from incarceration, thus reducing recidivism and reducing crime in our state."

- Karen A. Brown, Director of Correction Enterprises

2013 NC Correction Enterprises' Annual Report
STRATEGIC POSITIONING THROUGH INNOVATION

TABLE OF CONTENTS

A Message from the Director2

Support from Governor McCrory and Secretary Perry2

Financial Reports.....4

Feature Article - Strategic Planning Initiative.....7

Cannery - Planning for Success..... 11

Laundry - Customer Service 13

Print - Advanced Capabilities..... 15

Sewing - Creative Approach..... 17

Upholstery/Woodworking - Vision In Development.....18-19

Warehouse - Accountability21

Highlighted Feature - The Customer's Showroom24



Not Just Making It Right. Making It Better.

OUR FINANCIALS

Balance Sheet

For Fiscal Year Ended June 30, 2013

Current Assets	
Cash	\$ 7,470,018
Accounts Receivable	3,572,891
Less Allowance for Bad Debt	-
Raw Material Inventories	20,517,258
FG Inventories	3,920,500
Investment	-
Total Current Assets	\$35,480,667
Fixed Assets	
Plant and Equipment	\$95,575,399
Less Accumulated Depreciation	(54,951,577)
Net Plant and Equipment	\$40,623,822
Other Assets	
Construction in Progress	\$71,649
TOTAL ASSETS	\$76,176,138
LIABILITIES AND FUND EQUITY	
Current Liabilities	
Accounts Payable	\$2,105,167
Accrued Payroll	21,712
Sales Tax Payable	-
Due to Other Funds	96,368
Deferred Revenue	8,796
Total Current Liabilities	\$2,232,044
Long Term Liabilities	
Compensated Absences	\$2,036,754
TOTAL LIABILITIES	\$4,268,798
Fund Equity	
Contributed Capital	\$20,313,000
Retained Earnings	51,594,340
TOTAL LIABILITIES & FUND EQUITY	\$76,176,138

Statement of Income

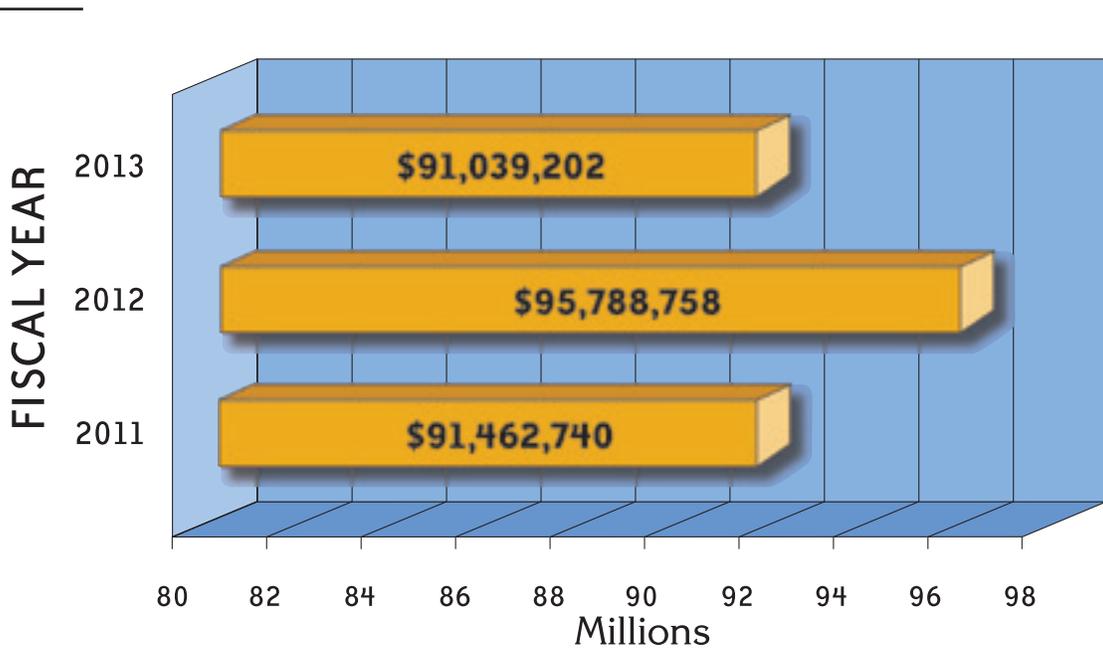
For the Fiscal Year July 1, 2012 to June 30, 2013

OPERATING REVENUES	
Sales*	\$90,316,512
Miscellaneous Revenue	722,690
Total Operating Revenues	91,039,202
Cost of Sales	77,177,950
Gross Margin	\$13,861,252
OPERATING EXPENSES	
Selling and Administrative Expenses	6,872,390
Depreciation Expenses	3,627,105
Bad Debt	-
Total Operating Expenses	\$10,499,495
OPERATING INCOME	\$3,361,757
OPERATING TRANSFERS	
Transfers Out	2,550,804
Inmate Labor	3,356,797
Total Transfer to Other Funds	\$5,907,601
NET INCOME (Loss)	(\$2,545,844)

*Includes \$1,870,194 of Correction Enterprises Internal Sales.

