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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

|  |  |
| --- | --- |
| **☒** | **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** |

**For the fiscal year ended December 31, 2019**

**OR**

|  |  |
| --- | --- |
| **☐** | **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** |

**Commission File Number 001-16109**

**CORECIVIC, INC.**

**(Exact name of registrant as specified in its charter)**

|  |  |
| --- | --- |
| **MARYLAND** | **62-1763875** |
| **(State or other jurisdiction of**  **incorporation or organization)** | **(I.R.S. Employer**  **Identification No.)** |

**5501 VIRGINIA WAY, BRENTWOOD, TENNESSEE 37027**

**(Address and zip code of principal executive office)**

**REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (615) 263-3000**

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Title of each class** |  | **Trading Symbol(s)** |  | **Name of each exchange**  **on which registered** |
| Common Stock, par value $.01 per share |  | **CXW** |  | New York Stock Exchange |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Large accelerated filer | ☒ |  | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ |  | Smaller reporting company | ☐ |
| Emerging growth company | ☐ |  |  |  |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.  ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.). Yes ☐ No ☒

The aggregate market value of the shares of the registrant's Common Stock held by non-affiliates was approximately $2,453,588,174 as of June 30, 2019 based on the closing price of such shares on the New York Stock Exchange on that day.  The number of shares of the registrant's Common Stock outstanding on February 14, 2020 was 119,095,550.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the registrant's definitive Proxy Statement for the 2020 Annual Meeting of Stockholders, currently scheduled to be held on May 14, 2020, are incorporated by reference into Part III of this Annual Report on Form 10-K.

**CORECIVIC, INC.**

**FORM 10-K**

**For the fiscal year ended December 31, 2019**

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**CAUTIONARY STATEMENT REGARDING**

**FORWARD-LOOKING INFORMATION**

This Annual Report on Form 10-K, or Annual Report, contains statements as to our beliefs and expectations of the outcome of future events that are forward-looking statements as defined within the meaning of the Private Securities Litigation Reform Act of 1995, as amended.  All statements other than statements of current or historical fact contained in this Annual Report, including statements regarding our future financial position, business strategy, budgets, projected costs and plans, and objectives of management for future operations, are forward-looking statements.  The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "projects," "will," and similar expressions, as they relate to us, are intended to identify forward-looking statements.  These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made in this Annual Report.  These include, but are not limited to, the risks and uncertainties associated with:

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|  | • | general economic and market conditions, including, but not limited to, the impact governmental budgets can have on our contract renewals and renegotiations, per diem rates, and occupancy; |

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|  | • | fluctuations in our operating results because of, among other things, changes in occupancy levels, competition, contract renegotiations or terminations, increases in costs of operations, fluctuations in interest rates, and risks of operations; |

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|  | • | changes in the privatization of the corrections and detention industry, the acceptance of our services, the timing of the opening of new facilities, and the commencement of new management contracts (including the extent and pace at which new contracts are utilized), as well as our ability to utilize available beds; |

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|  | • | our ability to obtain and maintain correctional, detention, and residential reentry facility management contracts because of reasons including, but not limited to, sufficient governmental appropriations, contract compliance, negative publicity and effects of inmate disturbances; |

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|  | • | increases in costs to develop or expand real estate properties that exceed original estimates, or the inability to complete such projects on schedule as a result of various factors, many of which are beyond our control, such as weather, labor conditions, cost inflation, and material shortages, resulting in increased construction costs; |

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| --- | --- | --- |
|  | • | changes in government policy, legislation and regulations that affect utilization of the private sector for corrections, detention, and residential reentry services, in general, or our business, in particular, including, but not limited to, the continued utilization of the South Texas Family Residential Center by U.S. Immigration and Customs Enforcement, or ICE, under terms of the current contract, and the impact of any changes to immigration reform and sentencing laws. (Our company does not, under longstanding policy, lobby for or against policies or legislation that would determine the basis for, or duration of, an individual's incarceration or detention.); |

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|  | • | our ability to successfully identify and consummate future acquisitions and our ability to successfully integrate the operations of our completed acquisitions and realize projected returns resulting therefrom; |

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| --- | --- | --- |
|  | • | our ability to meet and maintain qualification for taxation as a real estate investment trust, or REIT; and |

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| --- | --- | --- |
|  | • | the availability of debt and equity financing on terms that are favorable to us, or at all. |

Any or all of our forward-looking statements in this Annual Report may turn out to be inaccurate. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs.  Our statements can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and assumptions, including the risks, uncertainties, and assumptions described in "Risk Factors" included elsewhere in this Annual Report and in other reports, documents, and other information we file with the Securities and Exchange Commission, or the SEC, from time to time.

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In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.  When you consider these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Annual Report, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Risk Factors."

Our forward-looking statements speak only as of the date made.  We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances or otherwise, except as required by law.  All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Annual Report.

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**PART I.**

|  |  |
| --- | --- |
| **ITEM 1.** | **BUSINESS.** |

**Overview**

We are a diversified government solutions company with the scale and experience needed to solve tough government challenges in flexible, cost-effective ways.  Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we provide a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions.  We have been a flexible and dependable partner for government for more than 35 years.  Our employees are driven by a deep sense of service, high standards of professionalism and a responsibility to help government better the public good.

Structured as a REIT, we are the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States.  We also believe we are the largest private owner of real estate used by U.S. government agencies.  As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned, with a total design capacity of approximately 73,000 beds. Through our CoreCivic Community segment, we owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds.  In addition, through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.

In addition to providing fundamental residential services, our correctional, detention, and residential reentry facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training, and substance abuse treatment.  These services are intended to help reduce recidivism and to prepare offenders for their successful reentry into society upon their release.  We also provide or make available to offenders certain health care (including medical, dental, and mental health services), food services, and work and recreational programs.

We are a Maryland corporation formed in 1983.  Our principal executive offices are located at 5501 Virginia Way, Brentwood, Tennessee, 37027, and our telephone number at that location is (615) 263-3000.  Our website address is www.corecivic.com.  We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, definitive proxy statements, and amendments to those reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, available on our website, free of charge, as soon as reasonably practicable after these reports are filed with or furnished to the SEC.  Information contained on our website is not part of this Annual Report.

We began operating as a REIT effective January 1, 2013.  We provide services and conduct other business activities through taxable REIT subsidiaries, or TRSs.  A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax and certain qualification requirements.  Our use of TRSs enables us to comply with REIT qualification requirements while providing correctional services at facilities we own and at facilities owned by our government partners and to engage in certain other business operations.  A TRS is not subject to the distribution requirements applicable to REITs so it may retain income generated by its operations for reinvestment.

As a REIT, we generally are not subject to federal income taxes on our REIT taxable income and gains that we distribute to our stockholders, including the income derived from our real estate and dividends we earn from our TRSs. However, our TRSs will be required to pay income taxes on their earnings at regular corporate income tax rates.

As a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains). Our REIT taxable income will not typically include income earned by our TRSs except to the extent our TRSs pay dividends to the REIT.

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Our ongoing operations are organized into three principal business segments:

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|  | • | CoreCivic Safety segment, consisting of the 50 correctional and detention facilities that are owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by third parties but managed by CoreCivic. CoreCivic Safety also includes the operating results of our subsidiary that provides transportation services to governmental agencies, TransCor America, LLC, or TransCor. |

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|  | • | CoreCivic Community segment, consisting of the 29 residential reentry centers that are owned, or controlled via a long-term lease, and managed by CoreCivic.  CoreCivic Community also includes the operating results of our electronic monitoring and case management services. |

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|  | • | CoreCivic Properties segment, consisting of the 28 real estate properties owned by CoreCivic for lease to third parties and used by government agencies. |

For the years ended December 31, 2019, 2018, and 2017, our total facility net operating income, which we define as a facility's revenues less operating expenses, was divided among our three business segments as follows:

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| **Segment:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Safety |  |  | 85.2 | % |  |  | 87.1 | % |  |  | 90.0 | % |
| Community |  |  | 5.0 | % |  |  | 4.8 | % |  |  | 4.4 | % |
| Properties |  |  | 9.8 | % |  |  | 8.1 | % |  |  | 5.6 | % |

Our customers primarily consist of federal, state, and local government agencies.  Federal correctional and detention authorities primarily consist of ICE, the United States Marshals Service, or the USMS, and the Federal Bureau of Prisons, or the BOP.  Payments by federal correctional and detention authorities represented 51%, 48%, and 48% of our total revenue for the years ended December 31, 2019, 2018, and 2017, respectively.

Our customer contracts for providing bed capacity and correctional, detention, and residential reentry services in our CoreCivic Safety and CoreCivic Community segments typically have terms of three to five years and contain multiple renewal options.  Most of our facility contracts also contain clauses that allow the government agency to terminate the contract at any time without cause, and our facility contracts are generally subject to annual or bi-annual legislative appropriations of funds.  Notwithstanding these termination clauses, the contract renewal rate for properties we owned and operated in these segments was 94% over the five years ended December 31, 2019. The government lease agreements in our CoreCivic Properties segment typically have terms of five to twenty years including renewal options, and generally have more restrictive termination clauses. At December 31, 2019, the lease agreements in our CoreCivic Properties segment had a weighted average lease term of 4.2 years remaining.

