



CORRECTION
ENTERPRISES

Not Just Making It Right. Making It Better.

BUSINESS PLAN

2016-2017





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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.

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 GOALS

1. Improve Customer Experience
2. Increase Opportunities for Inmate Success
3. Increase Market Share
4. Maintain Financial Stability
5. Improve Organizational Efficiencies
6. Increase Environmental Responsibility
7. Implement New Product Development



Executive Summary

For FY 2016/2017 Correction Enterprises anticipates increased sales with reduced net retained earnings. Sales are projected at \$97,000,000. This represents a 2.1% increase from 2015/2016.

Gross retained earnings are projected at \$8,285,000 and net retained earnings are projected at \$1,500,000 with allocations projected at \$6,756,000. Net retained earnings are projected to decrease from FY 15/16 primarily due to overtime expenses resulting from changes in the Fair Labor Standards Act and increasing inmate wages.

Correction Enterprises closed the Paint Plant operation in November 2015 due to negative retained earnings which will result in decreased sales this year of \$2,595,248; however, sales will grow in other areas as a direct result of the new “SOAR” marketing initiative, sales to public contractors and new products being introduced. Correction Enterprises has also implemented a strategic plan to increase land management revenue over the next five years. Growth industries for fiscal year 16/17 include Print, Signs, Laundry, Braille, Janitorial and Furniture. The only declining industry will be sewing, which experienced exceptional sales over the past 24 months from the introduction of new Correctional Officer and Division of Motor Vehicle uniforms. The Metal Plant and the Woodworking Plant continue to experience negative returns; however through cost containment and higher margin products the trend of negative returns is significantly improving, as seen this past fiscal year with the Farm.

Capital expenses for FY 2016/2017 are projected at \$10,997,200. Major capital expenditures this year include completing construction and renovations at Broughton Laundry, grain bins at Caledonia Farm, new industry construction at Tabor Correctional Institution, upgraded print equipment and a new roof at the Print Plant.

Cash is projected to increase this FY to \$16,500,000 which represents the low end of our operating benchmark for cash retention which is two months of operating cash or \$16M - \$18M.

Total inmate positions for FY 2016/2017 are projected to decline to 2,464 positions. This is primarily due to the closure of the Paint Plant.

2016/2017 SUMMARY OF PROJECTIONS

Sales	\$97,000,000
Capital Expenses	\$10,997,200
Gross Margin	\$8,285,000
Allocations	\$6,756,000
Net Retained Earnings	\$1,500,000
Cash	\$16,500,000
Inmate Utilization	2,464



Executive Summary

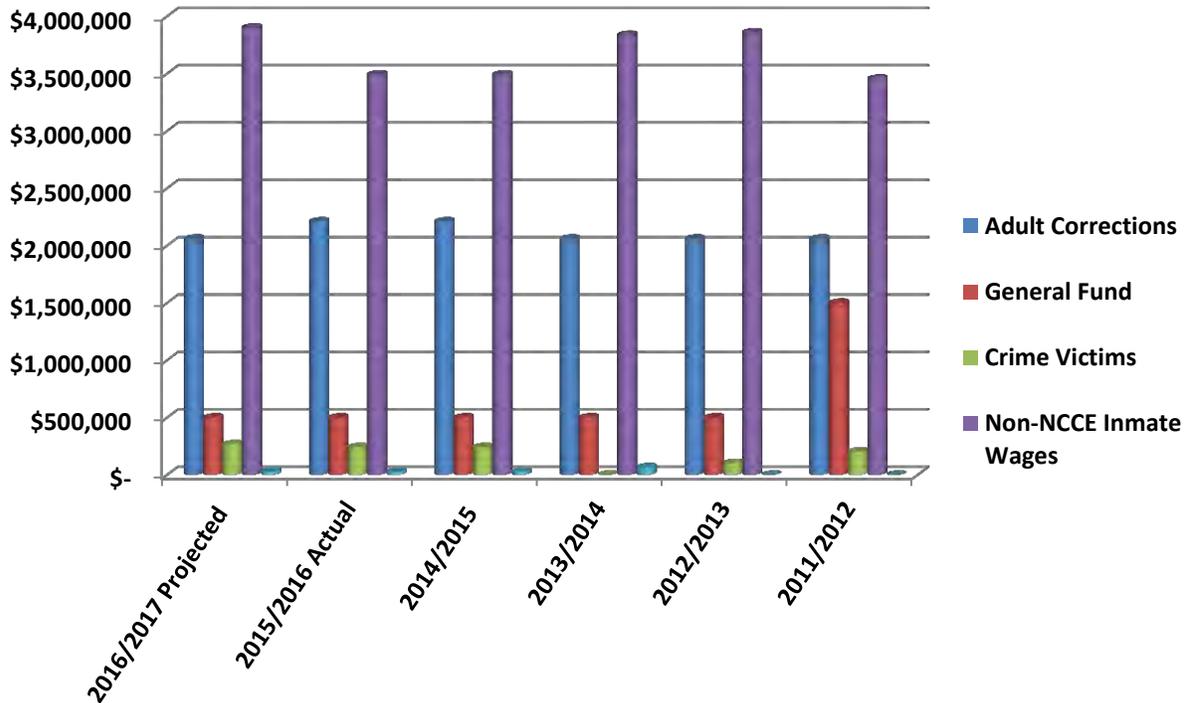
Sales, Margins, Allocations and Net Retained Earnings

Allocations for 2016/2017 are projected at \$6,756,000 which is a 1.3% increase from FY 2015/2016. This is due to higher contributions to the Crime Victims Compensation Fund and increased wages for non-Correction Enterprises inmates, specifically for food service inmates.

CHART 2 - NCCE ANNUAL ALLOCATIONS

	2016/2017 Projected	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Adult Corrections	\$2,060,000	\$2,210,000	\$2,060,000	\$2,060,000	\$2,060,000	\$2,060,000
General Fund	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$1,500,000
Crime Victims	\$266,158	\$241,303	\$88,932	\$708	\$103,126	\$202,612
Non-NCCE Inmate Wages	\$3,900,000	\$3,491,500	\$3,341,224	\$3,836,509	\$3,859,362	\$3,455,304
PIE Contributions	\$30,000	\$26,235	\$41,620	\$66,200	Not Tracked	Not Tracked
Totals	\$6,756,158	\$6,469,038	\$6,031,776	\$6,463,417	\$6,522,488	\$7,217,916

GRAPH 1





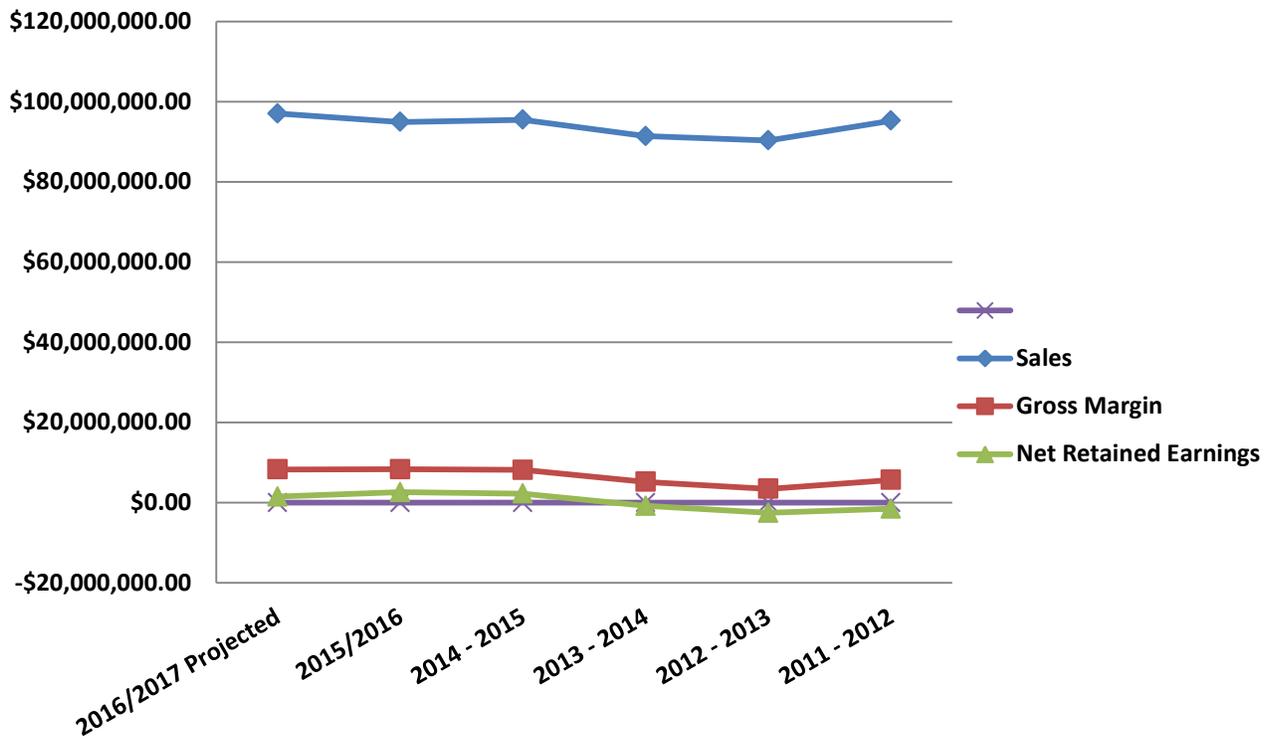
Executive Summary

GRAPH 3 - SALES/EARNINGS SUMMARY

	2016/2017 Projected	2015/2016	2014 - 2015	2013 - 2014	2012 - 2013	2011 - 2012
Sales	\$97,000,000	\$94,902,270	\$95,490,214	\$91,370,000	\$90,317,000	\$95,234,000
Gross Margin	\$8,285,000	\$8,314,555	\$8,167,293	\$5,170,000	\$3,462,000	\$5,674,000
Net Retained Earnings	\$1,500,000	\$2,613,100	\$2,266,067	(\$781,137)	(\$2,545,800)	(\$1,497,600)

GRAPH 2

Sales/Earnings Summary





Executive Summary

Capital Expenditures

Capital expenses for FY 2016/2017 are projected at \$10,997,200, with \$4,935,000 dedicated to equipment and \$6,062,200 dedicated to improvements; \$2,765,500 is for expansion and \$8,231,700 is for replacement. A detailed breakdown of all approved capital expenditures is contained in this report. Future capital needs total \$9,165,000, not inclusive of future up fits planned for Bertie CI and Maury CI.

Major capital expenditures this year include completing construction and renovations at Broughton Laundry, grain bins at Caledonia Farm, new industry construction at Tabor Correctional Institution, new print equipment and a new roof at the print plant.

CHART 4 - 2015/2016 CAPITAL EXPENDITURES

Industry	2016-2017 Equipment	2016-2017 Improvements	2018-2020 Equipment	2018-2020 Improvements
Meat Plant	\$ 445,000	\$ 255,000	\$ 439,000	\$ 70,000
Sewing Operations	\$ 405,000	\$ 800,000	\$ 1,324,450	\$ 1,300,000
Laundry Operations	\$ 394,500	\$ 2,691,700	\$ 432,000	\$ 1,545,000
Sign Operations	\$ 200,000	\$ 25,000	\$ 285,000	\$ 700,000
Janitorial Products	\$ 176,000	\$ -	\$ 145,000	\$ -
Print	\$ 1,478,500	\$ 1,580,000	\$ 298,500	\$ -
Cannery	\$ 211,000	\$ 24,000	\$ 165,000	\$ 117,000
Optical	\$ 66,000	\$ 50,000	\$ 54,000	\$ 85,000
Fresh Produce Distribution	\$ 323,000	\$ 15,000	\$ 248,000	\$ 15,000
Upholstery Services	\$ -	\$ -	\$ -	\$ -
License Tag Plant	\$ 123,000	\$ 185,000	\$ 15,000	\$ -
P&D Warehouse	\$ 384,000	\$ -	\$ 420,000	\$ -
Wood Furniture	\$ 90,000	\$ -	\$ -	\$ -
Quick Copy	\$ 42,000	\$ -	\$ 435,000	\$ 25,000
Metal Plant	\$ 44,000	\$ -	\$ 32,000	\$ -
Farm Operations	\$ 87,000	\$ 421,500	\$ 865,000	\$ 40,000
Braille Transcription	\$ 21,000	\$ -	\$ 85,000	\$ -
Inmate Packaging	\$ -	\$ -	\$ -	\$ -
Employee Awards	\$ -	\$ 15,000	\$ 25,000	\$ -
Enterprises Maintenance	\$ 178,000	\$ -	\$ -	\$ -
Enterprises IT	\$ 233,000	\$ -	\$ -	\$ -
Enterprises Sales	\$ 34,000	\$ -	\$ -	\$ -
Totals	\$ 4,935,000	\$ 6,062,200	\$ 5,267,950	\$ 3,897,000