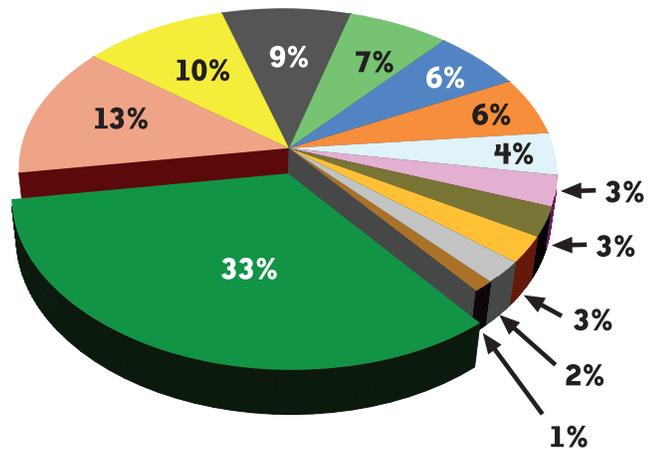
Fiscal Year 2012-2013

SALES OF GOODS & SERVICES



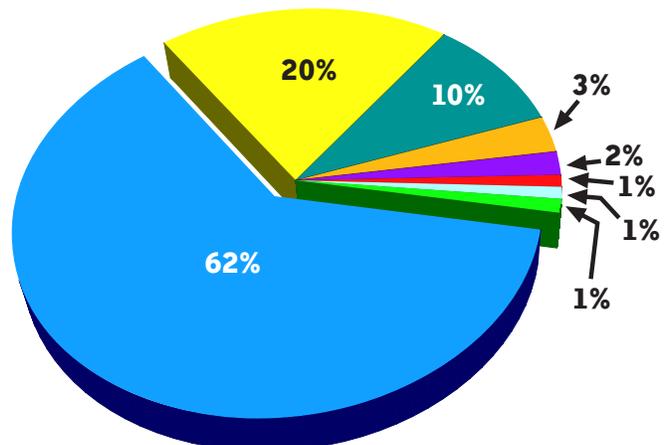
SALES BY PRODUCT

- Food Products.....
- Sewing Products.....
- Laundries.....
- Signs.....
- Janitorial Products.....
- Paint Products.....
- Print, Duplicating, & Braille.....
- Optical.....
- License Plates.....
- Oil & Oil Related Products.....
- Upholstery & Reupholstery.....
- Metal Fabrication.....
- Woodworking Operations.....



SALES BY CUSTOMER

- Department of Public Safety.....
- Department of Transportation.....
- Other State Agencies.....
- Hospitals.....
- Public Schools.....
- Non-Profit Agencies & Employee Sales.....
- Colleges & Universities.....
- Cities & Counties.....





MISSION STATEMENT

To provide marketable job skills and transitional opportunities for inmates in a professional and safe work environment while providing quality goods and excellent service to our customers at a savings to the citizens of North Carolina.

VISION

**To be the vendor of choice for our customers.
To provide valuable inmate job opportunities to increase successful reentry.**

CORE VALUES

**Product Excellence • Quality Customer Service
Financial Stability • Inmate Skill Development
Professionalism • Mission Focused
Staff Development • Safe Workplace**

Strategic Plan 2012-2017



Robert Leon
Deputy Director

The North Carolina Correction Enterprises 2012-2017 Strategic Plan not only defines our Mission, Vision and Core Values but is also a road map for what we would like to achieve over the next five years. Primarily it lays out specific goals that Correction Enterprises has embarked upon and will strive to accomplish by the end of fiscal year 2017. The Strategic Plan defines the specific objectives and strategies as to how Correction Enterprises intends to accomplish these goals. Each of the seven goals has been assigned a “Champion” who will work toward the fulfillment of these goals throughout each year. As each Champion works to achieve his/her goal through the implementation of the stated objectives and strategies, they are responsible for consistently reporting on their progress to the Director of Correction Enterprises.

Mr. Robert Leon, the Assistant Director of NC Correction Enterprises was asked to explain in depth the Strategic Plan and how this plan will lead Correction Enterprises into the future.

What is the overall purpose and vision of the Strategic Planning Initiative?

The overall purpose of the 2012-2017 Strategic Plan is best stated in the title of the document itself, “Planning for Success”. Correction Enterprises strives to be successful in all of its endeavors and most particularly its core mission which is “To provide marketable job skills and transitional opportunities for inmates in a professional and safe work environment while providing quality goods and excellent service to our customer’s at a cost savings to the citizens of North Carolina.”

Why come up with this concept now?

Correction Enterprises Director, Karen Brown has always had a vision for the future of the business. Of course this vision could only be accomplished through the participation of all of its employees, therefore she sought to create and present to all Correction Enterprises’ employees a formal document that every employee could participate in achieving as we began this journey of “Planning for Success”.

Was this a group effort or the vision of one person within Correction Enterprises?

This was certainly a group effort combining employees from all levels of Correction Enterprises. The first step incorporated brainstorming by just the NCCCE executive team. During these sessions, the executive team not only created seven primary goals that would guide Correction Enterprises over the next five years, but also updated Correction Enterprises’ mission, put into words its vision and established core values; all of which had been a guiding light for the direction of Correction Enterprises, but now were formally established in a document for all employees to follow.