In our CoreCivic Safety and CoreCivic Community segments, we are compensated for providing bed capacity and correctional, detention, and residential reentry services at a per diem rate based upon actual or minimum guaranteed occupancy levels.  Occupancy rates for a particular facility are typically low when first opened or immediately following an expansion.  However, beyond the start-up period, which typically ranges from 90 to 180 days, the occupancy rate tends to stabilize.  The average compensated occupancy of our correctional, detention, and residential reentry facilities, based on rated capacity was as follows for the years 2019, 2018, and 2017:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| CoreCivic Safety facilities |  |  | 82 | % |  |  | 81 | % |  |  | 80 | % |
| CoreCivic Community facilities |  |  | 76 | % |  |  | 80 | % |  |  | 80 | % |
| Total |  |  | 82 | % |  |  | 81 | % |  |  | 80 | % |

The average compensated occupancy of our CoreCivic Safety and CoreCivic Community facilities, excluding idled facilities, was 93%, 93%, and 91% for the years 2019, 2018, and 2017, respectively.

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In our CoreCivic Properties segment, we own properties for lease to third parties and used by government agencies where our occupancy percentage is based on leased square feet rather than bed capacity.  The average occupancy of these facilities was as follows for the years 2019, 2018, and 2017:

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Leased portfolio |  |  | 99 | % |  |  | 100 | % |  |  | 100 | % |

**Operating Procedures and Offender Services for Correctional, Detention, and Residential Reentry Facilities**

Pursuant to the terms of our customer contracts, we are responsible for the overall operations of our facilities, including staff recruitment, general administration of the facilities, facility maintenance, security, and supervision of the offenders.  We are required by our customer contracts to maintain certain levels of insurance coverage for general liability, workers' compensation, vehicle liability, and property loss or damage.  We also are required to indemnify our customers for claims and costs arising out of our operations and, in certain cases, to maintain performance bonds and other collateral requirements.

*Reentry programs.*

We believe a focus on inmate reentry provides great benefits for our communities – more people living healthy and productive lives and contributing to strong families and local economies.  We have committed to evolving our model with an increased focus on reentry services, and we are working hard to equip the men and women in our care with the services, support, and resources they need to be successful upon reentry.

We provide a wide range of evidence-based reentry programs and activities in our facilities.  At most of the facilities we manage, offenders have the opportunity to enhance their basic education from literacy through earning a high school equivalency diploma endorsed by their respective state. In some cases, we also provide opportunities for postsecondary educational achievements and chances to participate in college degree programs.  A number of our facilities that care for non-U.S. citizens offer adult education curricula recognized by several nations to which these offenders may return, including a curriculum offered in conjunction with the Mexican government.  We also provide the Adult Education in Spanish program for offenders with that specific language need.

For the offenders who are close to taking their high school equivalency exam (either the GED or the HiSET), we have invested in the equipment needed to use the GED/HiSET Academy software program, which is an offline software program providing over 200 hours of individualized lessons up to the 12th grade. The GED/HiSET Academy incorporates teaching best practices and provides an atmosphere to engage and motivate students to learn everything they need to know to pass the GED/HiSET exam. As an example of the impact we are having, during 2019, the number of offenders in our facilities who passed high school equivalency exams totaled 1,376.  According to research from the independent RAND Corporation, "Evaluating the Effectiveness of Correctional Education" published in 2013, inmates who obtain GEDs while in prison are 30% less likely to return to prison.

In addition, we offer a broad spectrum of career/technical education opportunities to help individuals learn marketable job skills. Our trade programs are certified by the National Center for Construction Education and Research, or NCCER.  NCCER establishes the curriculum and certification for over 4,000 construction and trade organizations.  Graduates of these programs enter the job market with certified skills that significantly enhance employability.  According to research conducted by the RAND Corporation published in 2013, inmates who complete vocational training are 28% more likely to find a job after release. During 2019, 5,136 offenders in facilities we manage earned career and technical education certificates.

We are proud of the educational programs we offer and intend to maintain and continue to develop such programs. Examples of programs we've recently offered include:

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|  | • | In 2019, we partnered with Persevere, a national non-profit organization, to offer offenders at our Trousdale Turner facility in Tennessee an opportunity to learn software coding and job readiness/employability skills specific to the technology field.  The instructor-led, self-paced program utilizes both a coding instructor and a Technology Employability Specialist to ensure students are learning the craft and how to obtain and maintain a job in the field, post-incarceration.  Additionally, the program is split into two phases that allows students to become certified Front-end Developers (phase 1) and Full Stack Developers (phase 2) upon completion. |

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|  | • | In 2019, we increased our post-secondary educational offerings by growing our relationship with Ashland University, based in Ohio, to deliver college-level programming to offenders at our Jenkins, Wheeler, and Coffee correctional facilities in Georgia.  This relationship allows enrollees to obtain an Associate's Degree in General Studies or a Bachelor's Degree in Communication Studies or Interdisciplinary Studies at no cost to them through Pell Grant funding.  Students access coursework, tests, and interact with their instructors through a secure Learning Management System via a tablet computer. |

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|  | • | In late 2019, we launched a NCCER plumbing program at our Metro-Davidson County facility in Nashville, Tennessee in conjunction with a regional company in Tennessee that offers comprehensive services, including HVAC, plumbing, and electrical.  The program is taught once a week by an instructor of the service company and we provide the space and materials.  Upon completion of the plumbing program and release from the Metro-Davidson County facility, some of the students will be interviewed for placement in the service company's four-year training and leadership program in order for them to complete programming and become an apprentice plumber with the service company. |

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|  | • | In 2018, through a relationship with Fuel Education, a company that specializes in digital learning opportunities, we began offering an online Information Support and Services computer program at our Lee Adjustment Center in Kentucky. This program allows students to enhance their computer knowledge and was developed in coordination with the Commonwealth of Kentucky Department of Corrections, or KYDOC, our government partner at the Lee facility.  Students who successfully complete the approximate 10-month program will be awarded a base National Occupational Competency Testing Institute, or NOCTI, credential with the opportunity to earn an advanced NOCTI credential in the future. |

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|  | • | In 2016, our Coffee and Wheeler facilities in Georgia implemented state-of-the-art Diesel Maintenance and Welding programs in coordination with the Georgia Department of Corrections, enabling students to earn trade certificates from nearby community colleges.  As of December 31, 2019, these programs graduated 50 from the Diesel Maintenance program and 83 from the Welding program. |

For those with assessed substance use disorders, we offer cognitive behavioral evidence-based treatment programs with proven clinical outcomes, such as the Residential Drug Abuse Program.  We offer both therapeutic community models and intensive outpatient programs.  We also offer drug and alcohol use education/DWI programs at some of our locations.  Our goal in providing substance use treatment is to stimulate internal motivation for change and progress through the stages of change so that lasting behavioral change can occur.  Our drug and alcohol education programs help participants understand their relationships with drugs and alcohol and the links between drug and alcohol use and crime, as well as assisting them in making better choices that can lead to healthier relationships in their lives.  According to a study by the Florida State University College of Criminology and Criminal Justice, "An Assessment of Substance Abuse Treatment Programs in Florida's Prisons Using a Random Assignment Experimental Design" submitted to the National Institute of Justice, Office of Justice Programs, U.S. Department of Justice in 2016, inmates who completed addiction treatment in prison have significantly lower recidivism levels regardless of the treatment model used.  In 2019, 1,900 offenders in our care completed substance use disorder programming.

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Additional program offerings include our Victim Impact Programs, available at a number of our facilities, which seek to educate offenders about the negative effects their criminal conduct can have on others.  Currently, 24 of our facilities have received training to offer Victim Impact Programs to offenders at both Safety and Community sites.  In 2019, 1,247 offenders successfully completed Victim Impact Programs.  All of our facility chaplains facilitate diverse and inclusive opportunities for those in our care to engage in the practice of spirituality and to exercise individual religious freedom.  In several facilities, we offer faith-based programs with an emphasis on character development, spiritual growth, and successful reentry.  Presently, we utilize Threshold, as an innovative, evidence-based inter-faith component of comprehensive reentry services. In 2019, 721 offenders in our care successfully completed the Threshold program.

Our Reentry and Life Skills programs prepare individuals for life after incarceration by teaching them how to successfully conduct a job search, how to manage their budget and financial matters, parenting skills, and relationship and family skills.  Equally significant, we offer cognitive behavioral programs aimed at changing anti-social attitudes and behaviors in offenders, with a focus on altering the level of criminal thinking.  In 2017, we introduced a comprehensive reentry strategy we call "Go Further", a forward thinking, process approach to reentry.  "Go Further" encompasses all facility reentry programs, adds a proprietary cognitive/behavioral curriculum, and encourages staff and offenders to take a collaborative approach to assist in reentry preparation.  "Go Further" is currently in place in 21 of our facilities, with plans to add additional facilities in 2020.  In 2019, offenders in our care completed 5,355 cognitive/behavioral evidence-based journals in preparation for returning to their communities.