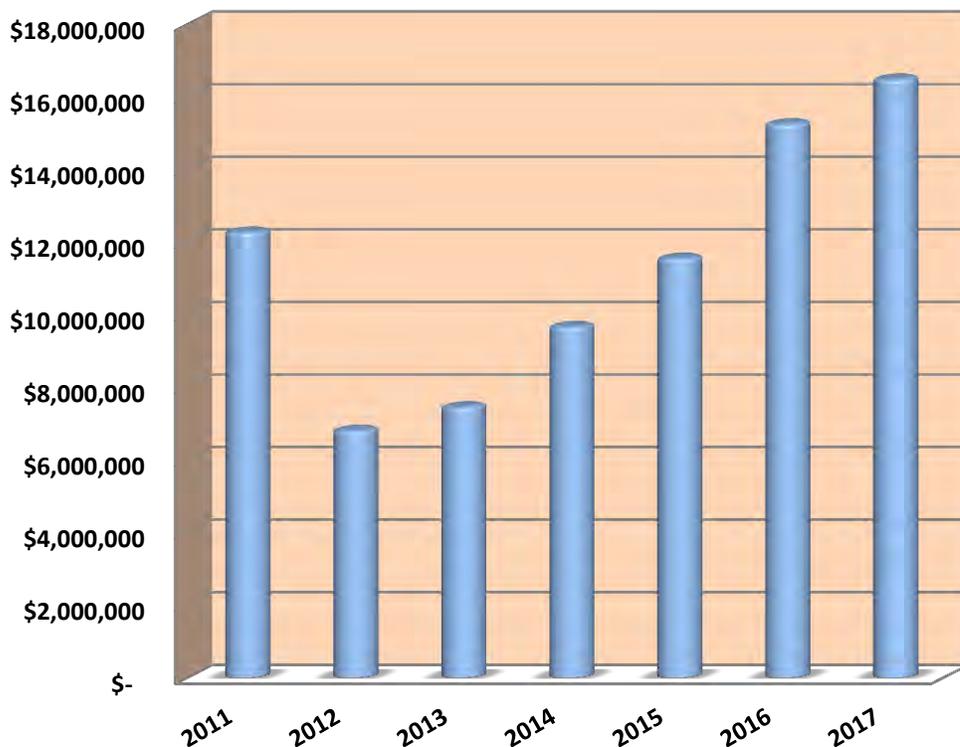
Executive Summary

Cash

End of year cash for FY 15/16 is distorted by \$629,570; representing a short-term transfer from the Inmate Banking Fund that was returned July 1, 2016. Cash is anticipated to reach \$16,500,000 by the end of FY 16/17. Correction Enterprises' benchmark for cash retention is two months of operating cash or \$16M - \$18M; this will be the first year the benchmark has been met since 2009. Correction Enterprises made the two final payments on DPS debt in FY15/16, so the fund is now debt free.

GRAPH 3

Cash Summary





Executive Summary

Inmate Utilization

Inmate utilization is projected to decrease by 97 positions. Total inmate positions for FY 2016/2017 is projected at 2,570. Inmate turn-over especially in P & D Warehouse, Laundries and the Farm remains a concern.

CHART 5 - INMATE UTILIZATION BY INDUSTRY

Industry	2016 /2017
Braille Transcription	25
Cannery	156
Employee Award Distribution	10
Farm Operations	121
Fresh Produce Warehouse	24
Inmate Packaging Program	40
Janitorial Products	97
Laundry Operations	513
License Tag	60
Meat Processing	86
Metal Products	84
Optical	65
P & D Warehouse	29
Print	148
Quick Copy Services	60
Sewing Operations	624
Signage	170
Upholstery Products and Services	81
Wood Furniture Products	71
<i>Total Inmate Utilization</i>	2464

The Hidden Workforce

Pre-release employment readiness

Career Ready



North Carolina Correction Enterprises (NCCE) prides itself on the technical skills they provide to well over 2500+ inmates yearly. The organization has also identified the need to work with these offenders on soft skills. Soft skills are personality traits, attitudes, and manners. They can also include the clothes you choose to wear, your hairstyle, and overall appearance. Soft skills are sometimes called people skills, interpersonal skills, or work-readiness skills. Employers value people who can work well with coworkers and customers, including people of different cultural backgrounds. They want to hire people who know how to behave properly in the workplace. Technical skills look great on a resume and will help obtain employment, but soft-skills are what help retain employment.

Proponents for successful reentry; Correction Enterprises has implemented two programs to fill this need. Thinking for a Change (T4C), is a cognitive-behavioral curriculum developed by the National Institute of Corrections that concentrates on changing the criminogenic thinking of offenders. Last fiscal year Correction Enterprises successfully graduated 101 offenders from the 12-week certificate based program.

In FY 15/16, 203 inmates were trained and received certificates through our newly introduced Resume Writing & Interview Skills training. The class is a four-hour interactive training. Offenders learn interview “Do’s and Don’ts”, and how to articulate and recognize transferrable skills. The training consists of mock interviews as well as the opportunity to start a resume.

Illustration: FY 2015 / 2016 Career Readiness Training





The Hidden Workforce

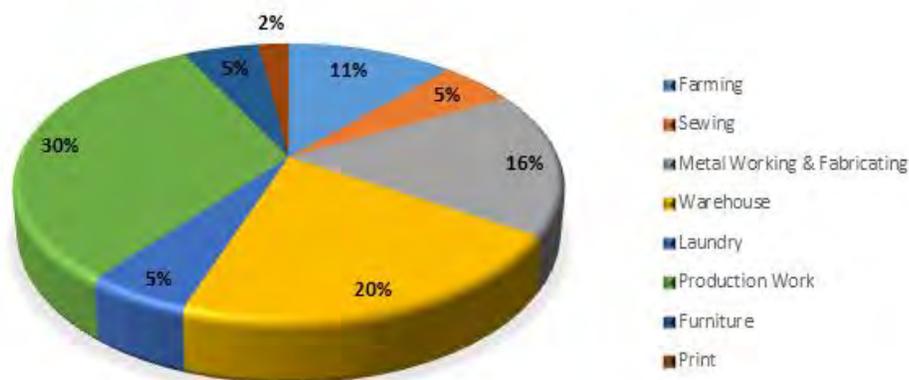
Post-release employment services

Since 2009 Correction Enterprises has assisted former offenders who worked for Correction Enterprises. The program is solely dedicated to inmates who are trained by Correction Enterprises for six months or more. A full-time employee is dedicated to assisting newly released offenders to find jobs earning a livable wage. Former offenders are also supplied with an updated listing of transitional services specific to their county of release. In FY 15/16 NCCE worked with approximately 55 offenders monthly who qualified for services. Correction Enterprises recruits businesses across the State of NC to hire NCCE trained former offenders. This is achieved through door to door presentations, career fairs, community group meetings, etc. Of the contacts made, 90 were industry specific to the skill sets trained through Correction Enterprises. (chart below).

Correction Enterprises has also dedicated a page on our web-site for former offender resources, entitled, "Workforce Career & Work Opportunity Resources." The site houses links to valuable resources for transitional services. As a continued part of Correction Enterprises' mission to assist individuals who gained marketable job skills and invaluable work experience inside our production plants, we are providing many "real-time" links to promote self-improvement and enhance greater awareness of transitional services available to all NC citizens, as well as links for other states. Our primary focus is to empower people with quality resources and information to strengthen their potential for greater stability and stronger systems of support.

Correction Enterprises continues to make great strides to align our reentry efforts with our mission and values; recognizing that our number one product is our offenders.

RECRUITMENT OF NEW EMPLOYERS





Prison Industry Enhancement Certification Program

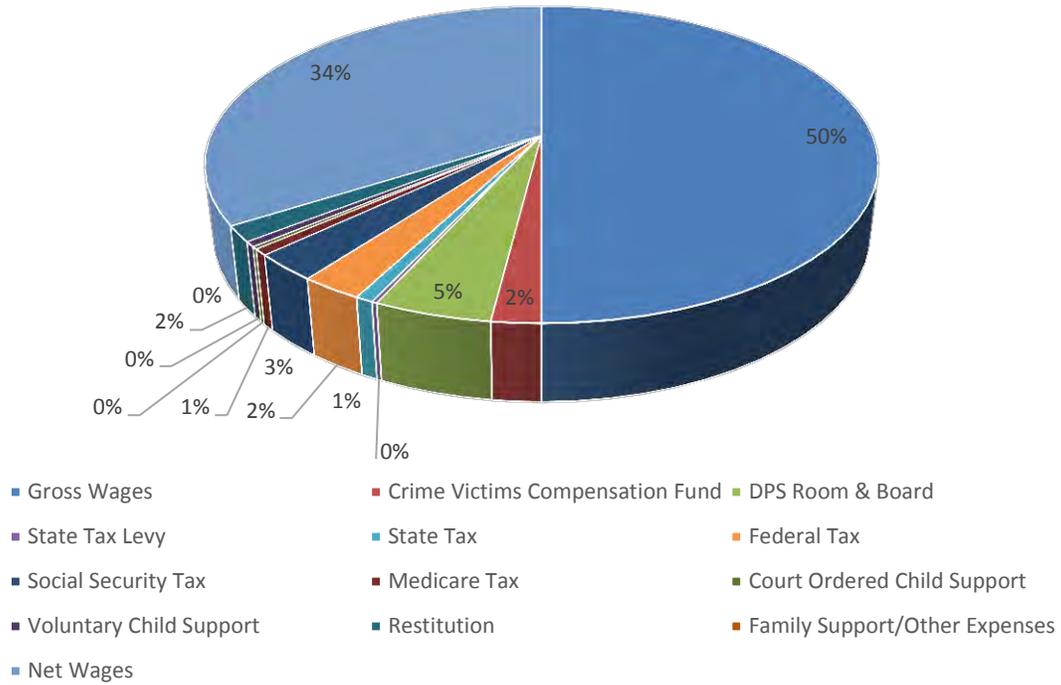
The Prison Industry Enhancement Certification Program (PIE) was authorized by the Justice System Improvement Act of 1979 (Public Law 96-157, Sec. 827). The PIE program later expanded under the Justice Assistance Act of 1984 (Public Law 98-473, Sec. 819) and the Crime Control Act of 1990 (Public Law 101-647). North Carolina has been PIE certified since 1993, allowing Correction Enterprises to establish joint ventures with private industry to produce goods using inmate labor that may be sold through interstate commerce. Inmates employed in PIE programs contribute to room and board, family support, taxes and Crime Victims Compensation Fund as a way to reduce the escalating cost of incarceration. Inmate wages are determined annually by the Department of Commerce at a rate not less than that paid for work of a similar nature in the locality in which the work is performed. A PIE program cannot result in the displacement of employed workers in the locality in which work is performed.

Correction Enterprises has three approved PIE programs employing a total of 50 inmate workers. Janitorial Products plant operates two PIE programs located within Warren Correctional Institution, partnering with S-2 Clean Incorporated and J. W. Yount Corporation manufacturing environmental-friendly commercial cleaning products. The Inmate Packaging Program located within Lanesboro Correctional Institution partners with Union Supply Incorporated operating a packaging and distribution service for quarterly inmate gift packages to correctional institutions throughout North Carolina.

FY 15/16 Inmate Wages and Deductions

Category	Warren CI	Lanesboro CI	Total
Gross Wages	\$ 9,573.91	\$ 183,796.27	\$ 193,370.18
Crime Victims Compensation Fund	\$ 342.50	\$ 7,393.13	\$ 7,735.63
DPS Room & Board	\$ 1,000.00	\$ 17,500.00	\$ 18,500.00
State Tax Levy Garnishment	\$ -	\$ 842.32	\$ 842.32
State Tax	\$ -	\$ 2,805.00	\$ 2,805.00
Federal Tax	\$ 14.02	\$ 9,854.02	\$ 9,868.04
Social Security Tax	\$ 592.88	\$ 9,993.26	\$ 10,586.14
Medicare Tax	\$ 138.66	\$ 2,337.21	\$ 2,475.87
Court Ordered Child Support	\$ -	\$ 1,000.30	\$ 1,000.30
Voluntary Child Support	\$ -	\$ 1,990.38	\$ 1,990.38
Restitution	\$ -	\$ 6,119.15	\$ 6,119.15
Family Support/Other Expenses	\$ -	\$ 131.07	\$ 131.07
Net Wages	\$ 7,485.85	\$ 123,830.42	\$ 131,316.27

Total PIE Programs Contributions



PIE INMATE WORKERS

64



Number of Inmate Workers

23,322



Total Hours Worked

1,055



Room & Board Days Paid



Braille Transcription

Background

Braille Transcription Services Plant is located at Scotland Correctional Institution. Inmates are trained to transcribe, read and proofread Braille; design and reproduce tactile graphics; and operate numerous pieces of equipment in the production of accessible instructional material. The Braille Plant currently has seventeen inmates and two employees that are Literary Certified Transcribers by the National Library Services for the Blind and Physically Handicapped Library of Congress, four Certified Textbook Transcribers by the Braille Authority of North America, four inmates enrolled in Nemeth Braille Code for Mathematics and one that has obtained certification.