Once the seven goals were established, two facilitators with Correction Enterprises, Billy Robbins and Carlton Richardson, were chosen to conduct brainstorming sessions to establish objectives, strategies and benchmarks for each goal. Staff throughout Correction Enterprises participated in seven groups, one for each goal. The result was a plan created by 35 employees from all levels of Correction Enterprises.

What area of Correction Enterprises will this initiative affect or change?

Product Lines: This was one of the first strategies worked on by Champion Gail McLamb and her committee. We expect to improve on certain products while creating new products altogether. Existing customers and staff are all being surveyed for input.

Employees: A key strategy for employees is to get everyone engaged not only within their respective plants but also through the involvement of the strategic plan. Goal #5 is Improve Organizational Efficiencies which deals

with objectives such as employee engagement, internal processes, employee development and improvement of internal operations; all of which will not only benefit the employee on an individual basis but Correction Enterprises as a whole.

Administration: As we work through this plan over the next five years it is expected that Correction Enterprises Administration will remain focused on the needs of the organization while looking to improve in key areas. This could mean more career development opportunities for employees, analyzing industry trends, constant review of its financial well being or becoming more environmentally responsible.

Customers: It is part of Correction Enterprises mission to always provide quality goods and services to our customers. This is the key to the success of our organization and we will strive to improve in this key area through the goals established within the strategic plan.

How will the Plan be implemented?

Initially Karen Brown traveled to every plant to present the 2012-2017 Strategic Plan to all employees. Implementation is being carried out through the Champion of each of the strategic plans seven goals. As the plan moves forward, implementation is achieved through the various objectives and strategies used to achieve the overall goal.

What is the timeline for the implementation?

The plan is a five year plan, however as we reach milestones within the plan and achieve the goals we have set, changes will be apparent. By this I mean we will most certainly discover parts of the plan that need to be updated while at the same time continuing to achieve the goals that have been set for the organization.

Has there been positive feedback from staff since the plan was rolled out July 2012?

Yes! We have had so much feedback and involvement in so many areas of the plan and from so many of our employees. We have seen a great deal of interest in the success of the strategic plan and have had so many fantastic new ideas shared with us.

Explain each of the strategic goals and how valuable they are to the effectiveness of Correction Enterprises.

Goal 1 – Improve Customer Experience: Customers are a key success factor for NCCE. Through communication and partnership with customers, NCCE will strive to improve the customer experience by understanding and anticipating customer needs, building customer loyalty and garnering new customers. We will endeavor to be the vendor of choice by exceeding our customer's expectations for quality, price and service.

Goal 2 – Increase Opportunity for Inmate Success: NCCE must be creative in finding ways to continue to offer inmate workers the job skill and development opportunities which are instrumental to successful rehabilitation thereby reducing recidivism.

Goal 3 – Increase Market Share: NCCE must clearly identify what percentage of the market we currently hold and set goals to increase market share across the board. There is opportunity to pass legislation to increase our customer base.

Goal 4 – Maintain Financial Stability: Financial self-sufficiency is essential to NCCE; recognizing that operating our business efficiently is necessary to promoting responsible growth and additional inmate opportunities.

Goal 5 – Improve Organizational Efficiencies: NCCE must invest in staff to increase proficiency and plan for future needs. We must work together as a team to remove organizational barriers, increase morale, explore innovative new concepts and improve communication.

Goal 6 – Increase Environmental Responsibility: NCCE is committed to continuously working to expand our offerings of environmental sustainable products and to improve the environmental performance in our products and services. We will endeavor to promote sustainability and reduce our environmental impact by utilizing reuse, reduce and recycle methods in our raw materials and manufacturing processes.

Goal 7 – Implement New Product Development: As customer needs change, NCCE must adapt and develop new product lines, accelerating the ability to provide for a changing set of needs by a growing set of customers.