Across the country, our dedicated staff, along with the assistance of thousands of volunteers, work to provide guidance, direction, and post-incarceration services to the men and women in our care.  We believe these critical reentry programs help fight the serious challenge of recidivism facing the United States.

Through our community corrections facilities, we provide an array of services to defendants and offenders who are serving their full sentence, the last portion of their sentence, waiting to be sentenced, or awaiting trial while supervised in a community environment.  We offer housing and programs with a key focus on employment, job readiness, life skills and various substance abuse treatment programs, in order to help offenders successfully reenter their communities and reduce the risk of recidivism.  In some of our community corrections facilities, we offer housing and program services to parolees who have completed their sentence but lack a viable reentry plan.  Through a focus on employment and skill development, we provide a means for these parolees to successfully reintegrate into their communities.

In addition, we provide day-reporting and substance abuse treatment programs at some of our community corrections facilities.  These programs, depending on the needs of the offender, can provide cognitive behavioral-based programs to assist in the offender's successful reentry while holding the individual accountable while living in the community.

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Lastly, we also provide a number of non-residential correctional alternative services, including electronic monitoring and case management services, under our CoreCivic Community segment.  Governmental customers use electronic monitoring products and services to monitor low risk offenders as a way to help reduce overcrowding in correctional facilities, as a monitoring and sanctioning tool, and to promote public safety by imposing restrictions on movement and serving as a deterrent for alcohol usage.  Providing these non-residential services is a natural complement to our broad network of residential reentry facilities and can help keep individuals from going back to prison or being incarcerated in the first place.

Ultimately, the work we do is intended to give people the tools to reintegrate with their communities permanently.  We are proud of the teachers, counselors, case managers, chaplains, and other offender support service professionals who provide these services to the men and women entrusted in our care.

To further underscore our long-term commitment to reducing recidivism, in October 2017, we announced that we launched a nationwide initiative to advocate for a range of government policies that will help former offenders successfully reenter society and stay out of prison. We believe that as successful as we may be with our work inside our facilities, offenders still face embedded societal barriers when they return to their communities.  Supporting recidivism-reducing policies is one way we can bridge the gap and give the men and women entrusted in our care a better opportunity at never returning to prison.  As part of the initiative, we apply government relations resources and expertise to advocate for the following policies:

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|  | • | "Ban-the-Box" proposals to help improve former inmates' chances at getting a job; |

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|  | • | Reduced legal barriers to make it easier and less risky for companies to hire former inmates; |

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|  | • | Increased funding for reentry programs in areas such as education, addiction treatment, faith-based offerings, victim impact and post-release employment; and |

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|  | • | Social impact bond pilot programs that tie contractor payments to positive outcomes. |

*Operating guidelines.*

The American Correctional Association, or ACA, is an independent organization comprised of corrections professionals that establishes accreditation standards for correctional and detention facilities around the world.  Outside agency standards, such as those established by the ACA, provide us with the industry's most widely accepted operational guidelines.  ACA accredited facilities must be audited and re-accredited at least every three years.  We have sought and received ACA accreditation for 38, or approximately 95%, of the eligible facilities we operated as of December 31, 2019, excluding our residential reentry facilities and our Eden Detention Center and our Torrance County Detention Facility.  We have not yet sought accreditation at the previously idled Eden and Torrance facilities because they were only recently activated, although we currently intend to pursue accreditation.  During 2019, 14 of the facilities we manage were re-accredited by the ACA with an average score of 99.6%, making our portfolio average 99.6%.

Beyond the standards provided by the ACA, our facilities are operated in accordance with a variety of company and facility-specific policies and procedures, as well as various contractual requirements.  Many of these policies and procedures reflect the high standards generated by a number of sources, including the ACA, the National Commission on Correctional Healthcare, the Occupational Safety and Health Administration, as well as federal, state, and local government codes and regulations and longstanding correctional procedures.

In addition, our facilities are operated in compliance with the Prison Rape Elimination Act, or PREA, standards, which became effective in August 2013.  All confinement facilities covered under the PREA standards must be audited at least every three years to maintain compliance with the PREA standards. Covered facilities include adult prisons and jails, juvenile facilities, lockups (facilities housing detainees overnight), and community confinement facilities, whether operated by the United States Department of Justice, or DOJ, or by a state, local, corporate, or nonprofit authority.We utilize DOJ-certified PREA auditors to help ensure that all facilities operate in compliance with applicable PREA regulations.

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Our facilities operate under these established standards, policies, and procedures, and also are subject to annual audits by our Quality Assurance Division, or QAD, which operates under, and reports directly to, our Office of General Counsel and independently from our Operations Division. Through the QAD, we have devoted significant resources to ensuring that our facilities meet outside agency and accrediting organization standards and guidelines.

The QAD employs a team of full-time auditors, who are subject matter experts from all major disciplines within institutional operations.  Annually, without advance notice, QAD auditors conduct on-site evaluations of each CoreCivic Safety facility we operate using specialized audit tools, typically containing more than 1,000 audit indicators across all major operational areas.  In most instances, these audit tools are tailored to facility and partner specific requirements.  In addition, audit teams provide guidance to facility staff on operational best practices and assist staff with addressing specific areas of need, such as meeting requirements of new partner contracts and providing detailed training on compliance requirements for new departmental managers.

The QAD management team coordinates overall operational auditing and compliance efforts across all correctional, detention, and residential reentry facilities we manage.  In conjunction with subject matter experts and other stakeholders having risk management responsibilities, the QAD management team develops performance measurement tools used in facility audits. The QAD management team provides governance of the corrective action plan process for any items of nonconformance identified through internal and external facility reviews. Our QAD also contracts with teams of ACA certified correctional auditors to evaluate compliance with ACA standards at accredited facilities.  Similarly, the QAD routinely incorporates a review of facility compliance with key PREA regulations during annual audits of company facilities.

In addition to our own internal audit and contract compliance efforts, we are also subject to oversight by our government partners.  As part of their standard monitoring and compliance programs, approximately 70% of our federal and state government partners conduct formal contract-compliance audits and inspections at least annually at CoreCivic Safety facilities.  In addition to these annual audits of our facilities, many partners conduct additional area-specific operational audits and inspections on a more frequent basis, including monthly, quarterly, and semi-annually.  Some of these audits and facility inspections by our partners are conducted on an unannounced basis. In 2019, our government partners conducted over 230 annual, semi-annual, quarterly, and monthly compliance audits and inspections at our CoreCivic Safety facilities. In addition, the majority of our federal and state government partners employ on-site contract monitors who monitor performance and contract compliance at our facilities on a full- or part-time basis. In 2019, approximately 84% of the CoreCivic Safety facilities we manage have an onsite contract monitor.

**Business Development**

We believe we own, or control via a long-term lease, approximately 58% of all privately owned prison beds in the United States, manage nearly 39% of all privately managed prison beds in the United States, and are currently the second largest private owner and provider of community corrections services in the nation.  We also believe that we are the largest private owner of real estate used by U.S. government agencies.  Under the direction of our partnership development department, we market our facilities and services to government agencies responsible for federal, state, and local correctional, detention, and residential reentry facilities in the United States.  Under the direction of our real estate department, we intend to continue pursuing the acquisition and development of additional correctional, detention, and residential reentry facilities, as well as other government-leased real estate assets with a bias toward those used to provide mission-critical governmental services that we believe have a favorable investment return, diversify our cash flows, and increase value to our stockholders.

We execute cross-departmental efforts to market CoreCivic Safety solutions to government partners that seek corrections and detention management services, CoreCivic Community solutions to government partners seeking residential reentry services, and CoreCivic Properties solutions to customers that need real estate and maintenance services.

As indicated by the following chart, business from our federal customers, including primarily ICE, the USMS, and the BOP, continues to be a significant component of our business, although the source of revenue is derived from many contracts at various types of properties, i.e. correctional, detention, reentry, and leased.  ICE and the USMS each accounted for 10% or more of our total revenue during the last three years.

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Certain of our contracts with federal partners contain clauses that guarantee the federal partner access to a minimum bed capacity in exchange for a fixed monthly payment.  However, these contracts also generally provide the government the ability to cancel the contract for non-appropriation of funds or for convenience. The solutions we provide to our federal customers continue to be a significant component of our business. We believe our ability to provide flexible solutions and fulfill emergent needs of our federal customers would be very difficult and costly to replicate in the public sector.

State revenues from contracts at correctional, detention, and residential reentry facilities that we operate constituted 34%, 39%, and 41% of our total revenue during 2019, 2018, and 2017, respectively, and decreased 4.7% from $706.8 million during 2018 to $673.4 million during 2019, largely due to declines in populations from the state of California, as further described in Management's Discussion and Analysis of Financial Condition and Results of Operations.  No state partner accounted for 10% or more of our total revenue during these years.

Several of our state partners have experienced improvements in their budgets which has helped us secure recent per diem increases at certain facilities.  Further, several of our existing state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged and inefficient infrastructure, or are seeking cost savings by utilizing the private sector.  Although we can provide no assurance that we will enter into any new contracts, we believe we are well positioned to provide states with needed bed capacity, as well as the programming and reentry services they are seeking. Since the beginning of 2018, we have completed the intake of new inmate populations as a result of new contracts with Kansas, Kentucky, Ohio, Nevada, South Carolina, and Vermont, while Wyoming began utilizing an existing contract it had not utilized in nearly a decade.  In January 2020, we signed a new management contract with Mississippi.