Number of Staff Employed: 2

Number of Inmates Employed: 25

Future Indicators

Strengths: Excellent inmate training and certification program with great transitional value. National recidivism average for Braille Certified inmates is less than 2%. Good public relations program. Gaining national recognition.

Weaknesses: This will always be a low margin business.

Opportunities: This industry has an opportunity for growth with heavy marketing. Additional products such as Braille business cards and Braille evacuation routes can easily be added.

Threats: Prison Braille programs increasing throughout the United States, increasing competition.

Capital Spending

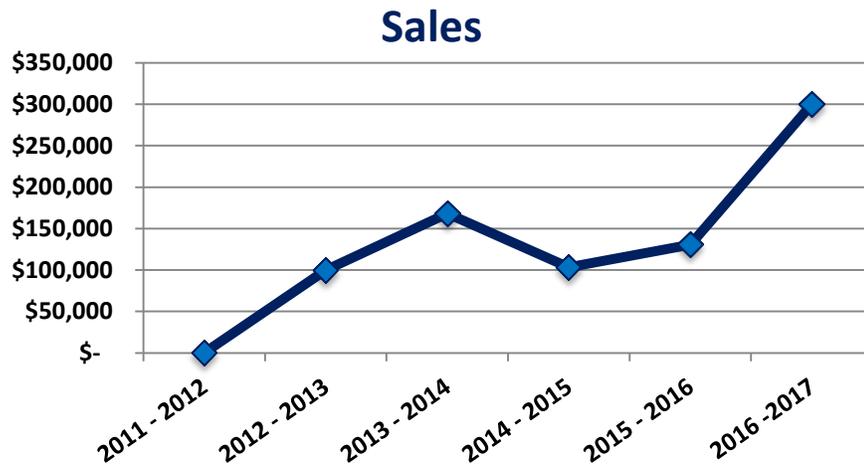
	Equipment 2016 - 2017	Improvement 2016- 2017		Equipment 2018 - 2020	Improvement 2018 - 2020
View Plus Elite Tiger Embosser	\$ 21,000	\$ -	Flatbed Inkjet Printer	\$ 70,000	\$ -
			Scanner	\$ 15,000	
Total Capital	\$ 21,000	\$ -	Total Capital	\$ 85,000	\$ -

Braille Transcription

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 300,000	\$ 130,634	\$ 103,431	\$ 168,000	\$ 99,800	\$ -
Retained Earnings	\$ (25,000)	\$ (153,274)	\$ (174,538)	\$ (119,000)	\$ (75,000)	\$ (175,000)
Margin	-8%	-117%	-169%	-71%	-75%	-175%
Inventory	\$ 8,000	\$ 4,600	\$ 7,777	\$ 4,900	\$ 8,200	\$ -

Sales



Retained Earnings





Cannery

Background

The Cannery located at Caledonia Correctional Institution began operation in 1951 and produces products including canned vegetables, juices, teas and pancake syrup.

Number of Staff Employed: 7

Number of Inmates Employed: 156

Future Indicators

Strengths: Diverse and consistent product line that is easily adjusted to respond to customer demand. Great reputation for producing quality products that meet all FDA requirements. Provides useful training for inmates. Sales have remained consistent with respectable margins.

Weaknesses: Aging equipment and building. Complying with new Federal Laws governing food production is becoming increasingly more difficult with old and outdated equipment and cooking procedures. Currently operating at production capacity. Product produced is only purchased by a single customer. Very difficult to predict production amounts needed for the upcoming year.

Opportunities: The ability to add new products, but would require plant expansion.

Threats: Raw material cost. Can, vegetable, bean and fructose prices are continuing to rise. Compliance with Federal Regulations with our current operation.

Capital Spending

	Equipment 2016 - 2017	Improvement 2016 - 2017		Equipment 2018 - 2020	Improvement 2018 - 2020
Can Seamer Parts	\$ 50,000		New Warehouse Fork Lift	\$ 25,000	
New Vegetable/Bean Destoner	\$ 25,000		Miscellaneous Equipment	\$ 100,000	
Green Cutter Rebuild Parts	\$ 10,000		Replacement Area Belts	\$ 40,000	
New Warehouse Fork Lift	\$ 25,000		Miscellaneous Improvements		\$ 100,000
New Exhaust System in Cannery	\$ 25,000		Inmate Break Area		\$ 5,000
New Vegetable Cutter	\$ 24,000		Staff Break Area/Office Trailer		\$ 12,000
Mobile 2ft. Wide Belts/Inspection Line	\$ 12,000				
Replacement Valves for Retorts	\$ 40,000				
New Main Water Line to Cannery		\$ 20,000			
Steam Heater		\$ 4,000			
Total Capital	\$ 211,000	\$ 24,000	Total Capital	\$ 165,000	\$ 117,000

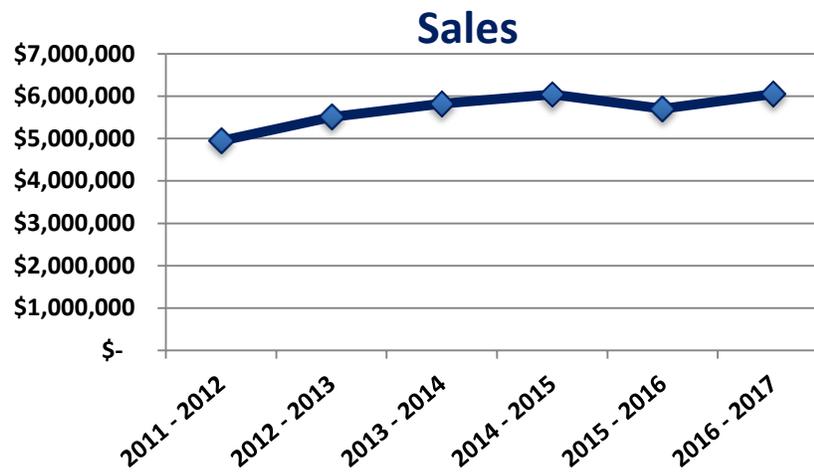


Cannery

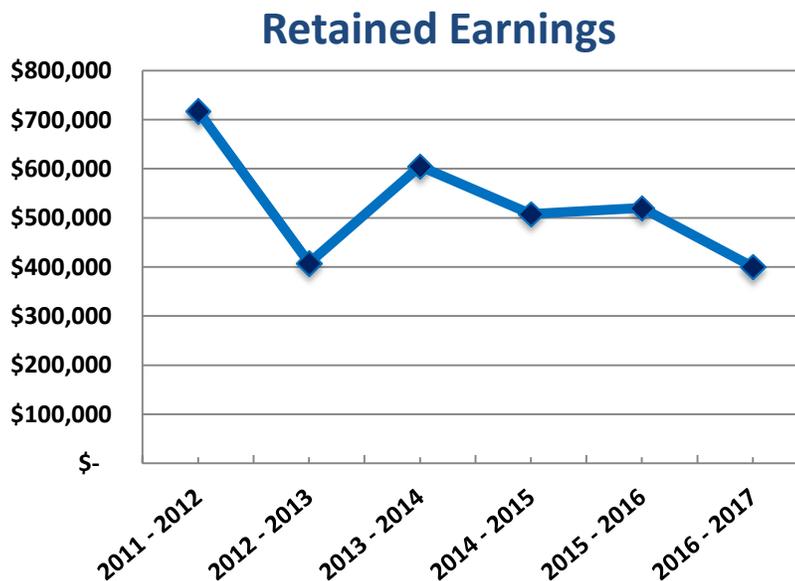
Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 6,050,000	\$ 5,701,891	\$ 6,045,069	\$ 5,821,000	\$ 5,510,000	\$ 4,947,000
Retained Earnings	\$ 400,000	\$ 520,215	\$ 508,000	\$ 605,000	\$ 408,000	\$ 718,000
Margin	7%	9%	8%	10%	7%	15%
Inventory	\$ 2,600,000	\$ 3,096,000	\$ 2,551,000	\$ 3,353,000	\$ 3,572,000	\$ 3,490,000

Sales



Retained Earnings





Employee Award Distribution

Background

Employee Award Distribution Plant is a new industry located in Moore County. Inmates are bused in from Sanford Correctional Center. The Employee Award Distribution Plant began operation in January 2014. Inmates are trained in the warehousing, packaging, shipping and distribution of employee service award products. Inmates also gain skills in inventory control procedures, processes and equipment operation related to labeling, packaging and shipping inventory.

Number of Staff Employed: 1

Number of Inmates Employed: 10

Future Indicators

Strengths: Good inmate training opportunity with pre-apprenticeship program. Large customer base. Good vendor relationships. Shared space lowers overhead.

Weaknesses: High cost for shipping, Expensive inventory to maintain. Budget sensitive.

Opportunities: Strong support from Office of Human Resources, growth opportunity through additional customers or retirement gift offering.

Threats: High competition, multiple vendors offer service award programs.

Capital Spending

	Equipment 2016 - 2017	Improvement 2016 - 2017		Equipment 2018 - 2020	Improvement 2018- 2020
Repairs to Front Office		\$ 10,000	Van	\$ 25,000	\$ -
Secure Storage		\$ 5,000			
Total Capital	\$ -	\$ 15,000	Total Capital	\$ 25,000	\$ -

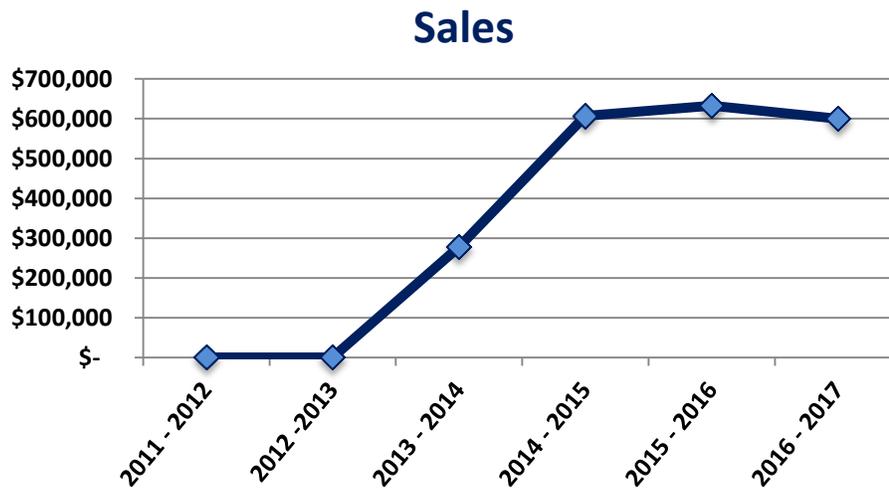


Employee Award Distribution

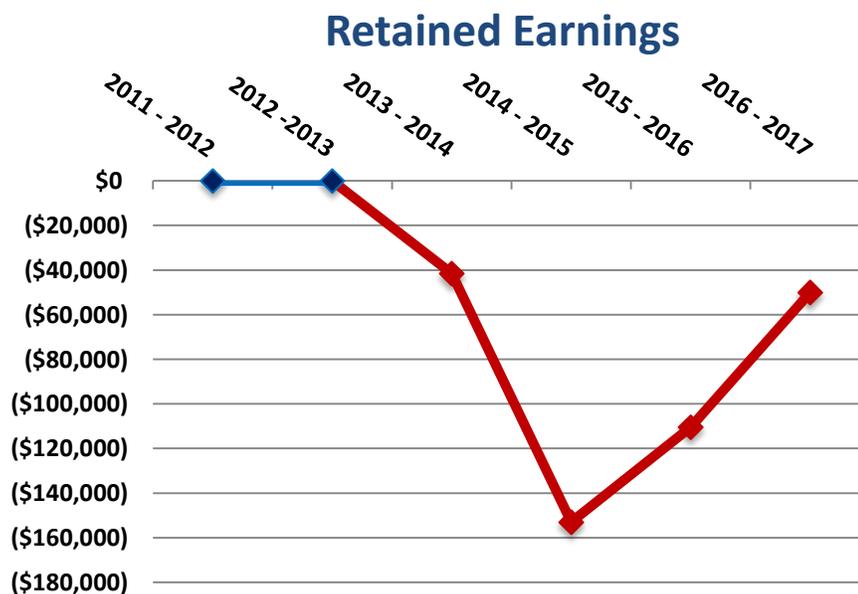
Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 600,000	\$ 632,465	\$ 607,000	\$ 278,000	\$ -	\$ -
Retained Earnings	\$ (50,000)	\$ (110,401)	\$ (153,000)	\$ (41,500)	\$ -	\$ -
Margin	-8%	-18%	-25%	-15%	0%	0%
Inventory	\$ 150,000	\$ 157,000	\$ 123,000	\$ 115,000	\$ -	\$ -

Sales



Retained Earnings





Farm Operations

Background

Correction Enterprises operates an 8,000 acre farm at Caledonia Correctional Institution. Correction Enterprises has grown vegetables and raised livestock for inmate consumption since early 1930s. Farm operations continue to evolve in response to the changing needs of the Department of Public Safety.