ACCOUNTABILITY

CUSTOMER

SERVICE

INITIATIVE

vision **QUALITY**

CAPABILITIES

safety **creativity** **STABILITY**

environmental

innovative

TEAMWORK

PRODUCT



PLANNING FOR SUCCESS

THE CANNERY

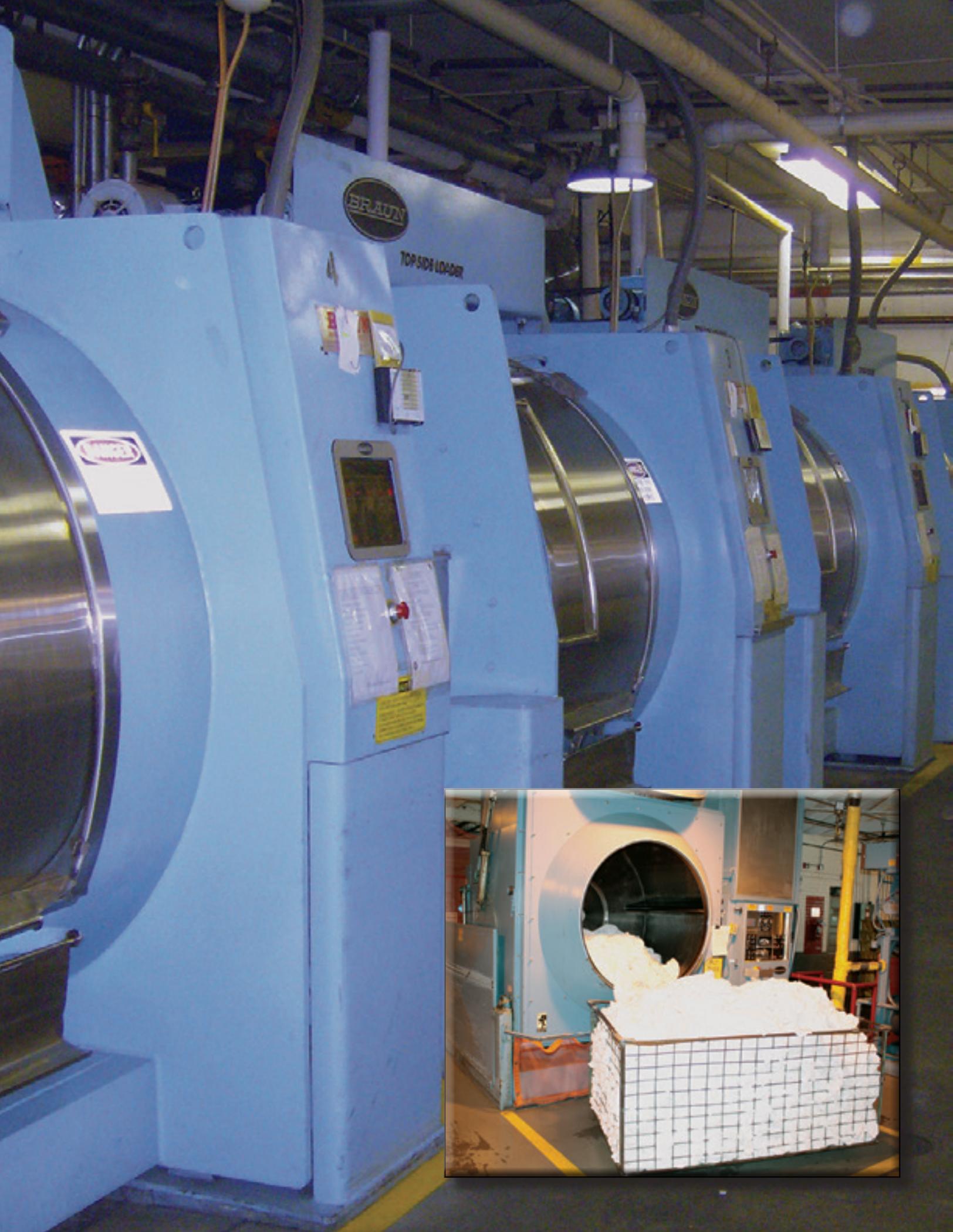
The historic Caledonia Correctional Institution located in Halifax County has operated as a state prison farm since 1892. Correction Enterprises manages the farm which raises chickens and row crops such as corn, wheat and soybeans. In addition, the inmate's grow vegetables such as sweet corn, collard greens, sweet potatoes, squash, spinach, melons and cabbage. In 1951 the Caledonia Farm opened a cannery to process and can crops grown on the farm for distribution to prison kitchens across the state.

“Planning is an essential tool in the manufacturing of the twenty-one products produced within the Enterprises Cannery. To succeed, the Enterprises Cannery must strategically plan the coordination of raw materials, staff, inmates and a planned processing schedule to meet the demands of DPS Food Services. Planning is a line of vision as to where you are, as to where you want to go.”

- Phil Sykes, Industry Director

The consumption of fruits and vegetables and the associated health benefits have long been understood. The close proximity of the cannery to the vegetable farm also provides logistical and cost advantages. Jeffrey Lassiter, Cannery Manager, estimates that 80% of the fresh vegetables canned are grown on the farm. The Cannery operation provides training and employment to 79 inmates and currently produces 21 products ranging from sweet corn to tea. According to Mr. Lassiter, a daily production average produces approximately 1,100 cases. To meet these daily production requirements the Caledonia Cannery must; 1) wash the incoming vegetables 2) sort/grade the vegetables 3) cut/size the vegetables 4) fill the cans with the vegetables 5) seal the cans 6) heat sterilization in retort cookers 7) cool the cans 8) label the cans 9) cases packed 10) store and prepare the cases for shipment.

The canning of seasonal vegetables provides a convenient method of storage without the need of refrigeration. Canned vegetables can be economically stacked and transported to the prison kitchens throughout North Carolina. The Correction Enterprises' canning operation provides value and benefits to the state and the stakeholders purchasing canned goods from Correction Enterprises.



CUSTOMER SERVICE

THE LAUNDRIES

North Carolina Correctional Institutions, Health and Human Services Hospitals, and several county hospitals all receive laundry services through Correction Enterprises. This is accomplished through six (6) Laundries strategically located throughout North Carolina. During the 2012 fiscal year, approximately 30,229,000 pounds of laundry was processed.

The laundries are able to maintain their commitment to quality with one of the shared goals of Correction Enterprises – outstanding customer service. In order for them to meet a customer's needs they must listen, question and clarify so that the customer's expectations are met. They determine if they have the capability to complete the order in the scheduled time frame and resources are verified such as materials, equipment and manpower so they do not come up short. Before anything is shipped to the customer, final inspections are completed. All items are properly organized and presented in a professional manner consistent with the customer's requests. The laundries regularly request formal and informal feedback to assure continued satisfaction of the customer's needs and to improve future services and products.