We believe the long-term growth opportunities of our business remain attractive as government agencies consider their emergent needs, as well as the efficiency and offender programming opportunities we provide, as flexible solutions to satisfy our partners' needs.  Further, we expect our partners to continue to face challenges in maintaining old facilities, developing new facilities, and expanding current facilities for additional capacity, which could result in increased future demand for the solutions we provide.

We believe that we can further develop our business by, among other things:

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|  | • | Maintaining and expanding our existing customer relationships and filling existing beds within our facilities, while maintaining an adequate inventory of available beds that we believe provides us with flexibility and a competitive advantage when bidding for new management contracts; |

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|  | • | Enhancing the terms of our existing contracts and expanding the services we provide under those contracts; |

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|  | • | Pursuing additional opportunities to lease our facilities to government and other third-party operators in need of correctional, detention, and residential reentry capacity; |

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|  | • | Pursuing mission-critical real estate solutions for government agencies including, but not limited to, corrections and detention real estate assets; |

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|  | • | Pursuing other asset acquisitions and business combinations through transactions with non-government third parties; |

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|  | • | Maintaining and expanding our focus on community corrections and reentry programming that align with the needs of our government partners; |

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|  | • | Pursuing additional opportunities that expand the scope of non-residential correctional alternative solutions we provide to government agencies; and |

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|  | • | Establishing relationships with new customers that have either previously not outsourced their correctional facility management needs or have utilized other private enterprises. |

We generally receive inquiries from or on behalf of government agencies that are considering outsourcing the ownership and/or management of certain facilities or that have already decided to contract with a private enterprise.  When we receive such an inquiry, we determine whether there is an existing need for our correctional, detention, and residential reentry facilities and/or services and whether the legal and political climate in which the inquiring party operates is conducive to serious consideration of outsourcing.  Based on these findings, an initial cost analysis is conducted to further determine project feasibility.

Frequently, government agencies responsible for correctional, detention, and residential reentry facilities and services procure space and services through solicitations or competitive procurements.  As part of our process of responding to such requests, members of our management team meet with the appropriate personnel from the agency making the request to best determine the agency's needs.  If the project fits within our strategy, we submit a written response. A typical solicitation or competitive procurement requires bidders to provide detailed information, including, but not limited to, the space and services to be provided by the bidder, its experience and qualifications, and the price at which the bidder is willing to provide the facility and services (which services may include the purchase, renovation, improvement or expansion of an existing facility or the planning, design and construction of a new facility). The requesting agency selects a provider believed to be able to provide the requested bed capacity, if needed, and most qualified to provide the requested services, and then negotiates the price and terms of the contract with that provider.

**2019 Accomplishments**

In 2019, we entered into a number of new contracts, renewed several other significant contracts, and completed numerous other transactions and milestones, including the following:

*CoreCivic Safety:*

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|  | • | 1,376 offenders in our care passed high school equivalency exams, 5,136 earned career and technical education certificates, 1,900 completed substance use disorder programming, 1,247 completed Victim Impact Programs, 721 completed the Threshold program, and 5,355 completed cognitive/behavioral evidence-based journals in our "Go Further" program in preparation for successfully returning to their communities. |

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|  | • | Increased our post-secondary educational offerings by growing our relationship with Ashland University, based in Ohio, to deliver college-level programming to offenders at our Jenkins, Wheeler, and Coffee facilities in Georgia.  This relationship allows enrollees to obtain an Associate's Degree in General Studies or Bachelor's Degree in Communication Studies or Interdisciplinary Studies at no cost to them through Pell Grant funding. |

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|  | • | Introduced a new computer coding program at our Trousdale Turner Correctional Center in Hartsville, Tennessee. The program is offered by Persevere, a national nonprofit organization, and provides an opportunity for those in our care at the facility to learn software coding and job readiness/employability skill specific to the technology field.  Students participating in the new program take classes and earn industry certifications, which helps prepare them to find and maintain jobs in the technology field, post-incarceration. |

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|  | • | Executed a new contract with ICE to care for up to 2,348 adult detainees at our Adams County Correctional Center in Mississippi.  The new management contract has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. |

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|  | • | Executed a new contract with ICE to activate our 910-bed Torrance County Detention Facility in New Mexico.  The Torrance facility had previously been idle since 2017.  The new management contract has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement. |

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|  | • | Executed a new contract with the USMS to activate our 1,422-bed Eden Detention Center in Texas.  The Eden facility had previously been idle since 2017.  The new management contract, which also permits ICE to utilize capacity at the facility at any time in the future, has an indefinite term. |

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|  | • | Executed a new contract with the Kansas Department of Corrections, or KDOC, to care for offenders at our Saguaro Correctional Facility.  The new management contract has an initial term of one year, with two additional one-year extension options upon mutual agreement.  The new contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under the contract to another correctional facility that we operate. |

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|  | • | Completed the $39.0 million, 512-bed expansion of our Otay Mesa Detention Center in California and extended the contract with the federal government through December 2034, including two five-year extension options.  The expansion was a result of long-standing demand from the USMS and ICE, and limited detention capacity in the Southwest region of the United States.  Both the USMS and ICE currently utilize the Otay Mesa facility under an existing contract that enables both agencies to utilize the additional capacity. |

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*CoreCivic Community:*

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|  | • | Completed the integration of Rocky Mountain Offender Management Systems, LLC into Recovery Monitoring Solutions Corporation, which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in multiple states.  This integration strengthens our focus on rehabilitation and recidivism and completes the spectrum of correctional services we offer to government agencies. |

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|  | • | Completed the acquisition of the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina.  In connection with the acquisition, we provide reentry services for both male and female residents under custody of the BOP. |

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|  | • | Completed the acquisition of certain assets of Rehabilitation Services, Inc., resulting in the addition of two residential reentry centers in Virginia.  The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia, provide reentry services for residents under custody of the BOP.  The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP. |

*CoreCivic Properties:*

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|  | • | Completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan that was built-to-suit for the state of Michigan's Department of Health and Human Services, or MDHHS, in 2002.  The property is 100% leased to the Michigan Department of Technology, Management and Budget, or MDTMB, on behalf of MDHHS through June 2028, and includes one six-year renewal option at the sole discretion of the MDTMB. |

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|  | • | Entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. |

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|  | • | Continued construction of the new Lansing Correctional Facility in Kansas, and in December 2019, began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020. |

*Corporate and Other:*

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|  | • | Issued our first Environmental, Social and Governance, or ESG, report which details how we are helping to tackle the national crisis of recidivism and provides quantified evidence of progress being made toward company-wide reentry goals. We are the first company in our industry to release an ESG report, demonstrating our commitment to transparency and accountability. |

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|  | • | Partnered with other leaders in the private sector corrections and detention industry to launch the "Day 1 Alliance", or D1A, a newly formed trade and advocacy organization. The D1A is a unified voice dedicated to educating Americans on the small but valued role the private sector plays in addressing corrections and detention challenges in the United States.  The D1A will not advocate on policies, regulations, or legislation that impact the basis for or duration of an individual's incarceration or detention. |

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|  | • | Entered into a new $250.0 million Senior Secured Term Loan B, or Term Loan B, which bears interest at the London Interbank Offered Rate, or LIBOR, plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity.  Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the $325.0 million in aggregate principal amount of 4.125% senior notes due in April 2020, or the 4.125% Senior Notes. |

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**Facility Portfolio**

***CoreCivic Safety and Community Facilities and Facility Management Contracts***

Our correctional, detention, and residential reentry facilities can generally be classified according to the level(s) of security at such facility.  Minimum security facilities have open housing within an appropriately designed and patrolled institutional perimeter.  Medium security facilities have either cells, rooms or dormitories, a secure perimeter, and some form of external patrol.  Maximum security facilities have cells, a secure perimeter, and external patrol.  Multi-security facilities have various areas encompassing minimum, medium or maximum security.

Our CoreCivic Safety and Community facilities can also be classified according to their primary function.  The primary functional categories are:

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|  | • | *Correctional Facilities*.  Correctional facilities care for and provide contractually agreed upon programs and services to sentenced adult prisoners, typically prisoners on whom a sentence in excess of one year has been imposed. |

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|  | • | *Detention Facilities*.  Detention facilities care for and provide contractually agreed upon programs and services to (i) individuals being detained by ICE, (ii) individuals who are awaiting trial who have been charged with violations of federal criminal law (and are therefore in the custody of the USMS) or state criminal law, and (iii) prisoners who have been convicted of crimes and on whom a sentence of one year or less has been imposed. |

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|  | • | *Residential Facilities.* Residential facilities provide space and residential services in an open and safe environment to adults with children who have been detained by ICE and are awaiting the outcome of immigration hearings.  As contractually agreed upon, residential facilities offer services including, but not limited to, educational programs, medical care, recreational activities, counseling, and access to religious and legal services. |

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|  | • | *Community Corrections.* Community corrections/residential reentry facilities offer housing and programs to offenders who are serving the last portion of their sentence or who have been assigned to the facility in lieu of a jail or prison sentence, with a key focus on employment, job readiness, and life skills. |

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As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned and managed and seven of which we managed, but were owned by our government partners.  Through our CoreCivic Community segment, we also owned and managed 29 residential reentry centers.  Owned and managed facilities include facilities placed into service that we own or control via a long-term lease and manage.  The following table includes certain information regarding each facility, including the term of the primary customer contract related to such facility.