Number of Staff Employed: 13

Number of Inmates Employed: 121

Future Indicators

Strengths: Employs many inmates. Large acreage of land presents options to lease land for additional income. Excellent relationship with customers and the community. Inmates are growing their own food.

Weaknesses: High overhead and equipment costs. High inmate turnover in critical job roles.

Opportunities: Diversification in agricultural products to find new markets and potential to produce value added crops. Addition of a vegetable flash freeze operation to increase vegetable production at the farm. Yearly supplies of seasonal vegetables could be grown and frozen to supply the prisons.

Threats: Agricultural commodity markets are very volatile and fluctuate. The operation is heavily dependent on weather conditions.

Capital Spending

	Equipment 2016 - 2017	Improvement 2016 - 2017		Equipment 2018 - 2020	Improvement 2018 - 2020
John Deere Loader Tractor	\$ 67,000		Irrigation System	\$ 220,000	
Hopper Bottom (Used)	\$ 20,000		John Deere 7800 Tractor	\$ 290,000	
Concrete for Grain Bins (rollover)		\$ 60,000	Pumps for Irrigation	\$ 200,000	
Grain Storage and Elevator (rollover)		\$ 361,500	Grain Bin	\$ 105,000	
			Used Backhoe	\$ 50,000	
			Repair Irrigation Pump House		\$ 40,000
Total Capital	\$ 87,000	\$ 421,500	Total Capital	\$ 865,000	\$ 40,000

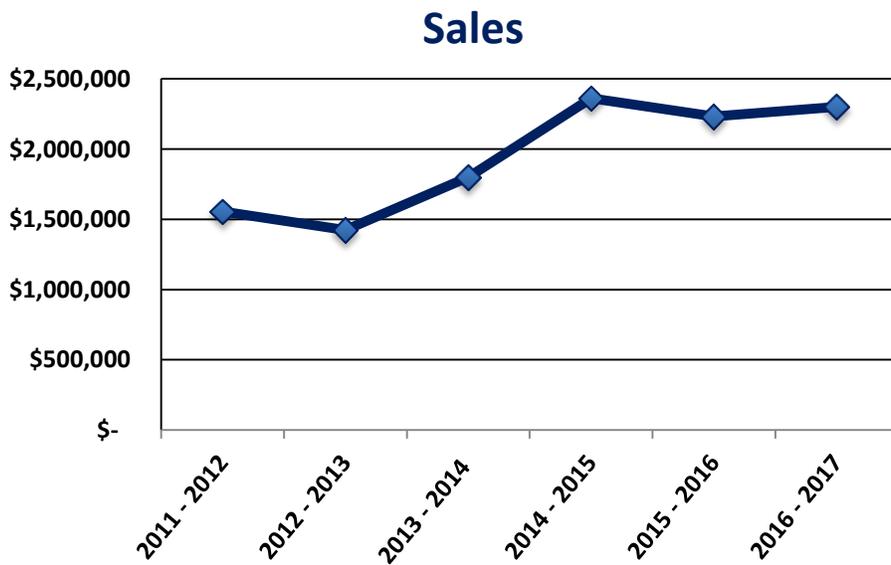


Farm Operations

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 2,300,000	\$ 2,232,341	\$ 2,360,568	\$ 1,800,000	\$ 1,423,000	\$ 1,556,000
Retained Earnings	\$ -	\$ 154,581	\$ (31,901)	\$ (725,000)	\$ (1,011,000)	\$ (1,166,000)
Margin	0%	7%	-1%	-40%	-71%	-75%
Inventory	\$ 350,000	\$ 515,000	\$ 426,000	\$ 477,000	\$ 477,000	\$ 452,000

Sales



Retained Earnings





Forestry

Background

Began in 1956 as a Logging and Sawmill operation in several areas of North Carolina. In 1973, the objective was changed from a manufacturing operation to Timberland Management which involves property control, resource protection, reforestation and forest product sales on approximately 3,000 acres of timberland in 24 North Carolina counties. A new land management strategic plan was developed in May 2014 with a focus on harvesting and replanting timber. No inmate positions are assigned to this industry; however 5-20 inmates utilized intermittently for replanting of sapplings.

Number of Staff Employed: 1

Number of Inmates Employed: 0

Future Indicators

Strengths: Potential to bring revenue for Correction Enterprises. NCDPS has numerous tracts of land across the state with various timber species to harvest timber from. No expense or overhead.

Weaknesses: Many tracts are small in acreage and are located in areas that are hard for harvesting crews to access. The timber bid process with government is not appealing to potential bidders. Employs few inmates on an inconsistent basis.

Opportunities: Potential to harvest and replant in fast growing marketable tree species for future harvests. Once a harvest schedule is in place, timber harvests can provide a steady income for NCCE.

Threats: Statutory authority for this service weak.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
None Anticipated			None Anticipated		
Total Capital	\$ -	\$ -	Total Capital	\$ -	\$ -



Forestry

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 100,000	\$ 17,067	\$ 150,000	\$ -	\$ 3,500	\$ 75,815
Retained Earnings	\$ 100,000	\$ 12,387	\$ 150,000	\$ -	\$ 3,500	\$ 75,815
Margin	100%	73%	100%	0%	100%	100%
Inventory	\$ -	\$ -	N/A	N/A	N/A	N/A

Sales



Retained Earnings





Fresh Produce Warehouse

Background

Correction Enterprises Fresh Produce Warehouse has been in operation since 1997. The warehouse buys, sorts, sells and delivers over 8 million pounds of fresh produce and eggs per year; and they also deliver canned vegetables for the Cannery. The warehouse currently delivers to 60 DACJJ facilities. During harvest season, the warehouse runs, sorts, grades and packages fresh produce from Caledonia Farm. Produce that is not in season or not grown at Correction Enterprises Farm is purchased from the US, Canada and Central America.

Number of Staff Employed: 9

Number of Inmates Employed: 24

Future Indicators

Strengths: Fresh produce continues to have consistent yearly sales, an excellent reputation for responsive customer service, and provides beneficial skills to inmates.

Weaknesses: Only provides product to a single customer. High overhead and high inmate turnover. Operates as a service to Prisons and provides little margin.

Opportunities: The processing of additional fresh vegetables produced at the farm operation would add additional income.

Threats: There is potential for business to be outsourced through a food service contract.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Road Tractor (2 Qty.)	\$ 220,000		Road Tractor (2 Qty.)	\$ 220,000	
Refrigerated Trailer	\$ 75,000		Forklift (Enfield Whse)	\$ 28,000	
Forklift	\$ 28,000		Misc. Improvements		\$ 15,000
Gravel Parking Lot Expansion		\$ 15,000			
Total Capital	\$ 323,000	\$ 15,000	Total Capital	\$ 248,000	\$ 15,000

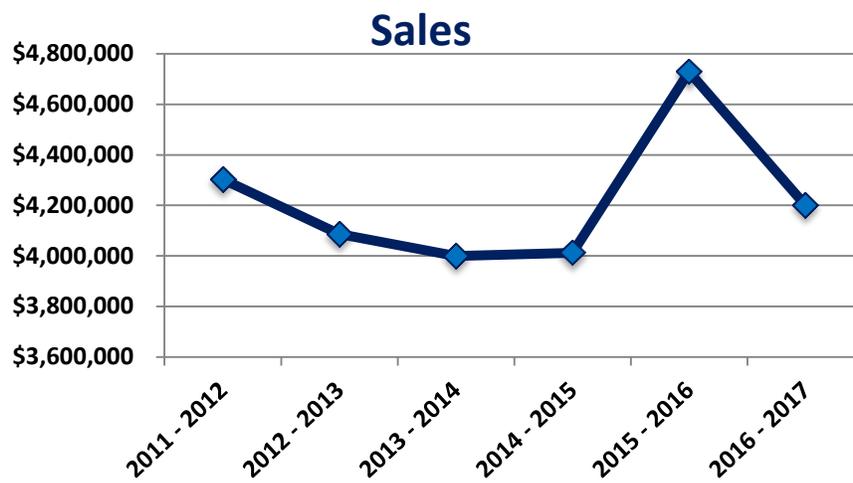


Fresh Produce Warehouse

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 4,200,000	\$ 4,728,662	\$ 4,013,000	\$ 4,000,000	\$ 4,087,000	\$ 4,303,600
Retained Earnings	\$ 75,000	\$ 135,595	\$ (18,000)	\$ 59,000	\$ (87,900)	\$ (227,000)
Margin	2%	3%	0%	1%	-2%	-5%
Inventory	\$ 92,000	\$ -	\$ 156,000	\$ 91,000	\$ 92,000	\$ 114,000

Sales



Retained Earnings





Inmate Packaging Program (PIECP)

Background

This is a new operation that began in September 2013. It is located at Lanesboro Correctional Institution. The program is a Prison Industries Enhancement Certification Program in partnership with Union Supply Company allowing for friends and family to order gift packages for inmates on a quarterly basis.

Number of Staff Employed: 3

Number of Inmates Employed: 40

Future Indicators

Strengths: Operation has the highest paid inmates within NCCE (prevailing wage). Good training opportunities, potential to expand product offering to include snap together electronics items (TV's, Radios, etc.) in future. Very efficient operation with good retained earnings.

Weaknesses: Product offering subject to limitation by Prisons. Packaging does not lend itself to be a day-to-day operation, instead runs five to seven weeks per quarter. Security concerns regarding use of purchased items for inmate bartering / loansharking, etc.

Opportunities: Product mix can easily be expanded with additional items within food / hygiene / and craft items. Since it's a PIE program, can sell to any customer in any state.

Threats: Multiple vendors interested in supplying the same type of program.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
None Anticipated			None Anticipated		
Total Capital	\$ -	\$ -	Total Capital	\$ -	\$ -

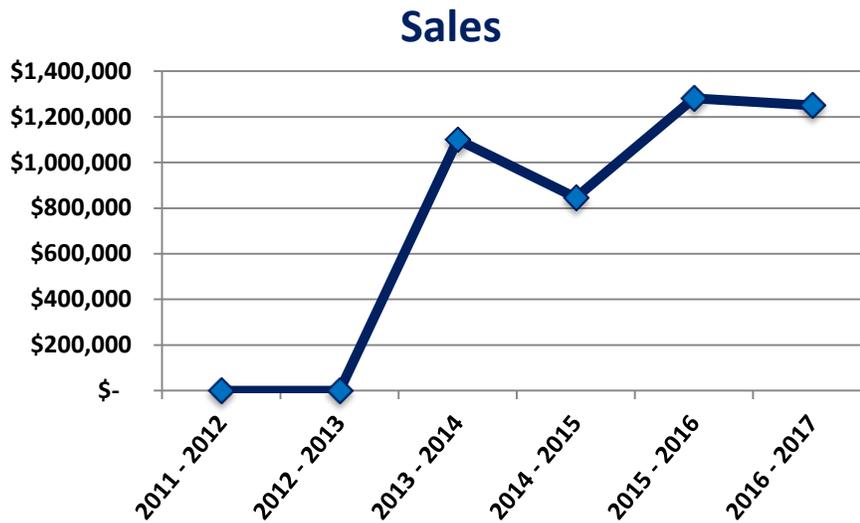


Inmate Packaging Program

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 1,250,000	\$ 1,281,708	\$ 846,000	\$ 1,100,000	\$ -	\$ -
Retained Earnings	\$ 400,000	\$ 548,601	\$ 201,000	\$ 354,000	\$ -	\$ -
Margin	32%	43%	24%	32%	0%	0%
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Sales



Retained Earnings





Janitorial

Background

Janitorial Products Plant was first started in 1941 at Central Prison. The plant moved to Harnett Correctional in 1967 and moved to a state of the art facility at Warren Correctional Institution in 2007. Janitorial Products Plant produces cleaning products, floor care products, laundry chemicals, sanitizers, disinfectants, bar soap and plastic trash bags. Janitorial Products Plant customers include Adult Corrections, Public School Systems and Correction Enterprises Laundries throughout North Carolina. Janitorial Products Plant has two customer model Prison Industries Enhancement Certification Programs - S-2 Clean, Incorporated and J.W. Yount, Corporation.

Number of Staff Employed: 15

Number of Inmates Employed: 97

Future Indicators

Strengths: Recession proof business with good margins. Products are respected by customer for their quality, service and environmental friendliness. Staff is highly trained in formulating products to meet the customer's need in today technically challenged market place. Inmates are well trained and excellent atmosphere for progression opportunities. PIE programs and partnerships provide inmates with prevailing wages.

Weaknesses: Ongoing possibility of environmental spills of hazardous raw chemicals. Possibility of key staff aging out and retiring, lack young employees or succession planning. Variances/fluctuations in petroleum based raw material prices.

Opportunities: Large plant with excess capacity; easily able to make additional products and expanding market base. New initiative to expand sales to North Carolina School Systems and other State Entities. Additional PIE partnerships.