NCCE laundries are constantly being updated with new equipment to keep up with demands and stay competitive in the market. Three laundry facilities have either completed or are in the process of receiving new boiler systems. These boiler systems assist in cost cutting measures for processing linens resulting in lower fees for customers. At Umstead Laundry, the new system consists of two 300 pound boilers able to produce steam up to 180 degrees Fahrenheit. The steam is utilized in the eight commercial washers and two ironers. Natural gas fuels the boilers and is backed up by #2 fuel oil. The boilers produce 125 psi of steam to maintain our equipment at optimal operation level. We are also able to use 60 psi of steam to heat parts of the laundry facility. These new boilers have upgraded safety features with low water/hot water controls to ensure the operational safety of the boilers. This is an unmanned system but will be monitored on a regular basis and inspected annually.

This year, white t-shirts used in prison facilities were gradually phased out. A new gray t-shirt will be stocked and issued once prison facilities order new stock. The use of the gray t-shirts will save money on laundry cost. Less chemicals will be needed to clean them and stains will not be as present as they once were with the white t-shirts. The new t-shirts will also save money for prisons as they will not wear out as quickly or need to be replaced as often.

The laundries always keep an eye on improving our operation, whether it be with customer service, cost cutting ideas or improved equipment. They strive to make Correction Enterprises' customers satisfied in all areas of production.

The Correction Enterprises Laundry Operations service over 28 outside accounts and 66 inside accounts for a total of 94 accounts from Cape Fear Valley Medical Center to Adult Corrections. In today's business community where technology is a key driver and is accessible to anyone, Communication and Customer Service are now the new standard of excellence.

Over the history of laundry operations, whether it be state operated or private, customer service has always been an important part of the overall service agreement written or unwritten. From the complex process of pickup and/or delivery to linen replacement, customer service plays a vital role in reducing costs to our customers.

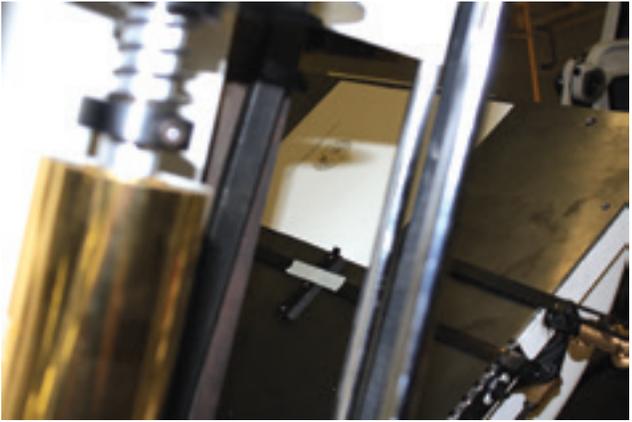
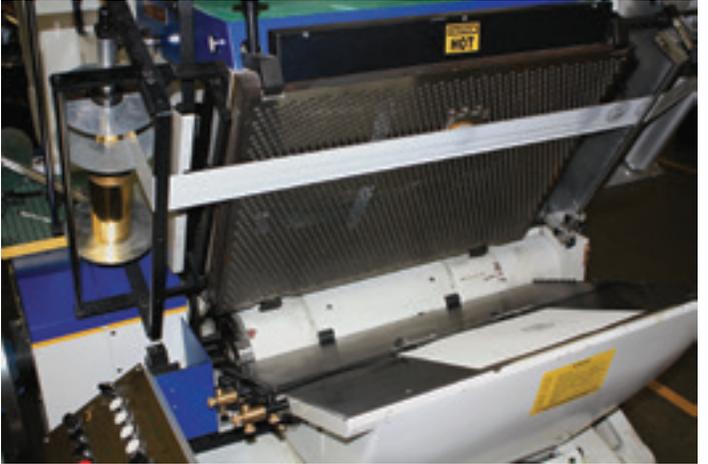
Our Laundry Plant Managers are required to visit two of their accounts annually and surveys are sent out every year. Customer Service is an important component of our overall operation; it is a must if we are to maintain our customer base moving into the future.

- Ron Young, Industry Director

GATE FOLD



foil stamping



imposition proofer

ADVANCED CAPABILITIES

PRINT PLANT

The Correction Enterprises Print Plant strives to consistently keep up with current technology and trends in the industry. The plant is a large full-color shop; boasting twenty-one printing presses, a state-of-the-art prepress department and expansive bindery and warehouse operation. Every year, the print plant evaluates the needs for new technology and equipment in each department. This past year was no exception; with three upgrades completed in three different areas of the plant.

Inmates working in the print plant are able to participate in the North Carolina Department of Labor apprenticeship program. Upon completion of the program, the inmates are journeyman level certified in their areas of expertise. This program provides the inmates with marketable job skills which may be utilized to gain meaningful employment in printing or other related industries.