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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
| **CoreCivic Safety Facilities:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Safety - Owned and Managed:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Central Arizona Florence     Correctional Complex |  | USMS | |  |  |  | 4,128 |  |  | Multi | |  |  | Detention | |  |  | Sep-23 | |  |  | (1) 5 year | |  |
| Florence, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eloy Detention Center |  | ICE | |  |  |  | 1,500 |  |  | Medium | |  |  | Detention | |  |  | Indefinite | |  |  |  | — |  |
| Eloy, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| La Palma Correctional Center |  | ICE | |  |  |  | 3,060 |  |  | Multi | |  |  | Detention | |  |  | Indefinite | |  |  |  | — |  |
| Eloy, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Red Rock Correctional Center (D) |  | State of Arizona | |  |  |  | 2,024 |  |  | Medium | |  |  | Correctional | |  |  | Jul-26 | |  |  | (2) 5 year | |  |
| Eloy, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Saguaro Correctional Facility |  | State of Hawaii | |  |  |  | 1,896 |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  | (1) 1 year | |  |
| Eloy, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Leo Chesney Correctional Center |  |  | — |  |  | 240 | |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |
| Live Oak, California |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Otay Mesa Detention Center |  | ICE | |  |  |  | 1,994 |  |  | Minimum/ | |  |  | Detention | |  |  | Dec-24 | |  |  | (2) 5 year | |  |
| San Diego, California |  |  |  |  |  |  |  |  |  | Medium | |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Bent County Correctional Facility |  | State of Colorado | |  |  |  | 1,420 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Las Animas, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Crowley County Correctional     Facility |  | State of Colorado | |  |  |  | 1,794 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Olney Springs, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Huerfano County Correctional Center |  |  | — |  |  | 752 | |  |  | Medium | |  |  | Correctional | |  |  |  | — |  |  |  | — |  |
| Walsenburg, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Kit Carson Correctional Center |  |  | — |  |  |  | 1,488 |  |  | Medium | |  |  | Correctional | |  |  |  | — |  |  |  | — |  |
| Burlington, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Coffee Correctional Facility (E) |  | State of Georgia | |  |  |  | 2,312 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  | (14) 1 year | |  |
| Nicholls, Georgia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Jenkins Correctional Center (E) |  | State of Georgia | |  |  |  | 1,124 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  | (15) 1 year | |  |
| Millen, Georgia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| McRae Correctional Facility |  | BOP | |  |  |  | 1,978 |  |  | Medium | |  |  | Correctional | |  |  | Nov-20 | |  |  | (1) 2 year | |  |
| McRae, Georgia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stewart Detention Center |  | ICE | |  |  |  | 1,752 |  |  | Medium | |  |  | Detention | |  |  | Indefinite | |  |  |  | — |  |
| Lumpkin, Georgia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Wheeler Correctional Facility (E) |  | State of Georgia | |  |  |  | 2,312 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  | (14) 1 year | |  |
| Alamo, Georgia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Leavenworth Detention Center |  | USMS | |  |  |  | 1,033 |  |  | Maximum | |  |  | Detention | |  |  | Dec-21 | |  |  | (1) 5 year | |  |
| Leavenworth, Kansas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Lee Adjustment Center |  | Commonwealth of | |  |  | 816 | |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  | (1) 1 year | |  |
| Beattyville, Kentucky |  | Kentucky | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Marion Adjustment Center |  |  | — |  |  | 826 | |  |  | Minimum/ | |  |  | Correctional | |  |  |  | — |  |  |  | — |  |
| St. Mary, Kentucky |  |  |  |  |  |  |  |  |  | Medium | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Prairie Correctional Facility |  |  | — |  |  |  | 1,600 |  |  | Medium | |  |  | Correctional | |  |  |  | — |  |  |  | — |  |
| Appleton, Minnesota |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adams County Correctional Center |  | ICE | |  |  |  | 2,232 |  |  | Medium | |  |  | Detention | |  |  | Aug-24 | |  |  | Indefinite | |  |
| Adams County, Mississippi |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tallahatchie County Correctional     Facility (F) |  | USMS | |  |  |  | 2,672 |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  | Indefinite | |  |
| Tutwiler, Mississippi |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Crossroads Correctional Center (G) |  | State of Montana | |  |  | 664 | |  |  | Multi | |  |  | Correctional | |  |  | Jun-21 | |  |  | (1) 2 year | |  |
| Shelby, Montana |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Nevada Southern Detention Center |  | USMS | |  |  |  | 1,072 |  |  | Medium | |  |  | Detention | |  |  | Sep-20 | |  |  | (2) 5 year | |  |
| Pahrump, Nevada |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Elizabeth Detention Center |  | ICE | |  |  | 300 | |  |  | Minimum | |  |  | Detention | |  |  | Aug-20 | |  |  | (1) 1 year | |  |
| Elizabeth, New Jersey |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cibola County Corrections Center |  | USMS | |  |  |  | 1,129 |  |  | Medium | |  |  | Detention | |  |  | Indefinite | |  |  |  | — |  |
| Milan, New Mexico |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Northwest New Mexico Correctional     Center |  | State of New Mexico | |  |  | 596 | |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Grants, New Mexico |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Torrance County Detention Facility |  | ICE | |  |  | 910 | |  |  | Multi | |  |  | Detention | |  |  | May-24 | |  |  | Indefinite | |  |
| Estancia, New Mexico |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Lake Erie Correctional    Institution (H) |  | State of Ohio | |  |  |  | 1,798 |  |  | Medium | |  |  | Correctional | |  |  | Jun-32 | |  |  | Indefinite | |  |
| Conneaut, Ohio |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Northeast Ohio Correctional Center |  | State of Ohio | |  |  |  | 2,016 |  |  | Medium | |  |  | Correctional | |  |  | Jun-32 | |  |  | Indefinite | |  |
| Youngstown, Ohio |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cimarron Correctional Facility (I) |  | State of Oklahoma | |  |  |  | 1,692 |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Cushing, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Davis Correctional Facility (I) |  | State of Oklahoma | |  |  |  | 1,670 |  |  | Multi | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Holdenville, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Diamondback Correctional Facility |  |  | — |  |  |  | 2,160 |  |  | Multi | |  |  | Correctional | |  |  |  | — |  |  |  | — |  |
| Watonga, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Shelby Training Center |  |  | — |  |  | 200 | |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |
| Memphis, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Trousdale Turner Correctional Center |  | State of Tennessee | |  |  |  | 2,552 |  |  | Multi | |  |  | Correctional | |  |  | Jan-21 | |  |  |  | — |  |
| Hartsville, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| West Tennessee Detention Facility |  | USMS | |  |  | 600 | |  |  | Multi | |  |  | Detention | |  |  | Sep-21 | |  |  | (4) 2 year | |  |
| Mason, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Whiteville Correctional Facility (J) |  | State of Tennessee | |  |  |  | 1,536 |  |  | Medium | |  |  | Correctional | |  |  | Jun-21 | |  |  |  | — |  |
| Whiteville, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eden Detention Center |  | USMS | |  |  |  | 1,422 |  |  | Medium | |  |  | Correctional | |  |  | Indefinite | |  |  |  | — |  |
| Eden, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Houston Processing Center |  | ICE | |  |  |  | 1,000 |  |  | Medium | |  |  | Detention | |  |  | Mar-20 | |  |  |  | — |  |
| Houston, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Laredo Processing Center |  | ICE | |  |  | 258 | |  |  | Minimum/ | |  |  | Detention | |  |  | Jul-23 | |  |  | Indefinite | |  |
| Laredo, Texas |  |  |  |  |  |  |  |  |  | Medium | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| South Texas Family Residential     Center |  | ICE | |  |  |  | 2,400 |  |  |  | — |  |  | Residential | |  |  | Sep-21 | |  |  |  | — |  |
| Dilley, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| T. Don Hutto Residential Center |  | ICE | |  |  | 512 | |  |  | Medium | |  |  | Detention | |  |  | Mar-20 | |  |  | (2) 2 month | |  |
| Taylor, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Webb County Detention Center |  | ICE | |  |  | 480 | |  |  | Medium | |  |  | Detention | |  |  | Feb-23 | |  |  |  | — |  |
| Laredo, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Safety - Managed Only:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Citrus County Detention Facility |  | Citrus County, FL | |  |  | 760 | |  |  | Multi | |  |  | Detention | |  |  | Sep-20 | |  |  | Indefinite | |  |
| Lecanto, Florida |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Lake City Correctional Facility |  | State of Florida | |  |  | 893 | |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  | Indefinite | |  |
| Lake City, Florida |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Marion County Jail |  | Marion County, IN | |  |  |  | 1,030 |  |  | Multi | |  |  | Detention | |  |  | Dec-27 | |  |  |  | — |  |
| Indianapolis, Indiana |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Hardeman County Correctional     Facility |  | State of Tennessee | |  |  |  | 2,016 |  |  | Medium | |  |  | Correctional | |  |  | Jun-24 | |  |  |  | — |  |
| Whiteville, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Metro-Davidson County Detention     Facility |  | Davidson County, | |  |  |  | 1,348 |  |  | Multi | |  |  | Detention | |  |  | Jul-20 | |  |  |  | — |  |
| Nashville, Tennessee |  | TN | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Silverdale Facilities |  | Hamilton County, | |  |  |  | 1,046 |  |  | Multi | |  |  | Detention | |  |  | Sep-21 | |  |  | (4) 4 year | |  |
| Chattanooga, Tennessee |  | TN | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| South Central Correctional Center |  | State of Tennessee | |  |  |  | 1,676 |  |  | Medium | |  |  | Correctional | |  |  | Jun-20 | |  |  |  | — |  |
| Clifton, Tennessee |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **CoreCivic Community Facilities:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Oracle Transitional Center |  |  | — |  |  | 92 | |  |  |  | — |  |  | Community | |  |  |  | — |  |  |  | — |  |
| Tucson, Arizona |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CAI Boston Avenue |  | State of California | |  |  | 120 | |  |  |  | — |  |  | Community | |  |  | Jun-24 | |  |  |  | — |  |
| San Diego, California |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| CAI Ocean View |  | BOP | |  |  | 483 | |  |  |  | — |  |  | Community | |  |  | May-20 | |  |  | (1) 1 year | |  |
| San Diego, California |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adams Transitional Center |  | Adams County | |  |  | 102 | |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Denver, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Arapahoe Community Treatment     Center |  | Arapahoe County | |  |  |  | 135 |  |  |  | — |  |  | Community  Corrections | |  |  | Jun-20 | |  |  |  | — |  |
| Englewood, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Boulder Community Treatment     Center (K) |  | Boulder County | |  |  |  | 69 |  |  |  | — |  |  | Community  Corrections | |  |  | Jan-20 | |  |  |  | — |  |
| Boulder, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Centennial Community Transition     Center |  | Arapahoe County | |  |  |  | 107 |  |  |  | — |  |  | Community  Corrections | |  |  | Jun-20 | |  |  |  | — |  |
| Englewood, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Columbine Facility |  | Denver County | |  |  |  | 60 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Denver, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Commerce Transitional Center |  | Adams County | |  |  |  | 136 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Commerce City, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Dahlia Facility |  | Denver County | |  |  |  | 120 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Denver, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fox Facility and Training Center |  | Denver County | |  |  |  | 90 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Denver, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Henderson Transitional Center |  | Adams County | |  |  |  | 184 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Henderson, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Longmont Community Treatment     Center |  | Boulder County | |  |  |  | 69 |  |  |  | — |  |  | Community  Corrections | |  |  | Jun-20 | |  |  |  | — |  |
| Longmont, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ulster Facility |  | Denver County | |  |  |  | 90 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  |  | — |  |
| Denver, Colorado |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| South Raleigh Reentry Center |  | BOP | |  |  |  | 60 |  |  |  | — |  |  | Community | |  |  | Sep-20 | |  |  |  | — |  |
| Raleigh, North Carolina |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Facility Name** |  | **Primary Customer** | |  |  | **Design**  **Capacity**  **(A)** | |  |  | **Security Level** | |  |  | **Facility Type**  **(B)** | |  |  | **Term** | |  |  | **Remaining**  **Renewal Options**  **(C)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Carver Transitional Center |  | State of Oklahoma | |  |  |  | 494 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  | (2) 1 year | |  |
| Oklahoma City, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Oklahoma City Transitional Center |  | State of Oklahoma | |  |  | 200 | |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  | (2) 1 year | |  |
| Oklahoma City, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tulsa Transitional Center |  | State of Oklahoma | |  |  |  | 390 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  | (2) 1 year | |  |
| Tulsa, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Turley Residential Center |  |  | — |  |  | 289 | |  |  |  | — |  |  | Community | |  |  |  | — |  |  |  | — |  |
| Tulsa, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Austin Residential Reentry Center |  | BOP | |  |  |  | 116 |  |  |  | — |  |  | Community | |  |  | Apr-20 | |  |  | (4) 1 year | |  |
| Del Valle, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Austin Transitional Center |  | State of Texas | |  |  | 460 | |  |  |  | — |  |  | Community | |  |  | Aug-20 | |  |  |  | — |  |
| Del Valle, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Corpus Christi Transitional Center |  | State of Texas | |  |  |  | 160 |  |  |  | — |  |  | Community | |  |  | Aug-21 | |  |  | (3) 2 year | |  |
| Corpus Christi, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Dallas Transitional Center |  | State of Texas | |  |  |  | 300 |  |  |  | — |  |  | Community | |  |  | Aug-20 | |  |  |  | — |  |
| Hutchins, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| El Paso Multi-Use Facility |  | State of Texas | |  |  | 360 | |  |  |  | — |  |  | Community | |  |  | Aug-20 | |  |  |  | — |  |
| El Paso, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| El Paso Transitional Center |  | State of Texas | |  |  |  | 224 |  |  |  | — |  |  | Community | |  |  | Aug-20 | |  |  |  | — |  |
| El Paso, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fort Worth Transitional Center |  | State of Texas | |  |  | 248 | |  |  |  | — |  |  | Community | |  |  | Aug-20 | |  |  |  | — |  |
| Fort Worth, Texas |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ghent Residential Reentry Center |  | BOP | |  |  | 36 | |  |  |  | — |  |  | Community | |  |  | Feb-20 | |  |  | (2) 1 year | |  |
| Norfolk, Virginia |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| James River Residential Reentry    Center |  | BOP | |  |  | 84 | |  |  |  | — |  |  | Community  Corrections | |  |  | Feb-20 | |  |  | (2) 1 year | |  |
| Newport News, Virginia |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cheyenne Transitional Center |  | State of Wyoming | |  |  |  | 116 |  |  |  | — |  |  | Community | |  |  | Jun-20 | |  |  | (2) 1 year | |  |
| Cheyenne, Wyoming |  |  |  |  |  |  |  |  |  |  |  |  |  | Corrections | |  |  |  |  |  |  |  |  |  |