Threats: Highly competitive market with several North Carolina vendors that offer similar products and services.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Label Machine (rollover)	\$ 60,000		Label Machine	\$ 25,000	
Box Sealer (2 Qty.)	\$ 2,500		Truck - F250 (2 Qty.)	\$ 120,000	
Box Coders (2 Qty.)	\$ 7,500				
Electric Pallet Jack	\$ 6,000				
Filling Machine	\$ 100,000				
Total Capital	\$ 176,000	\$ -	Total Capital	\$ 145,000	\$ -

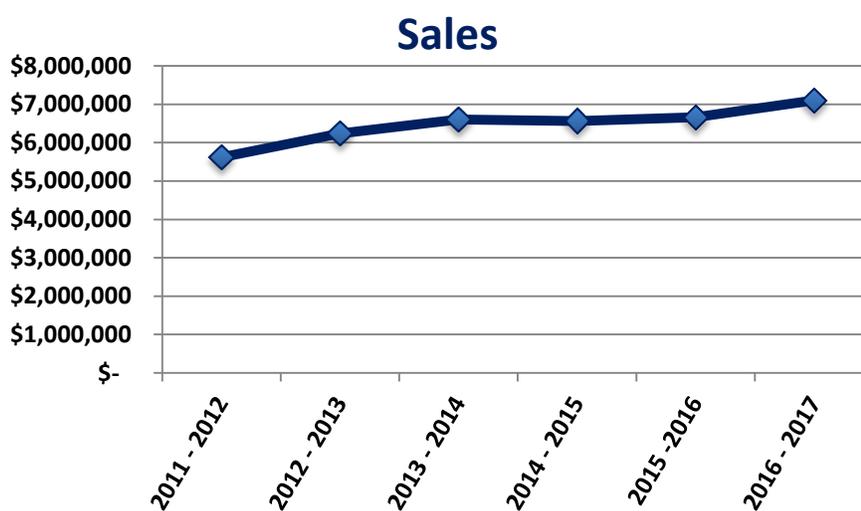


Janitorial

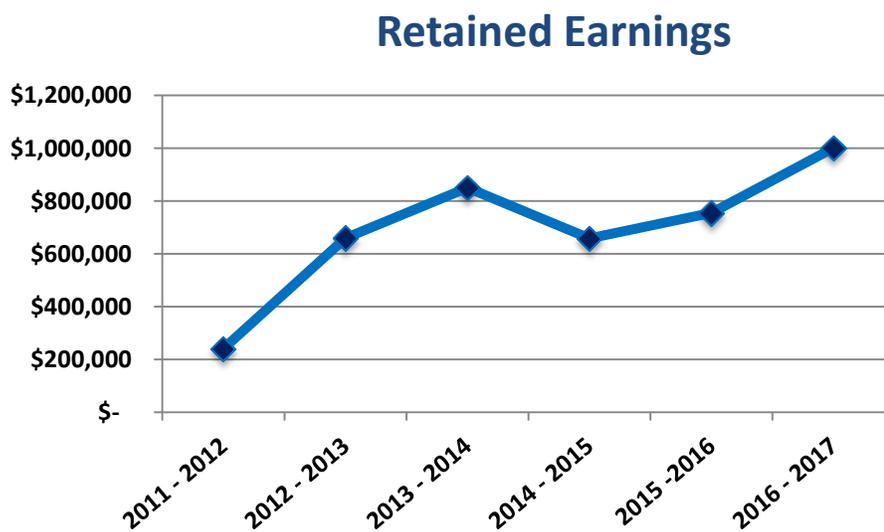
Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 7,100,000	\$ 6,662,753	\$ 6,559,000	\$ 6,600,000	\$ 6,241,000	\$ 5,620,000
Retained Earnings	\$ 1,000,000	\$ 754,190	\$ 658,000	\$ 850,000	\$ 659,000	\$ 240,000
Margin	14%	11%	10%	13%	11%	4%
Inventory	\$ 1,750,000	\$ 1,575,000	\$ 1,895,000	\$ 2,000,000	\$ 2,100,000	\$ 2,347,088

Sales



Retained Earnings





Laundry Services

Background

Correction Enterprises runs three laundries at prison facilities; Central Prison, Craggy Laundry and Sampson Laundry. In the 1990s Correction Enterprises began operating laundries that were previously operated by Department of Health and Human Services at state mental health facilities: Broughton Hospital, John Umstead Hospital and Cherry Hospital. Currently six laundries process over 34 million pounds of linen annually for the Department of Public Safety, Department of Health and Human Services, non-profit and public hospitals. In 2014 Correction Enterprises began the first Laundry Apprenticeship program at Sampson Laundry located in Clinton, North Carolina.

Number of Staff Employed: 66 Number of Inmates Employed: 513

Future Indicators

Strengths: Price continues to be below current market while maintaining good margins. Industry employs a high number of inmates. Laundry Apprenticeship Program at Sampson Laundry has become popular among inmates. Excellent quality product. Lean manufacturing implemented at two plants has improved efficiency and flow.

Weaknesses: The Umstead Act limits expansion of the laundry operation. High capital cost for replacing aged out equipment. Inability to keep quality employees due to the inadequacies of market based salaries.

Opportunities: Possibility of servicing New Hanover Hospital, additional poundage from Hospital expansions and business from the Veteran Administration.

Threats: The Umstead Act limits expansion of the laundry operation. Ongoing competition from other commercial laundries, Prisons processing their own laundry on-site and State Hospitals adding their own onsite-laundry operations.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Dryer (rollover)	\$ 30,000		Pads & Springs for Ironers (9 Qty)	\$ 27,000	
Trailer w/ Lift Gate (2 Qty) Used	\$ 32,000		Boiler Plan Installation		\$ 120,000
Boiler Plan Installation		\$ 1,850,000	Backup Air Compressor	\$ 20,000	
Tile Roof Replacement		\$ 15,700	Washer / Extractor	\$ 80,000	
Electrical Upgrade		\$ 43,000	Dryer / Lint Collector	\$ 90,000	
Install New Roof Drain		\$ 36,000	Roof Replacement		\$ 700,000
Linen Carts 58"x31"x24" (25 Qty)	\$ 12,500		Air Handler		\$ 175,000
Air Handler Units		\$ 175,000	Supply Tank w/ Booster Pump		\$ 150,000
Resurface Soil Linen Floor		\$ 30,000	Tractors (2 Qty)	\$ 200,000	
Washer Extractor 200 lb - (Used) r/o	\$ 40,000		Dock Plate	\$ 15,000	
15 Passenger Inmate Van	\$ 36,000		Front / Back Parking Lot Paving		\$ 200,000
Scrap and Paint Inside Laundry		\$ 15,000	Enlarge / Expand Washer Drains		\$ 200,000
Tractor (2 Qty)	\$ 210,000				
Stackers (2 Qty)	\$ 24,000				
Cart Washer Repair	\$ 10,000				
Deairator Tank		\$ 230,000			
Water Softener System (Boiler) r/o		\$ 100,000			
Asbestos Abatement (Boiler Rm) r/o		\$ 60,000			
Replace Air Handler		\$ 137,000			
Total Capital	\$ 394,500	\$ 2,691,700	Total Capital	\$ 432,000	\$ 1,545,000

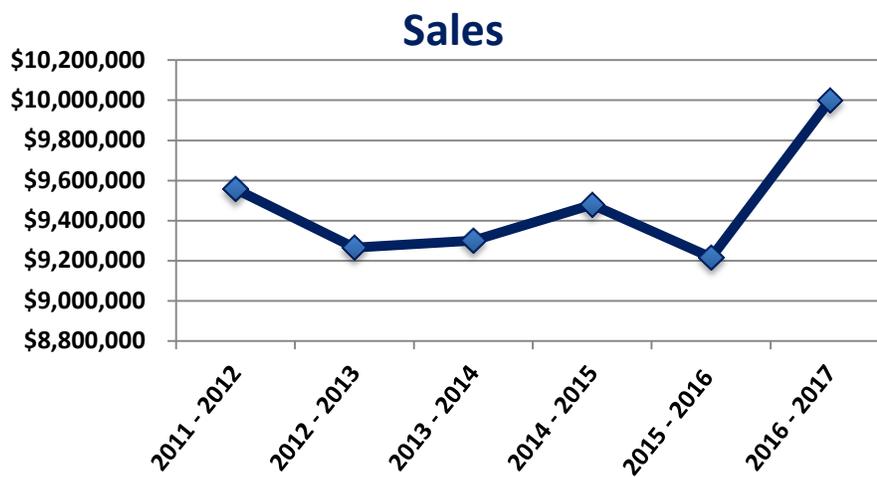


Laundry Services

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 10,000,000	\$ 9,216,055	\$ 9,479,000	\$ 9,300,000	\$ 9,266,000	\$ 9,558,000
Retained Earnings	\$ 600,000	\$ 310,508	\$ 851,000	\$ 565,000	\$ 747,000	\$ 917,000
Margin	6%	3%	9%	6%	8%	10%
Inventory	N/A	N/A	N/A	N/A	N/A	N/A

Sales



Retained Earnings





License Tag

Background

The License Tag Plant began manufacturing license tags in 1927 at Central Prison in Raleigh under the NC Department of Transportation Highway Commission. In September 2001 the operation was relocated to the current facility at the NC Correctional Institution for Women. The plant manufactures approximately 3 million license tags annually for the Division of Motor Vehicles.

Number of Staff Employed: 8

Number of Inmates Employed: 60

Future Indicators

Strengths: This is a stable business with consistent demand. NC General Statute requires that license tags manufactured for the state of North Carolina be produced by Correction Enterprises.

Weaknesses: Aluminum alloy is a volatile commodity. Sheeting is only produced by two vendors which limits competition. Single customer business.

Opportunities: New license plate categories are being introduced on a regular basis as new groups get their designs fully approved. Potential for sales of front tags for non-profit groups such as schools.

Threats: Tags have historically been a very political product. Potential for customer to desire change to new and different technology.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
DigiTag Network Software Upgrade	\$ 38,500		Auto Hinge Dies	\$ 15,000	
Blanking Line Applicator Upgrade	\$ 84,500				
Air Handling Unit Repair		\$ 185,000			
Total Capital	\$ 123,000	\$ 185,000	Total Capital	\$ 15,000	\$ -

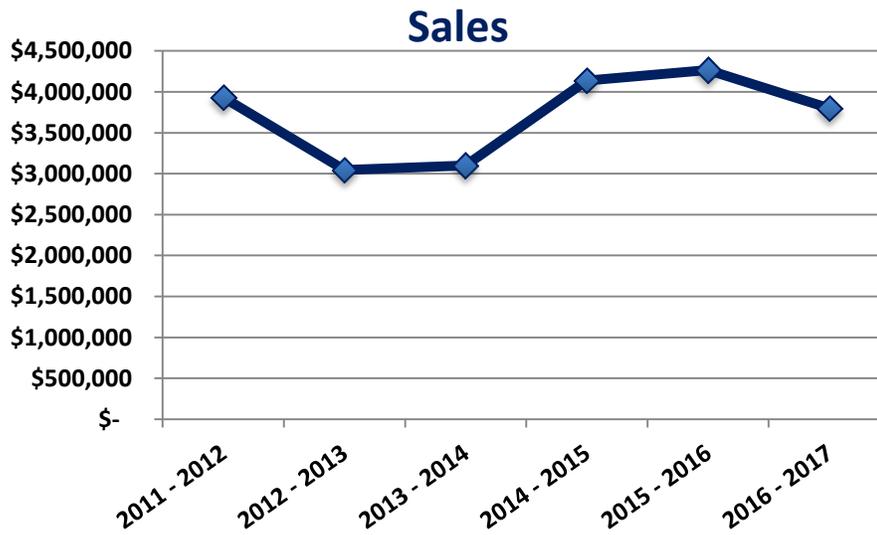


License Tag

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 3,800,000	\$ 4,264,670	\$ 4,136,408	\$ 3,100,000	\$ 3,044,000	\$ 3,932,000
Retained Earnings	\$ 600,000	\$ 1,041,159	\$ 868,472	\$ 421,000	\$ 250,000	\$ 1,047,000
Margin	16%	24%	21%	14%	8%	27%
Inventory	\$ 1,000,000	\$ 966,500	\$ 1,022,000	\$ 512,000	\$ 1,000,000	\$ 1,432,000

Sales



Retained Earnings





Meat Processing

Background

Correction Enterprises Meat Processing Plant began operations in 1939. The Meat Processing Plant produces and distributes product for the state's prisons and county jails. The Meat Processing Plant is located at Harnett Correctional Institution.

Number of Staff Employed: 7

Number of Inmates Employed: 86

Future Indicators

Strengths: Produces quality products that meet high nutritional guidelines. The plant has a great working relationship with the USDA and our customer. Has the ability to adapt quickly to meet customer demand. Very knowledgeable staff and offers inmates a very valuable training program in food processing.