- Billy Robbins, Industry Director

In the prepress department, a Canon Imposition iPF8300S was purchased and installed in August. The new proofer prints on a 42 x 300 inch roll of paper using sixteen ink cartridges and four print heads. An imposition proofer allows the plant to output large proofs such as posters and banners, but also enables the processing of large book spreads to be folded down into proofs that mimic the actual layout of the finished job. These types of

proofers are not known for their color matching ability and are used only for spot color specified jobs. Customers are able to check the correct layout and placement of pages, articles and photos before signing off on a job to be printed. Imposition proofs are also used internally. As a job moves throughout the plant, an imposition proof is used as a guide to insure jobs specifications and quality control measures are met.

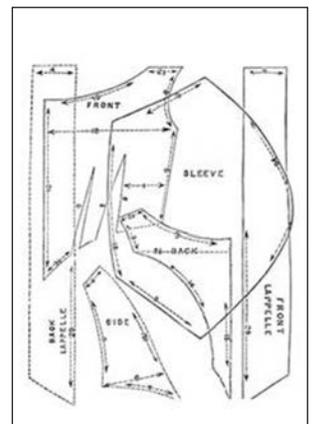
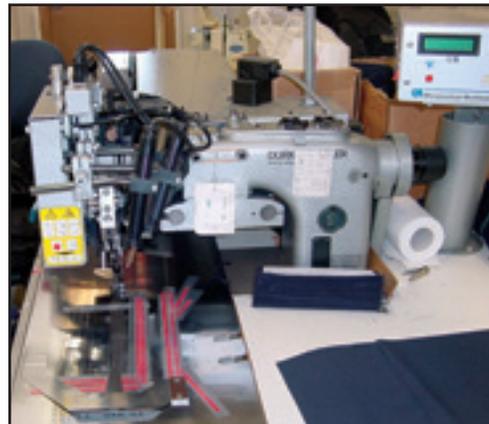
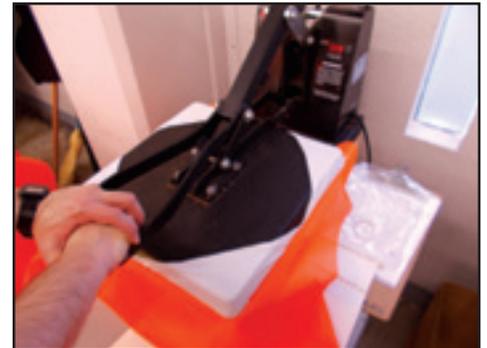
The letterpress area of the offset department completed a vision that was started two years ago: foil stamping. In 2011, a Brause die cutter/perforating/foil stamping machine was purchased to use as a back up to the aging Heidelberg die cutting machine. It was a plus that the Brause equipment also had foil stamping capabilities. At the time all foil stamp jobs were outsourced. We currently offer four standard foil colors; red, silver, gold and blue. Other colors are available as special order. Dies are usually created in the prepress department and then outsourced to vendors to manufacture. Three different types of dies are commonly used at the plant, depending on the job specifications. Magnesium dies are used for short quantity runs. This metal is softer therefore it can not withstand as many impressions. Copper dies are a mid-grade solution and allows more detail to be used in the image that is being foil stamped. Brass dies are the preferred metal at the print plant. These dies can withstand multiple uses, are good conductors of heat and produce clear, crisp images. Mr. James Taylor oversees this area of the plant and explained the foil stamp process comparing it to "iron-ons" from long ago. Heat from about 105 - 120 degrees Celsius is applied to the die. When the foil and the paper is pressed against the die, the foil is burned into the paper thus creating the finished product.

Over the course of many years, the bindery department has had the need for equipment to help with the production of gate fold brochures. A gate fold brochure is a brochure where both sides of a flat sheet fold in to meet in the middle. Last year specialized gate fold plates were purchased as an attachment to the existing MBO folders. These plates can be removed and added as needed. With the purchase of the gate fold plates, production is faster, more efficient and the quality is greatly improved.



“We have the creativity and knowledge to produce a wide variety of textile products. Our sewing plants are currently in the process of creating and enhancing our most valuable product - a well-trained inmate. The first North Carolina Department of Labor Skilled Trades Apprenticeship Program for “Tailor (Industrial) Sewing” has been started at the Scotland Sewing Plant and is projected to have 11 inmates graduate at the end of this calendar year. The Strategic Planning Committee (2012 - 2017) has set in motion plans for an Apprenticeship Program to be placed in each industry. Being creative with sewn products is important to what we do; but being creative with our inmates and assisting them with finding meaningful employment upon their release is part of our mission.”

-B.P. Taylor, Industry Director



A CREATIVE APPROACH

SEWING OPERATIONS

Sewn goods have been a part of prison industries for over 80 years. Correction Enterprises has five plants located throughout the state from the Coastal Plain region in Pasquotank, Pender, Columbus and Scotland counties to the Mountain region in McDowell county.

In the United States, apparel manufacturing evolved from home sewing and one man tailor shops in the mid to late 1800s to an industry employing over one million workers by 1980; declining over the next thirty years to less than a third of that number. The growth can be attributed to the Civil War and a need for uniforms, and the decline attributed to automation of cutting and sewing processes and a movement of the industry off shore to gain the advantage of lower labor rates. This decline has given prison industries the need and opportunity to become a reliable source of uniforms and other sewn products to prisons, state agencies and other tax supported agencies such as fire departments and emergency medical services.