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|  | (A) | Design capacity measures the number of beds, and accordingly, the number of offenders each facility is designed to accommodate.  Facilities housing detainees on a short-term basis may exceed the original intended design capacity due to the lower level of services required by detainees in custody for a brief period.  From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays.  We believe design capacity is an appropriate measure for evaluating the operations in our CoreCivic Safety and CoreCivic Community segments, because the revenue generated by each facility is based on a per diem or monthly rate per offender cared for at the facility paid by the corresponding contracting governmental entity. |

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|  | (B) | We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees).  The primary functional categories into which facility types are identified was determined by the relative size of offender populations in a particular facility on December 31, 2019.  If, for example, a 1,000-bed facility cared for 900 adult offenders with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correctional facilities and not detention facilities.  It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time. |

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|  | (C) | Remaining renewal options represents the number of renewal options, if applicable, and the term of each option renewal. |

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|  | (D) | Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the 20-year term of the contract. |

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|  | (E) | These facilities are subject to purchase options held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value, as defined, or fair market value at any time during the term of the contract between the GDOC and us. |

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|  | (F) | The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20-year period.  The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007. |

|  |  |  |
| --- | --- | --- |
|  | (G) | The state of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana. |

|  |  |  |
| --- | --- | --- |
|  | (H) | The state of Ohio has the irrevocable right to repurchase the facility before we may resell the facility to a third party, or if we become insolvent or are unable to meet our obligations under the management contract with the state of Ohio, at a price generally equal to the fair market value. |

|  |  |  |
| --- | --- | --- |
|  | (I) | These facilities are subject to purchase options held by the Oklahoma Department of Corrections, or ODOC, which grants the ODOC the right to purchase the facility at its fair market value at any time during the term of the contract with ODOC. |

|  |  |  |
| --- | --- | --- |
|  | (J) | The state of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational or financial breach under the management agreement, at a price equal to the book value, as determined under such agreement. |

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| --- | --- | --- |
|  | (K) | The contract at this facility expired on January 7, 2020, and was not renewed.  The facility was leased from a third-party and the lease also terminated in January 2020. |