Weaknesses: Products sold to a single customer. Maintaining a large frozen food inventory is expensive. Freezer storage space is nearing capacity at the plant.

Opportunities: Ability to test and evaluate potential new products at a very low cost to produce these items. New technology could increase plant processed product resulting in higher profit margins versus pass through items. Potential of adding new frozen products like baked goods and special diet meals.

Threats: Single customer base, potential for outsourcing of food service. Potential for recalled items.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Patty Machine	\$ 160,000		Road Tractor	\$ 105,000	
Inventory Scanning / Tracking System r/o	\$ 115,000		Refrigerated Trailers (3 Qty)	\$ 230,000	
32 ft. Refrigerated Trailer	\$ 75,000		Forklift (2 Qty)	\$ 50,000	
Yard Spotter Truck	\$ 95,000		Bendi Forklift	\$ 42,000	
Electrical Panel - r/o		\$ 220,000	John Deere Gator	\$ 12,000	
Wall Coating Processing - r/o		\$ 35,000	Misc. Parts f/ Freezers & Equip.		\$ 50,000
			Back Flow Preventer		\$ 20,000
Total Capital	\$ 445,000	\$ 255,000	Total Capital	\$ 439,000	\$ 70,000

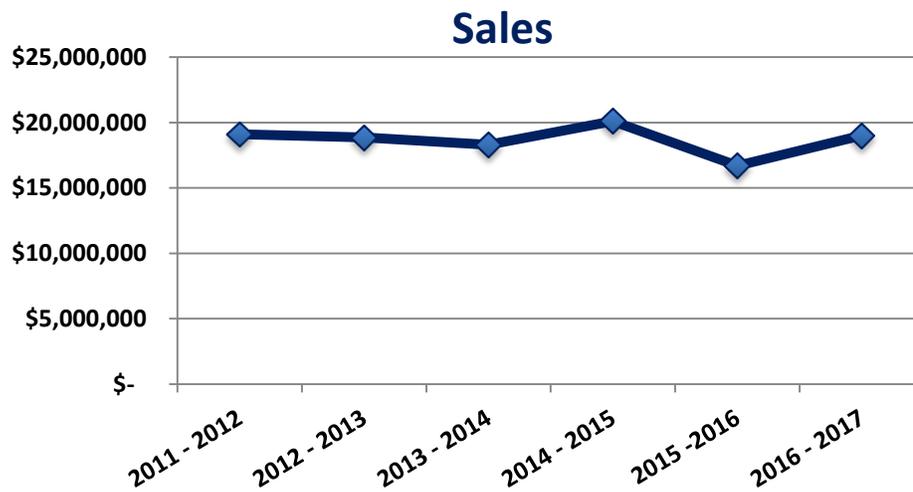


Meat Processing

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 19,000,000	\$ 16,700,745	\$ 20,100,000	\$ 18,300,000	\$ 18,873,000	\$ 19,117,000
Retained Earnings	\$ 650,000	\$ 499,962	\$ 1,287,000	\$ 1,150,000	\$ 1,137,000	\$ 1,246,000
Margin	3%	3%	6%	6%	6%	7%
Inventory	\$ 2,100,000	\$ 1,928,000	\$ 2,494,000	\$ 1,900,000	\$ 2,467,000	\$ 3,500,000

Sales



Retained Earnings





Metal Products

Background

Metal Products Plant manufacturing operation was initially started at Blanch Youth Institution located in Caswell County in the early 1970s. During the prison construction boom of the late 1980s through mid-1990s, this single location could not keep up with demand for mild steel cell furnishings, therefore an additional Metal Products Plant was opened in 1994 at Brown Creek Correctional Institution. In 2000, Blanch Youth Institution was closed and all manufacturing operations were shifted to Brown Creek Correctional Institution. This plant fabricates both mild steel and stainless steel items including cell furnishings and commercial equipment.

Number of Staff Employed: 8

Number of Inmates Employed: 84

Future Indicators

Strengths: Trains a large number of inmates with highly transferable skills. Apprenticeship program offered. Staff are technically knowledgeable and products are known for exceptional quality. Plant is UL and NSF certified. Plant is not at capacity.

Weaknesses: Nature of custom products creates long lead times. Raw material prices are volatile. High inventory value. Negative retained earnings for 5 years in a row.

Opportunities: Potential for further growth to county and municipal government, jails and schools. Large growth potential to state funded contractor projects.

Threats: Change in custody from Medium to Minimum custody workforce due to Prisons re-missioning will increase turnover and decrease valuable inmate skills. Industry is greatly affected by recessions and budget limitations. .

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Upgrade for Press Brakes	\$ 20,000		Flatbed Plasma Cutte	\$ 32,000	
Steel Roll Bender	\$ 24,000				
Total Capital	\$ 44,000	\$ -	Total Capital	\$ 32,000	\$ -

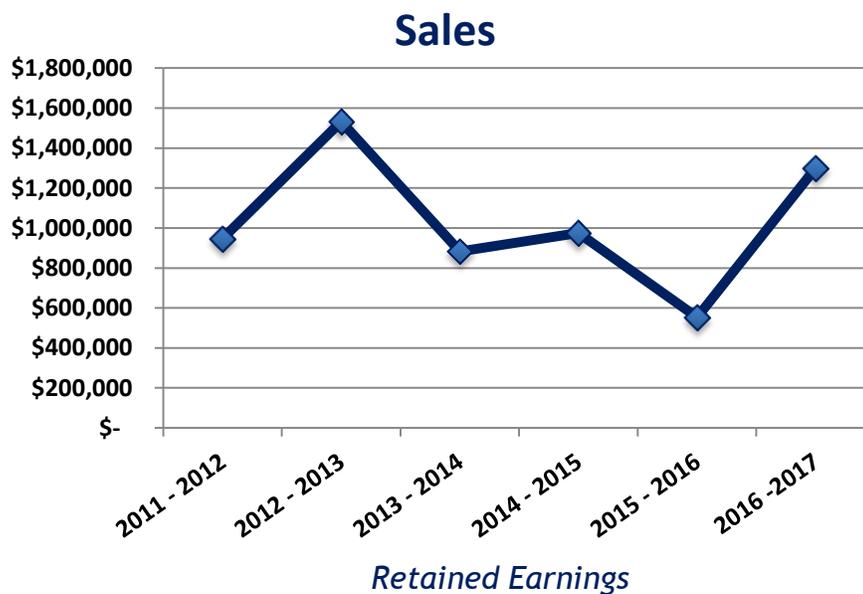


Metal Products

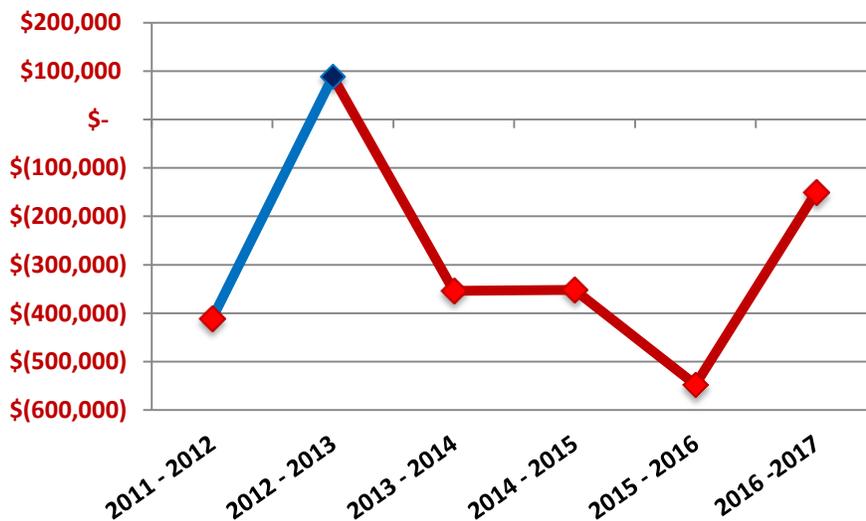
Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 1,300,000	\$ 553,003	\$ 976,000	\$ 883,000	\$ 1,533,000	\$ 947,000
Retained Earnings	\$ (150,000)	\$ (547,811)	\$ (352,000)	\$ (354,000)	\$ 88,400	\$ (412,000)
Margin	-12%	-99%	-36%	-40%	6%	-44%
Inventory	\$ 235,000	\$ 315,000	\$ 224,000	\$ 255,000	\$ 277,000	\$ 364,000

Sales



Retained Earnings





Optical

Background

Optical Plant located at Nash Correctional Institution began operation in 1998. Optical Plant manufactures prescription eyeglasses for inmates, Medicaid recipients, state hospital patients, North Carolina School of the Blind students, safety eyeglasses for state employees and retail eyeglasses for state employees, dependents and retirees. Major customers include Division of Medical Assistance, Adult Corrections, Commission for the Blind, Juvenile Justice and state employees.

Number of Staff Employed: 11

Number of Inmates Employed: 65

Future Indicators

Strengths: Consistent inmate labor pool trained by experienced staff. Quality product at below market prices and high margins. Customer base constant and loyal. Modern equipment. Provides excellent inmate training with marketable job skills. Other states are familiar with our optical products and purchase from us on limited basis. Goodwill and brand awareness created through sales to state employees.

Weaknesses: Business dependent largely on a single customer. Legal limitations on job availability upon release. No certified technical training in place for the inmates.

Opportunities: Potential for funding of Adult Medicaid visual aids to return.

Threats: Change in Medicaid program structure to Managed Care Organizations. If Medicaid business is lost, plant would shut down.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017	Equipment 2018-2020	Improvement 2018-2020
Frame Tracer	\$ 20,000		Lens Coater	\$ 28,000
Invoice Printer	\$ 8,000		Lensmeter	\$ 16,000
Lensmeter	\$ 16,000		Lab Chairs	\$ 10,000
Shredder	\$ 3,000		Cabinet f/ Equip.	\$ 50,000
Lens Washer	\$ 10,000		Server Upgrade	\$ 35,000
Drafting Chairs	\$ 9,000			
CC Sys. Upgrade		\$ 25,000		
HVAC Controls Upgrade		\$ 25,000		
Total Capital	\$ 66,000	\$ 50,000	Total Capital	\$ 54,000 \$ 85,000

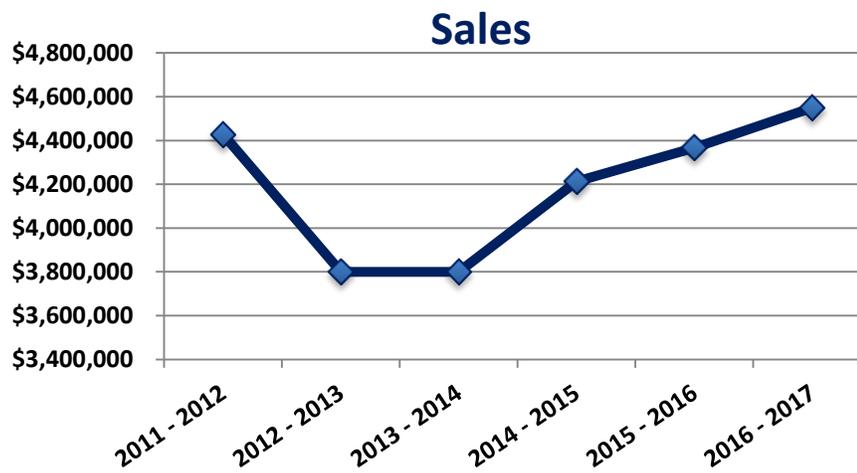


Optical

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 4,550,000	\$ 4,367,197	\$ 4,212,000	\$ 3,800,000	\$ 3,800,000	\$ 4,428,000
Retained Earnings	\$ 1,200,000	\$ 1,158,319	\$ 1,114,000	\$ 908,000	\$ 935,000	\$ 1,273,000
Margin	26%	27%	26%	24%	25%	29%
Inventory	\$ 850,000	\$ 646,000	\$ 679,000	\$ 764,000	\$ 558,000	\$ 717,300

Sales



Retained Earnings





Package and Distribution Warehouse

Background

The Package and Distribution Warehouse began operation in the early 1980s. The primary focus of this operation was a recycling program for automotive oil. As Correction Enterprises' operations expanded, central warehousing and distribution responsibilities increased. Today the Warehouse is located in Apex and still handles oil sales to various customers as well as textbook distribution for Department of Public Instruction, transportation services to all Correction Enterprises plant locations and moving services. Currently, all Adult Correction facilities and Department of Transportation locations statewide receives weekly delivery and/or pickup services.

Number of Staff Employed: 29

Number of Inmates Employed: 29

Future Indicators

Strengths: Operation is efficient and utilizes a modern fleet of tractor trailers to handle the large volume of product movement and mileage.

Weaknesses: Operation is vulnerable to wide fluctuations in fuel costs. High employee and inmate turnover. Insufficient space to accommodate all needs.