Correction Enterprises has five modern cut and sew plants with up to date equipment and experienced management staff. The sewing plants create jobs for over 500 inmates teaching them both hard and soft skills required to work in a manufacturing environment. A wide range of products are made for use in North Carolina prisons, hospitals and other state agencies. Annual production includes 197,000 pairs of inmate pants, 576,000 pairs of boxer shorts, 310,000 bath towels and 690,000 bath cloths.

Some of the sewing plants produce staff clothing for correctional officers and other state employees who are required to wear uniforms while performing their jobs. Annual production includes 30,000 pairs of pants and 26,500 shirts. Safety vests for the Department of Transportation have an annual requirement of 15,000 units.

Creativity required by management and supervision in the operation of the cut and sew plants is a given. The plants understand they must be creative and cost effective to be successful in a business that is highly competitive due to imported products. Management teams must train and develop efficient operators with varying degrees of work skills. Most of the inmate staff have never seen a cut and sew operation and in many instances never worked in a production setting. Challenges faced include acclimation of new workers into a world they have never experienced, overcoming fears of machinery, and creating attitudes that promote productivity and quality in all their efforts. The management staff is also challenged to create work place harmony while teaching teamwork and respect for others. Plant management is continually looking for ways to improve standard products through quality, production and cost evaluations as well as looking for new items to be developed adding to our already long list of products.

Every year the sewing plants strive to create new products which fill the needs of our customers. This year we have successfully added an assortment of security bags. Security is one of the major concerns for prison administration so these bags were introduced to Adult Corrections as a solution for prison staff that need a bag for carrying necessities during their shift. The bags are designed to allow total visibility of the contents. This assist in moving personnel through security checks at the beginning of each shift in a timely manner and reduces the opportunity for contraband entering into secure areas of the prisons.

The cut and sew facilities are committed to serving the state of North Carolina by providing inmates in our plants with marketable job skills resulting in transitional opportunities. It is the mission of all plant management and supervisory staff to provide a professional and safe work environment while producing quality products to our customers when they need them and at the lowest possible cost, saving tax dollars for the citizens of North Carolina.

"We are continually monitoring the market for furniture items used by governmental agencies and making adjustments in our product selection to meet current trends. In an industry that is constantly changing, we have products in developmental stages based on current industry trends. Management and staff have to have a vision of what direction the market is moving in order to remain product competitive. This requires significant research, planning and prototype development."

- Mike Baldwin, Industry Director

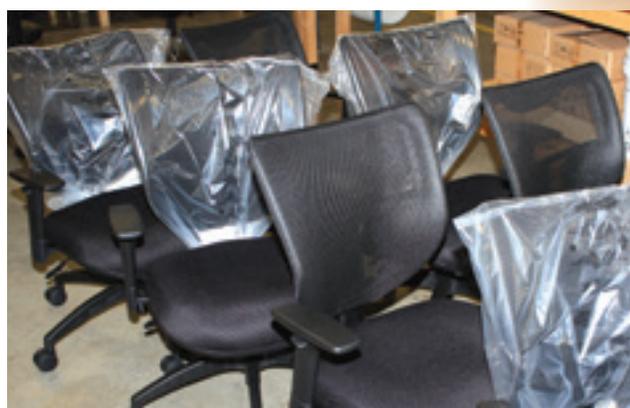
UPHOLSTERY

Beginning in 2012, Correction Enterprises introduced the Apprenticeship Reupholstery Program at Alexander Correctional Institution. The dynamic two-year program teaches inmates how to repurpose and fabricate upholstery coverings for household furnishings such as sofas and chairs. Along with this skill set, the Apprenticeship Reupholstery program, prepares inmates for the workforce by making them proficient in stripping down and reupholstering various styles of office furniture as well as making repairs to damaged furniture and frames. In addition, the ability to accentuate products by incorporating an array of blended fabrics, sleek decorative stitched patterns, well designed buttons, panels, pillows, welts and skirts into upholstered furniture are taught. Inmates are taught to operate a double needle and zipper machine. Participants in the Apprenticeship Reupholstery program will complete the program having achieved the skill level of Journeyman, meaning the apprentice has attained a level of skill, abilities and competencies recognized within an industry for the occupation.

After successful completion of this program, inmates will be knowledgeable of methods to restyle frames in order to update obsolete furniture and how to make proper cuts in fabric to ensure that it fits properly when installed, and will receive certificates from N.C. and U.S. Departments of Labor.

Under the guidance and instruction of Correction Enterprises, to date, inmates have reupholstered more than 100 furniture pieces that have all been sold. Participation in the Upholstery Apprenticeship Program capitalizes on Correction Enterprises mission:

- Inmates can explore new avenues in the craft of upholstery which leads a productive pathway to reentry into society.
- Inmates develop an eye for quality helping Correction Enterprises be the vendor of choice to its customers.



VISION IN DEVELOPMENT

WOODWORKING

The woodworking plant began operations in 1974 at the Iredell County Prison Unit. In 2006, the woodworking plant moved to Alexander Correctional Institution.

The woodworking plant produces numerous products and installs furniture across North Carolina. One of the largest projects completed was the building and installation of laboratory cabinets in Riddick Hall on the North Carolina State University campus.