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***CoreCivic Properties***

Through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies. We calculate annualized lease income as annualized contractual base rent for the last month in a specified period, plus the annualized straight line rent adjustments for the last month in such period and the annualized net expense reimbursements earned by us for the last month in such period. The following table includes certain information regarding each property.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Property Name** |  | **Primary Customer** | |  |  | **Property**  **Type**  **(A)** |  | **Tenant**  **Lease**  **Expiration**  **Year**  **(B)** | | | |  | **Leasable**  **Square**  **Feet** | |  |  | **Annualized**  **Lease**  **Income**  **(in thousands)** | |  |  | **Percentage**  **of Total Annualized**  **Lease**  **Income** | |  |  | **Annualized**  **Lease Income per**  **Leased**  **Square**  **Foot** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ICE-Fayetteville |  | GSA - U.S.  Immigration | |  |  | GL |  |  | 2027 |  |  |  |  | 5,000 |  |  | $ | 127 |  |  |  | 0.2 | % |  | $ | 26 |  |
| Fayetteville, Arkansas |  | and Customs  Enforcement | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Harrison |  | GSA - Social Security | |  |  | GL |  |  | 2022 |  |  |  |  | 11,000 |  |  | $ | 303 |  |  |  | 0.4 | % |  | $ | 26 |  |
| Harrison, Arkansas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Hot Springs |  | GSA - Social Security | |  |  | GL |  |  | 2025 |  |  |  |  | 11,000 |  |  | $ | 277 |  |  |  | 0.4 | % |  | $ | 25 |  |
| Hot Springs, Arkansas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| California City Correctional     Center |  | State of California | |  |  | C |  |  | 2020 |  | (C) |  |  | 522,000 |  |  | $ | 31,480 |  |  |  | 41.2 | % |  | $ | 60 |  |
| California City, California |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Long Beach Community     Corrections Center |  | The GEO Group, Inc. | |  |  | CC |  |  | 2025 |  |  |  |  | 16,000 |  |  | $ | 849 |  |  |  | 1.1 | % |  | $ | 54 |  |
| Long Beach, California |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stockton Female Community     Corrections Facility |  | WestCare California, Inc. | |  |  | CC |  |  | 2020 |  | (D) |  |  | 15,000 |  |  | $ | 180 |  |  |  | 0.2 | % |  | $ | 12 |  |
| Stockton, California |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Capital Commerce Center |  | State of Florida -  Florida Dept. of | |  |  | GL |  |  | 2028 |  | (E) |  |  | 261,000 |  |  | $ | 5,909 |  |  |  | 7.7 | % |  | $ | 23 |  |
| Tallahassee, Florida |  | Business & Professional  Regulation | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Augusta Transitional Center |  | Georgia Department | |  |  | CC |  |  | 2020 |  | (F) |  |  | 29,000 |  |  | $ | 484 |  |  |  | 0.6 | % |  | $ | 17 |  |
| Augusta, Georgia |  | of Corrections | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Milledgeville |  | GSA - Social Security | |  |  | GL |  |  | 2030 |  |  |  |  | 9,000 |  |  | $ | 167 |  |  |  | 0.2 | % |  | $ | 19 |  |
| Milledgeville, Georgia |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Southeast Correctional    Complex (G) |  | Commonwealth of  Kentucky Department | |  |  | C |  |  | 2030 |  | (H) |  |  | 127,000 |  |  | $ | — |  |  |  | — |  |  | $ | — |  |
| Wheelwright, Kentucky |  | of Corrections | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Property Name** |  | **Primary Customer** | |  |  | **Property**  **Type**  **(A)** |  | **Tenant**  **Lease**  **Expiration**  **Year**  **(B)** | | | |  | **Leasable**  **Square**  **Feet** | |  |  | **Annualized**  **Lease**  **Income**  **(in thousands)** | |  |  | **Percentage**  **of Total Annualized**  **Lease**  **Income** | |  |  | **Annualized**  **Lease Income per**  **Leased**  **Square**  **Foot** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Baltimore |  | GSA - Social Security | |  |  | GL |  |  | 2034 |  |  |  |  | 541,000 |  |  | $ | 23,378 |  |  |  | 30.6 | % |  | $ | 43 |  |
| Baltimore, Maryland |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| MDHHS-Detroit |  | Michigan Department  of Technology, | |  |  | GL |  |  | 2028 |  | (I) |  |  | 37,000 |  |  | $ | 955 |  |  |  | 1.3 | % |  | $ | 26 |  |
| Detroit, Michigan |  | Management and  Budget | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Florissant |  | GSA - Social Security | |  |  | GL |  |  | 2021 |  |  |  |  | 12,000 |  |  | $ | 271 |  |  |  | 0.4 | % |  | $ | 22 |  |
| St Louis, Missouri |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| IRS-Greenville |  | GSA - Internal | |  |  | GL |  |  | 2024 |  |  |  |  | 13,000 |  |  | $ | 248 |  |  |  | 0.3 | % |  | $ | 22 |  |
| Greenville, North Carolina |  | Revenue Service | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Rockingham |  | GSA - Social Security | |  |  | GL |  |  | 2025 |  |  |  |  | 8,000 |  |  | $ | 742 |  |  |  | 1.0 | % |  | $ | 97 |  |
| Rockingham, North Carolina |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| NARA-Dayton |  | GSA - National  Archives & | |  |  | GL |  |  | 2023 |  | (J) |  |  | 217,000 |  |  | $ | 1,915 |  |  |  | 2.5 | % |  | $ | 9 |  |
| Dayton, Ohio |  | Records  Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| North Fork Correctional Facility |  | State of Oklahoma | |  |  | C |  |  | 2021 |  | (C) |  |  | 466,000 |  |  | $ | 7,258 |  |  |  | 9.5 | % |  | $ | 16 |  |
| Sayre, Oklahoma |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-McAlester |  | GSA - Social Security | |  |  | GL |  |  | 2021 |  |  |  |  | 9,000 |  |  | $ | 222 |  |  |  | 0.3 | % |  | $ | 26 |  |
| McAlester, Oklahoma |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Poteau |  | GSA - Social Security | |  |  | GL |  |  | 2022 |  |  |  |  | 6,000 |  |  | $ | 155 |  |  |  | 0.2 | % |  | $ | 25 |  |
| Poteau, Oklahoma |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Broad Street Residential Reentry     Center |  |  | — |  |  | CC |  |  | — |  |  |  |  | 18,000 |  |  | $ | — |  |  |  | — |  |  | $ | — |  |
| Philadelphia, Pennsylvania |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Roth Hall  Residential Reentry     Center |  |  | — |  |  | CC |  |  | — |  |  |  |  | 18,000 |  |  | $ | — |  |  |  | — |  |  | $ | — |  |
| Philadelphia, Pennsylvania |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Walker Hall Residential Reentry     Center |  |  | — |  |  | CC |  |  | — |  |  |  |  | 18,000 |  |  | $ | — |  |  |  | — |  |  | $ | — |  |
| Philadelphia, Pennsylvania |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| DHS-Chattanooga |  | GSA - Department of | |  |  | GL |  |  | 2020 |  |  |  |  | 5,000 |  |  | $ | 140 |  |  |  | 0.2 | % |  | $ | 29 |  |
| Chattanooga, Tennessee |  | Homeland Security | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| DHS-Knoxville |  | GSA - Department of | |  |  | GL |  |  | 2019 |  |  |  |  | 5,000 |  |  | $ | 144 |  |  |  | 0.2 | % |  | $ | 30 |  |
| Knoxville, Tennessee |  | Homeland Security | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Balch Springs |  | GSA - Social Security | |  |  | GL |  |  | 2033 |  |  |  |  | 16,000 |  |  | $ | 466 |  |  |  | 0.6 | % |  | $ | 29 |  |
| Balch Springs, Texas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Property Name** |  | **Primary Customer** | |  |  | **Property**  **Type**  **(A)** |  | **Tenant**  **Lease**  **Expiration**  **Year**  **(B)** | | | |  | **Leasable**  **Square**  **Feet** | |  |  | **Annualized**  **Lease**  **Income**  **(in thousands)** | |  |  | **Percentage**  **of Total Annualized**  **Lease**  **Income** | |  |  | **Annualized**  **Lease Income per**  **Leased**  **Square**  **Foot** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Bryan |  | GSA - Social Security | |  |  | GL |  |  | 2022 |  |  |  |  | 10,000 |  |  | $ | 281 |  |  |  | 0.4 | % |  | $ | 29 |  |
| Bryan, Texas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Denton |  | GSA - Social Security | |  |  | GL |  |  | 2026 |  |  |  |  | 10,000 |  |  | $ | 274 |  |  |  | 0.4 | % |  | $ | 29 |  |
| Denton, Texas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SSA-Marshall |  | GSA - Social Security | |  |  | GL |  |  | 2029 |  |  |  |  | 7,000 |  |  | $ | 158 |  |  |  | 0.2 | % |  | $ | 34 |  |
| Marshall, Texas |  | Administration | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total / Weighted Average |  |  |  |  |  |  |  |  |  |  |  |  |  | 2,422,000 |  |  | $ | 76,383 |  |  |  | 100.0 | % |  | $ | 34 |  |

|  |  |  |
| --- | --- | --- |
|  | (A) | GL=Government-Leased; C=Correctional; CC=Community Corrections. |

|  |  |  |
| --- | --- | --- |
|  | (B) | The year of lease expiration does not include renewal options, but does include the soft term, where applicable.  All leases with renewal options are noted in the following footnotes to this table. |

|  |  |  |
| --- | --- | --- |
|  | (C) | Lease contains indefinite renewal options. |

|  |  |  |
| --- | --- | --- |
|  | (D) | Lease contains one five-year renewal option. |

|  |  |  |
| --- | --- | --- |
|  | (E) | Lease contains two five-year renewal options. |

|  |  |  |
| --- | --- | --- |
|  | (F) | Lease contains three one-year renewal options. |

|  |  |  |
| --- | --- | --- |
|  | (G) | The KYDOC has an option to purchase the facility at any time during the term of the lease with us at a price equal to the fair market value of the property. |

|  |  |  |
| --- | --- | --- |
|  | (H) | Lease contains five two-year renewal options. |

|  |  |  |
| --- | --- | --- |
|  | (I) | Lease contains one six-year renewal option. |

|  |  |  |
| --- | --- | --- |
|  | (J) | Lease contains two ten-year renewal options. |

***Development Projects***

As more fully described hereafter, on January 24, 2018, we entered into a 20-year lease agreement with the Kansas Department of Corrections, or KDOC, for a 2,432-bed correctional facility to be constructed in Lansing, Kansas.  We commenced construction of the facility in the first quarter of 2018 and, as of December 31, 2019, we had capitalized $137.7 million associated with the construction project. In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020, for a total cost of approximately $155.0 million.  This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement.  We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.