Opportunities: Further consolidation of warehouses within DPS is possible and would result in more efficient utilization of all available assets. Taking over the closed Johnston Paint Plant space will result in an opportunity to more efficiently manage long-term raw materials space need and fluctuations.

Threats: Changes in federal regulations.

Capital Spending

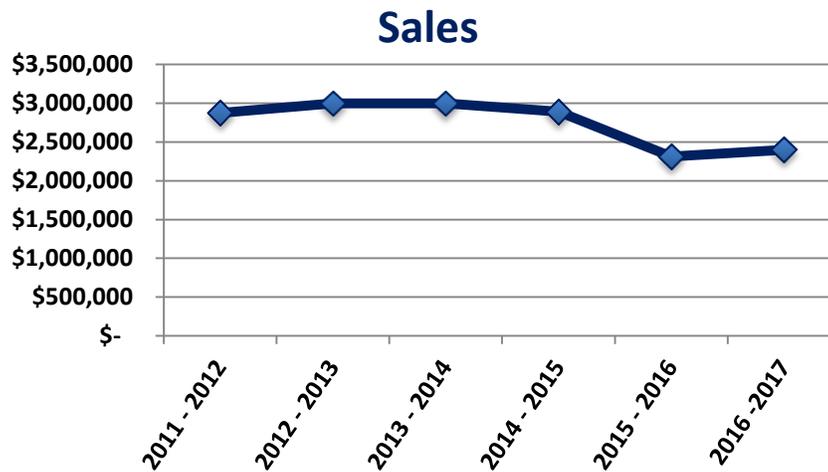
	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
15 Passenger Van	\$ 26,000		Road Tractors (4 Qty)	\$ 420,000	
Soft Side Trailers (2 Qty)	\$ 96,000				
Stand-Up Forklift	\$ 38,000				
Multipurpose Copier	\$ 4,000				
Cardboard Bailer	\$ 10,000				
Improvements at Smithfield Whse	\$ 10,000				
Trailer with Liftgate (4 Qty)	\$ 200,000				
Total Capital	\$ 384,000	\$ -	Total Capital	\$ 420,000	\$ -

Package and Distribution Warehouse

Financial Data

	Projected 2016 -2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 2,400,000	\$ 2,312,167	\$ 2,892,000	\$ 3,000,000	\$ 3,000,000	\$ 2,877,000
Retained Earnings	\$ 85,000	\$ (31,073)	\$ 192,000	\$ 31,700	\$ (3,000)	\$ 61,000
Margin	4%	-1%	7%	1%	0%	2%
Inventory	\$ 300,000	\$ 380,452	\$ 470,000	\$ 391,000	\$ 351,000	\$ 246,000

Sales



Retained Earnings





Print Services

Background

The Print Plant began operation in 1919 at Central Prison in Raleigh. In 1994 the Print Plant relocated to its current location at Nash Correctional Institution. The Print Plant performs multi-color which includes producing forms, business cards, books, magazines, pamphlets, envelopes as well as all die cutting, foil stamping, laminating, and other various types of printed material. Larger customers include the Department of Public Safety, Division of Motor Vehicles, Department of Health & Human Services and Department of Public Instruction.

Number of Staff Employed: 19

Number of Inmates Employed: 148

Future Indicators

Strengths: Large plant that provides excellent training and Apprenticeship Certification to inmates. Low inmate turn-over. Multiple customer business with good reputation for quality and customer service. Plant has won several awards and industry recognition for quality of product. Multiple products and capabilities. Have moved toward environmentally friendly materials and processes. Building and equipment are modern and meet industry standards. HIPAA certification ensures privacy of protected material.

Weaknesses: Raw material costs continue to rise. Imported raw materials are more common, making it more difficult to ensure quality. Equipment driven industry with extremely tight margins. Competition is high and customers price compare.

Opportunities: Increased business from K-12 education, colleges, universities and community colleges. Plant continues to expand capacities in bindery and offset operations.

Threats: Printing industry in general declining due to availability and access to electronic information and e-readers. Society moving away from paper utilization. More agencies are cost conscious and price shopping with low margin commercial printers or printing materials in-house.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Multi Color Perfecting Press	\$ 1,200,000		Image Setter	\$ 100,000	
Office Coper	\$ 3,500		Composition Workflow Software	\$ 50,000	
Saddle-Stitcher (Used / Rebuilt) Bal. c/o	\$ 275,000		Color Proof Printer	\$ 10,000	
Roof Replacement		\$ 1,500,000	Furniture Whse Office	\$ 3,500	
Air Conditioner Warehouse		\$ 30,000	Folder	\$ 135,000	
HVAC Controls - r/o		\$ 50,000			
Total Capital	\$ 1,478,500	\$ 1,580,000	Total Capital	\$ 298,500	\$ -

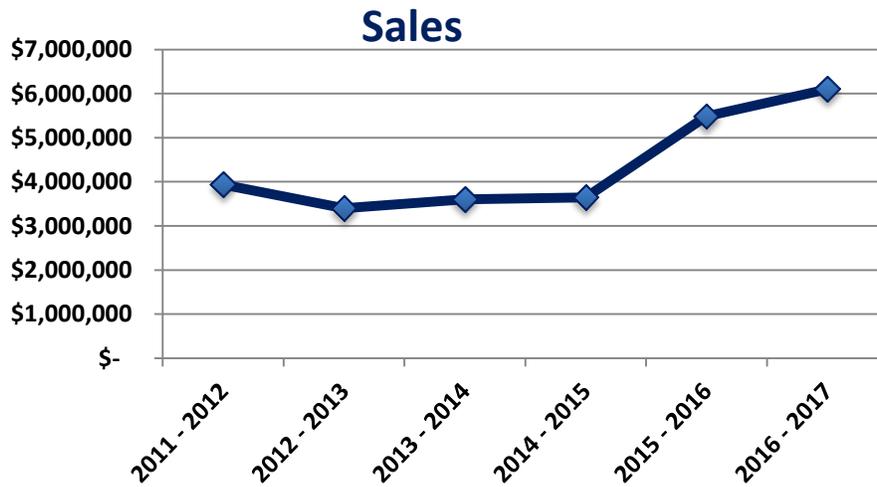


Print Services

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 6,100,000	\$ 5,484,887	\$ 3,645,000	\$ 3,600,000	\$ 3,400,000	\$ 3,938,000
Retained Earnings	\$ 450,000	\$ 829,331	\$ (223,000)	\$ (138,000)	\$ (285,000)	\$ 76,000
Margin	7%	15%	-6%	-4%	-8%	2%
Inventory	\$ 800,000	\$ 917,500	\$ 571,000	\$ 785,000	\$ 742,000	\$ 783,000

Sales



Retained Earnings





Quick Copy Services

Background

The Quick Copy Center began operation in 1959 near Central Prison in Raleigh. In September 2001 the operation relocated to its current location at the NC Correctional Institution for Women. The plant performs digital printing and binding of various material. The operation has recently been expanded to include framing and matting as well as producing office signage. The main customers serviced by the plant include the NC General Assembly, Department of Public Safety, Department of Health and Human Services and Department of Public Instruction.

Number of Staff Employed: 8

Number of Inmates Employed: 60

Future Indicators

Strengths: Multiple products, flexible and fast service. Excellent inmate training with Department of Labor certification. Loyal customer base. State of the art equipment. Framing and office signage is growing business and has increased value added services. HIPAA certification ensures privacy of protected material is an added value to customers.

Weaknesses: Equipment driven industry where pricing and margins are very tight. Raw materials costs continue to rise. Competition is high and customers price compare.

Opportunities: Framing opportunities continue to increase. Opportunity for expansion of large print and mailing services.

Threats: Printing industry is declining due to availability and access to electronic information and e-readers. Society moving away from paper utilization. Due to reduced cost of high-speed office copiers, more agencies printing material in-house.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Aero Cut G-2 (Slitter/Cutter/Perf.)	\$ 42,000		Printer (Black & White) 3-Qty	\$ 375,000	
			Stitchery (2 Qty)	\$ 20,000	
			Software	\$ 40,000	
			Roof		\$ 25,000
Total Captial	\$ 42,000	\$ -	Total Capital	\$ 435,000	\$ 25,000

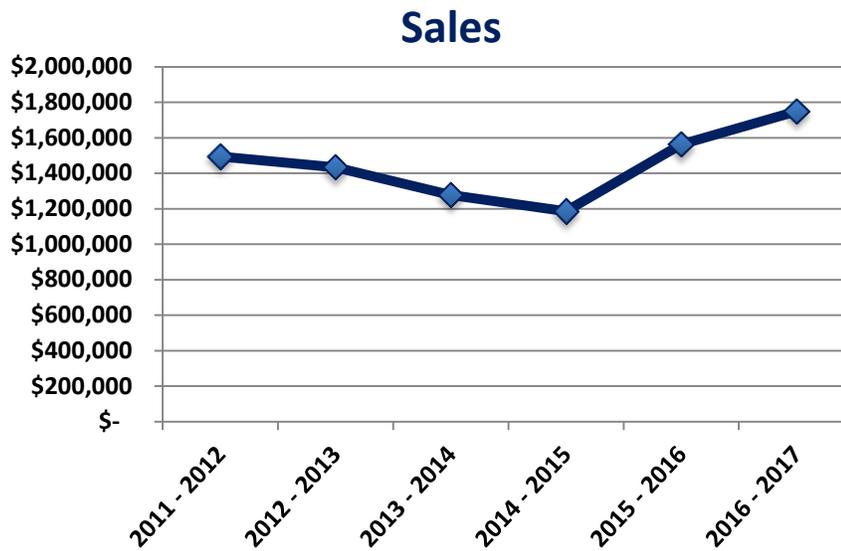


Quick Copy Services

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 1,750,000	\$ 1,561,744	\$ 1,185,000	\$ 1,277,000	\$ 1,433,000	\$ 1,494,000
Retained Earnings	\$ 300,000	\$ 242,907	\$ (68,000)	\$ (53,000)	\$ 67,000	\$ 19,600
Margin	17%	16%	-6%	-4%	5%	1%
Inventory	\$ 80,000	\$ 62,486	\$ 68,000	\$ 106,000	\$ 67,000	\$ 59,000

Sales



Retained Earnings



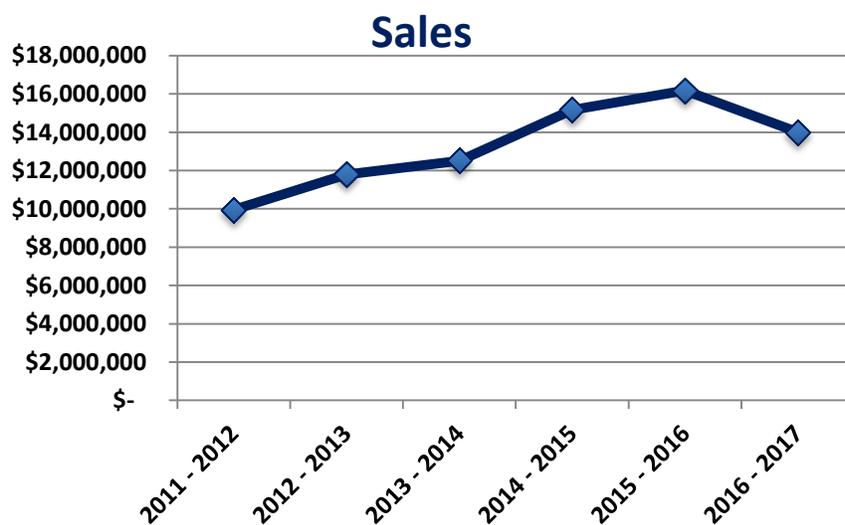


Sewing Operations

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 14,000,000	\$ 16,183,797	\$ 15,161,000	\$ 12,500,000	\$ 11,800,000	\$ 9,945,000
Retained Earnings	\$ 1,800,000	\$ 2,917,860	\$ 3,655,000	\$ 1,800,000	\$ 1,500,000	\$ 672,000
Margin	13%	18%	24%	14%	13%	7%
Inventory	\$ 6,250,000	\$ 5,737,000	\$ 8,537,290	\$ 7,200,000	\$ 8,400,000	\$ 9,725,000

Sales



Retained Earnings





Signage

Background

Correction Enterprises has produced signs for North Carolina since 1946. The Sign Plant opened at Franklin Correctional Center in 1987 and expanded in 1994, manufacturing nearly one million square feet of new signage annually and recycling nearly 450 tons of aluminum at the Sign Reclaiming Plant located in Moore County.

Number of Staff Employed: 30

Number of Inmates Employed: 170

Future Indicators

Strengths: Profitable industry that trains a large number of inmates with highly transferable skills. Apprenticeship training offered. Staff is technically knowledgeable of federal guidelines and is known for exceptional customer service and quality. Sign reclaiming is an environmentally sustainable service.

Weaknesses: 85% of business comes from a single customer, Department of Transportation. Sales fluctuate dramatically with federal funding priorities. Raw material prices are volatile. Aged equipment.