Vision is what drives the woodworking plant. They are able to see a project through from raw materials to the finished product, with customer satisfaction the highest priority. The recycling of wood pallets uses inmate labor in a productive way. The Sign Plant sends recyclable pallets to the Sign Reclaiming Plant where the pallets are broken down. They are then sent to the Woodworking Plant to create a usable product to sell to our customers. This process reduces waste and creates additional revenue.

The apprenticeship program gives inmates more time in the plant to fine tune their skills; becoming a better wood worker and producing a quality product. Once accepted into the program, inmates can receive a three year certificate as a journeyman. This incentive improves productivity and creates job skills for the inmate once released.

Woodworking is always ready to adapt to the changing times and changing requirements of the industry. With this vision, we can better suit the needs of our customers and our workforce.



DELIVERIES
 furniture LINENS **CANNED**
pick **STATUS** **GOODS**
UPDATE
 packaging
ups **PRINTED** **barcoding**
MATERIALS
stocking
CHEMICALS
ON-TIME

inventory

ACCOUNTABILITY

WAREHOUSE OPERATION

The Correction Enterprises' main warehouse is located in Apex and operates with three additional satellite warehouses across North Carolina. The main warehouse has 74,000 square feet and seven loading docks that operate with a fleet of eighteen tractors, forty trailers and three box trucks. The trucks deliver goods to 66 prisons, all Correction Enterprises facilities, Department of Transportation, NC School Systems and other government agencies.

In late 2011, the warehouse began shipping the products produced by Correction Enterprises to all of the correctional institutions across the state. As time has progressed the warehouse has become more efficient in the routing of their trucks and has created a delivery schedule that has maintained great customer service with all their customers.

Finding new ways to monitor and control inventory across multiple locations has been a collaboration with the warehouse and IT staff. The result has been the implementation of a barcode inventory control system that can monitor and track the movement of inventory with real time updates. The implementation of this began in early 2013 and has resulted in an efficient and organized method of moving inventory between locations. At any point in time, the warehouse stores as much as \$15 million dollars worth of inventory.

In our efforts to improve organizational efficiency, the warehouse stays away from the "that is the way we have always done it," mentality. Whenever an employee realizes a more productive method of accomplishing a certain goal, Correction Enterprises is open-minded to change. By communicating before, during and after a change is implemented, it is easy to determine if the idea truly resulted in more efficient methods or increased customer service. If it does, the change is incorporated into regular procedures.

"Correction Enterprises' Warehouse employees have experienced a significant increase in their work load since NCCE took over inventory control and delivery of all clothing items previously managed by the Central Supply Warehouse. In addition to their normal activities, Warehouse personnel now manage and account for an additional five million dollars worth of NCCE finished goods inventory. With that inventory spread over three warehouse locations, it requires significant logistical teamwork to ensure that items are properly received, stored and shipped."

*- Mike Baldwin,
Industry Director*



THE CUSTOMER'S SHOWROOM

With more than 30 plants throughout the State of North Carolina, the Correction Enterprises' showroom, located in Raleigh, features just a taste of the products that are currently manufactured. The knowledgeable customer service and sales staff are located nearby to assist customers with their needs.

By displaying posters of the inmates at work, the showroom is a visible reminder of Correction Enterprises' mission — To provide marketable job skills and transitional opportunities for inmates in a professional and safe work environment while providing quality goods and excellent service to our customers at a savings to the citizens of North Carolina.

come to the Correction Enterprises' Showroom



“The most important quality our Quick Copy Center staff has is their accountability to our stake holders.”

- Billy Robbins, Industry Director

“The Reupholstery Plant produces top quality refurbishment of upholstered seating and other items for numerous agencies and state employees. There is a mutual respect between supervisors and inmate staff of the skills and abilities required to consistently provide professional quality reupholstery services.”

- Mike Baldwin, Industry Director

“Braille Transcription Services is committed to the development of quality accessible materials as well as the development of highly skilled inmates who provide a valuable service to the visually impaired.”

- Billy Robbins, Industry Director

“Sign Reclaiming Plant continues to develop more efficient and environmentally friendly methods to reclaim highway signage. They are known as Correction Enterprises’ “Green Machine” for their recycling and reuse efforts.”

- Phil Rowe, Industry Director

“Meat Plant safety not only involves the processing equipment and fire extinguishers but also the production of beef, poultry and pork products. The reward of food safety today is a healthier tomorrow.”

- Phil Sykes, Industry Director

“The Correction Enterprises Sign Plant has been making high quality signage for over 60 years. The signage meets the highest standards and quality demands of FHWA and NCDOT. The stringent manufacturing specifications include a 12 year warranty on our products.”

- Phil Rowe, Industry Director

Nash Optical will be facing major changes in the Medicaid program this year, but they are confident that the transition will go smoothly and the plant will continue to operate at a high level.”

- B.P. Taylor, Industry Director

“Inmates assigned to the tag plant must be willing to take quality control initiatives throughout the tag manufacturing process”.

- Billy Robbins, Industry Director

“Thousands of gallons of high quality paint are produced at the Paint Plant and are mostly used on North Carolina highways. As in other Enterprises operations that produce products for the NCDOT, our paint meets very tight specifications and testing requirements. Quality is number one.”

- Phil Rowe, Industry Director