Opportunities: Potential for further growth to county and municipal governments and state supported contractor products. New technology available with potential to expand product offerings.

Threats: Privatization/outsourcing of government industries. Declining prices for recycled metal.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
Graphics UV Printer	\$ 150,000		Personal Lift	\$ 40,000	
Screen Wash	\$ 50,000		Boom Truck	\$ 100,000	
Upgrades to Plant for Graphics Areas		\$ 25,000	Water Jet / Plasma Cutter	\$ 50,000	
			Sprinkler System		\$ 200,000
			Building Expansion		\$ 500,000
			Bus	\$ 75,000	
			Tag Chopper	\$ 20,000	
Total Capital	\$ 200,000	\$ 25,000	Total Capital	\$ 285,000	\$ 700,000

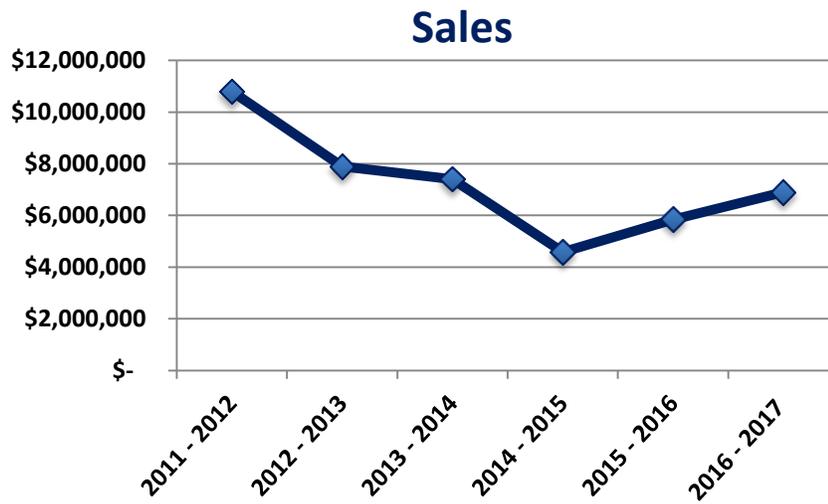


Signage

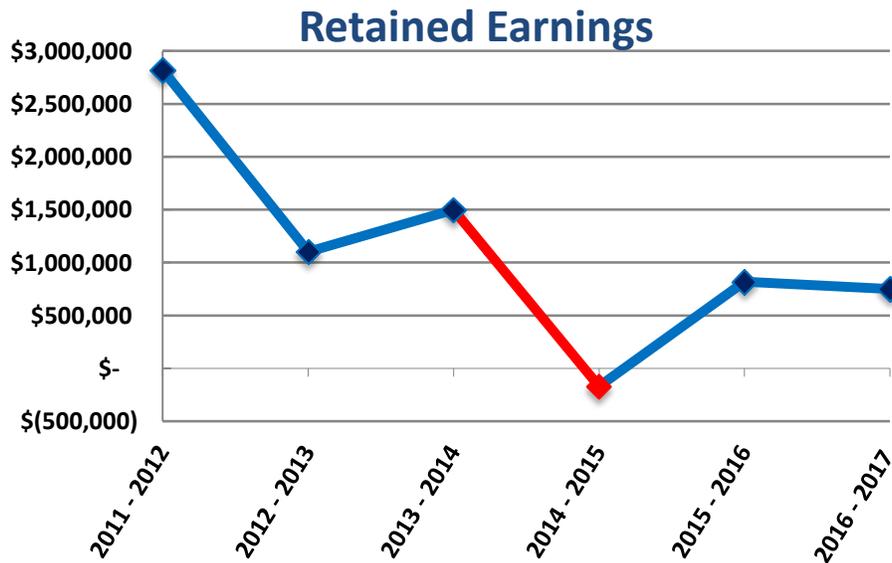
Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 6,900,000	\$ 5,832,643	\$ 4,584,000	\$ 7,400,000	\$ 7,900,000	\$ 10,800,000
Retained Earnings	\$ 750,000	\$ 818,432	\$ (172,000)	\$ 1,500,000	\$ 1,101,000	\$ 2,818,000
Margin	11%	14%	-4%	20%	14%	26%
Inventory	\$ 1,500,000	\$ 1,070,000	\$ 1,219,061	\$ 1,400,000	\$ 1,560,000	\$ 1,227,000

Sales



Retained Earnings





Upholstery Products and Services

Background

The Upholstery Plant is located at Alexander Correctional Institution and Reupholstery Plant is located at Piedmont Correctional Institution. Products and services are provided to multiple customers throughout North Carolina. The Upholstery Plant established a training partnership with Catawba Valley Community College in 1974. Since establishment nearly 1,500 inmates have graduated from this program. Department of Commerce Apprenticeship Program started in 2008 and expanded in 2012.

Number of Staff Employed: 8

Number of Inmates Employed: 81

Future Indicators

Strengths: Product line has been modified and modernized to fit customer desires and meet competitors' offering from State Contract. Good inmate training program with long-standing partnerships with Catawba Valley CC and Pamlico Community Colleges. Department of Labor Apprenticeship program at both the Upholstery and Reupholstery plants. Reupholstery Plant is diversified with mattresses and shower curtains.

Weaknesses: Continuity of supply and consistency of raw materials challenging. Heavy competition including multiple state contracts for similar products.

Opportunities: New sales efforts to penetrate college and university market further to expand opportunities for increased sales for all furniture related items. Opportunities for expansion of both upholstery and reupholstery services.

Threats: Furniture manufacturing has always been highly competitive and political in our state. NCCE must remain sensitive to the history of the NC furniture industry and work to partner with NC firms to stay in this business.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017		Equipment 2018-2020	Improvement 2018-2020
None Anticipated			None Anticipated		
Total Capital	\$ -	\$ -	Total Capital	\$ -	\$ -



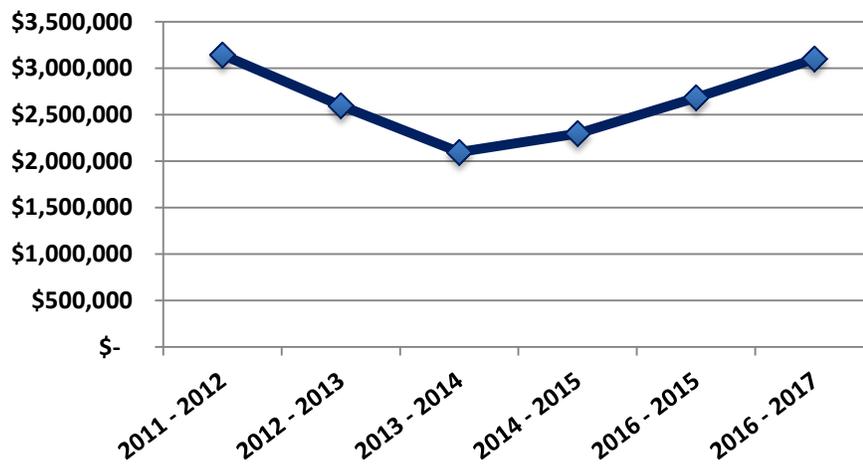
Upholstery Products and Services

Financial Data

	Projected 2016 - 2017	Actual 2016 - 2015	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 3,100,000	\$ 2,682,677	\$ 2,297,000	\$ 2,100,000	\$ 2,600,000	\$ 3,148,000
Retained Earnings	\$ 150,000	\$ 71,819	\$ (58,000)	\$ (63,000)	\$ 211,000	\$ 273,000
Margin	5%	2%	-3%	-3%	8%	9%
Inventory	\$ 360,000	\$ 362,000	\$ 409,000	\$ 386,000	\$ 424,000	\$ 866,000

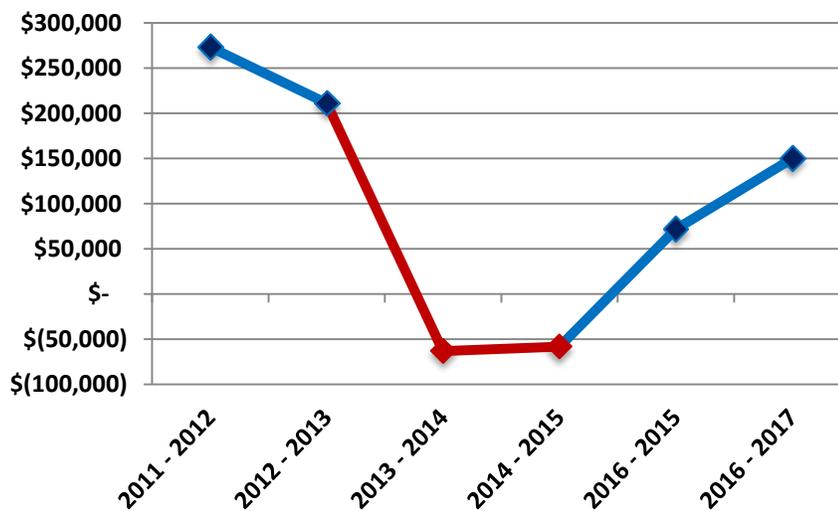
Sales

Sales



Retained Earnings

Retained Earnings





Wood Furniture Products

Background

In 2007 the Furniture operations moved into a new 30,000 square foot facility located at Alexander Correctional Institution. Product line has been expanded with the addition of custom laboratory cabinets and case goods in addition to a full line of office furniture. Major customers include community colleges and universities, Department of Public Safety and local government agencies.

Number of Staff Employed: 9

Number of Inmates Employed: 71

Future Indicators

Strengths: Product line has been modified and modernized to fit customer desires and meet competitors' offering from State Contract. Good inmate training program with long-standing partnership with Catawba Valley CC and Apprenticeship program. LEAN Manufacturing exercise has resulted in further cost savings measures to be implemented.

Weaknesses: High overhead costs and negative margins. Continuity of supply and consistency of raw materials challenging. Heavy competition including multiple state contracts for similar products. Most raw materials are volatile commodities resulting in widely varying costs from quarter to quarter.

Opportunities: Newly expanded product line will allow for more market penetration. Increase in classroom conversions and science lab construction / renovation providing more opportunity for large case goods projects. New sales efforts to penetrate college and university market further to expand opportunities for increased sales for all furniture related items.

Threats: Furniture manufacturing has always been highly competitive and political in our state. NCCE must remain sensitive to the history of the NC furniture industry and work to partner with other NC firms in order to stay in this business.

Capital Spending

	Equipment 2016-2017	Improvement 2016-2017	Equipment 2018-2020	Improvement 2018-2020
Delivery / Installation Truck	\$ 90,000			
Total Capital	\$ 90,000	\$ -	Total Capital	\$ - \$ -

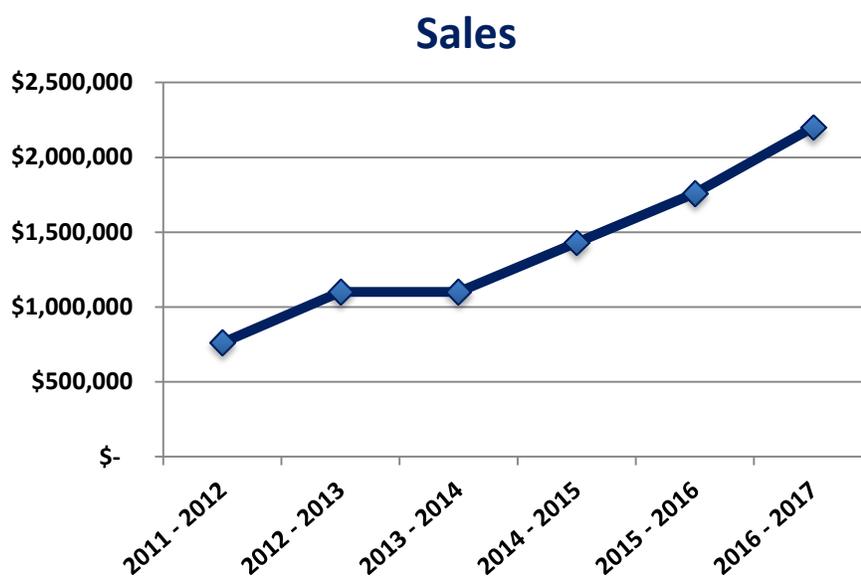


Wood Furniture Products

Financial Data

	Projected 2016 - 2017	Actual 2015 - 2016	Actual 2014 - 2015	Actual 2013 - 2014	Actual 2012 - 2013	Actual 2011 - 2012
Sales	\$ 2,200,000	\$ 1,759,917	\$ 1,431,000	\$ 1,100,000	\$ 1,100,000	\$ 761,000
Retained Earnings	\$ (50,000)	\$ (346,712)	\$ (649,000)	\$ (754,000)	\$ (849,200)	\$ (709,000)
Margin	-2%	-20%	-69%	-69%	-77%	-93%
Inventory	\$ 290,000	\$ 268,500	\$ 119,740	\$ 291,000	\$ 378,000	\$ 63,000

Sales



Retained Earnings