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**Competitive Strengths**

Through our three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we offer multiple solutions to unique challenges, allowing government organizations to address their various needs while customizing the solution based on their unique circumstances.  Accordingly, we believe that we benefit from the following competitive strengths:

*Largest Private Owner of Real Estate used by Government Agencies.* As of December 31, 2019, we owned, or controlled via a long-term lease, approximately 16.1 million square feet of real estate, all used directly or indirectly by government agencies, which we believe makes us the largest private owner of real estate used by U.S. government agencies.  Our complementary set of business assets provide critical infrastructure and services under contracts with federal, state, and local government agencies that generally have credit ratings of single-A or better, which also contributes to our steady, predictable cash flows.

In our CoreCivic Safety segment, we own, or control via a long-term lease, 13.0 million square feet of real estate used to provide innovative, comprehensive, flexible, turn-key correctional and detention services to federal, state and local government agencies.  As of December 31, 2019, our CoreCivic Safety segment operated 50 facilities, 43 of which we owned, with a total design capacity of 72,689 beds, making us the nation's largest private prison owner and one of the largest prison operators in the United States. Five of our prison facilities were idle as of December 31, 2019, containing 6,826 beds, and are available for growth opportunities.Our CoreCivic Safety segment generated 85.2% of our total facility net operating income during 2019.

In our CoreCivic Community segment, we own, or control via a long-term lease, 0.7 million square feet of real estate representing, as of December 31, 2019, 29 residential reentry centers with a design capacity of 5,394 beds, making us the second largest community corrections owner and operator in the United States.  Our CoreCivic Community segment generated 5.0% of our total facility net operating income during 2019.

In our CoreCivic Properties segment, as of December 31, 2019, we owned 2.4 million square feet of real estate representing 28 properties that are for lease to third parties and used by government agencies.  Our CoreCivic Properties segment generated 9.8% of our total facility net operating income during 2019.  In January 2020, we completed the acquisition of a portfolio of 28 additional properties containing an aggregate of 445,000 square feet.

We believe our synergistic set of business segments, combined with our operating strategies, corrections-industry commitment to rehabilitation, extensive government relationships, and deep real estate expertise, provide us with a diversified platform for stable cash flows and sustainable growth, with multiple paths for organic expansions and acquisitions.

*First and Largest Private Prison Owner.*  Through our CoreCivic Safety segment, we are the nation's largest private prison owner and one of the largest prison operators in the United States, which provides us significant credibility with our current and prospective clients.  We believe we own, or control via a long-term lease, approximately 58% of all privately owned prison beds in the United States and manage nearly 39% of all privately managed prison beds in the United States.  We pioneered modern-day private prisons with a list of notable accomplishments, such as:

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|  | • | the first company to design, build, and operate a private prison; |

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|  | • | the first company to manage a private maximum-security facility under a direct contract with the federal government; |

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| --- | --- | --- |
|  | • | the first company to purchase a government-owned correctional facility from a government agency in the United States and to manage the facility for the government agency; |

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| --- | --- | --- |
|  | • | the first company to lease a private prison to a state government; and |

|  |  |  |
| --- | --- | --- |
|  | • | the first company to develop a privately-owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement. |

In addition to providing us with extensive experience and institutional knowledge, our size also helps us deliver value to our customers by providing purchasing power and allowing us to achieve certain economies of scale.

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*ESG Accountability.* In 2019, weissued our first ESG report which summarizes our activities in three key areas: our environmental impact, our social responsibility commitments, and our corporate governance. The report covers the year ended December 31, 2018, and details how we are helping to tackle the national crisis of recidivism and provides quantified evidence of progress being made toward company-wide reentry goals. The report showcases our advancement toward our reentry goals in five key programming areas: Educational Services, Treatment and Behavioral Programs, Reentry Services, Chaplaincy and Religious Services, and Victim Impact Programs. In addition, the ESG report informs our stakeholders on our initiation of a strategic energy management program and provides information on "green" design elements in new and existing facilities.  The report also gives stakeholders a picture of how we govern ourselves by discussing our leadership structure and critical issues like political giving; our human rights policy; supplier diversity; charitable giving; veterans hiring programs; PREA compliance; ethics; and workforce rights, compensation, benefits, training and diversity.

The ESG report was prepared with reference to selected Global Reporting Initiative, or GRI, standards issued by the Global Sustainability Standards Board. GRI is an international independent standards organization created to help business, government and other organizations understand and communicate how their operations affect issues of global importance, such as human rights, corruption and climate change. In conducting the ESG materiality assessment contained in the report, we also considered the relevance and impact of our actions toward the United Nations Sustainable Development Goals, or UN SDGs, which were established in 2015 as a blueprint for addressing global societal challenges with measures that promote good health and well-being, clean and affordable energy, decent work and economic growth, climate action, and peace and justice  We are the first company in our industry to release an ESG report, demonstrating our commitment to transparency and accountability.

The ESG report may be accessed on our website under "Social Responsibility."  The information included in the ESG report is not incorporated by reference into this Annual Report.

*Available Beds within Our Existing Facilities.* As of December 31, 2019, we had approximately 6,800 beds at five prison facilities that are vacant and immediately available to use.  We are actively engaged in marketing this available capacity as solutions to meet the needs of potential customers. Historically, we have been successful in substantially filling our inventory of available beds. For example, pursuant to a new management contract we executed in November 2017, the KYDOC began utilizing our 816-bed Lee Adjustment Center in Kentucky, one of our previously idled prison facilities, in the first quarter of 2018. More recently, in the second quarter of 2019, we announced that we entered into new contracts under inter-governmental service agreements, or IGSAs, with ICE at our previously idled 910-bed Torrance County Detention Facility in New Mexico and with the USMS at our previously idled 1,422-bed Eden Detention Center in Texas.  The activations of these two facilities were both completed in the third quarter of 2019.

Available bed capacity can also be used for emergent needs.  For example, during January 2020, we entered into an emergency ninety-day contract with the state of Mississippi to care for up to 375 inmates at our Tallahatchie County Correctional Facility, as the state of Mississippi was experiencing significant challenges in its correctional system.  The contract allows the state of Mississippi to utilize additional available beds at the facility based on their evolving needs.  This emergency contract exemplifies how critically important it is for state and federal partners to have access to our real estate assets and associated service offerings to meet their unexpected needs.  Our Tallahatchie facility provided immediate capacity for the state of Mississippi to move a portion of its close-custody inmate population, which we believe quickly improved the safety and security of their correctional system.

*Well-Established Community Corrections Platform.*Through our CoreCivic Community segment, as of December 31, 2019, we had a network of 29 residential reentry centers containing a total of 5,394 beds.  We offer housing and programs, with a key focus on employment, job readiness and life skills in order to help offenders successfully re-enter the community and reduce the risk of recidivism.  We also provide non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county and state governments in multiple states.  We expect to continue to pursue opportunities that expand the scope of non-residential correctional alternative solutions available to government agencies.

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We are the second largest community corrections owner and operator in the United States.  We believe this recognition, along with our track record of successful acquisitions and the relationships we have established with owners and potential sellers of reentry facilities, provides us with a platform for further growth and allows us to continue to be an industry consolidator.  In addition, we believe the demand for the housing and programs that community corrections facilities offer will continue to grow as offenders are released from prison and due to an increased awareness of the important role these programs play in an offender's successful transition from prison to society.  We expect to continue to pursue opportunities to acquire additional community corrections facilities in order to provide these services to parolees, defendants, and offenders who are serving their full sentence, the last portion of their sentence, waiting to be sentenced, awaiting trial while supervised in a community environment, or as an alternative to incarceration. We also believe we have the opportunity to maximize utilization of available beds within our community corrections portfolio that would further increase the number of individuals benefiting from the services we provide in such facilities.

*Flexible Real Estate Solutions and Attractive Real Estate Portfolio.*Through our CoreCivic Properties segment, as of December 31, 2019, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.  In January 2020, we completed the acquisition of a portfolio of 28 additional properties containing an aggregate of 445,000 square feet.  We offer an extensive network of government relationships and the capability to manage and maintain complex properties, built over our 35-year history.  In addition, we offer our customers an attractive portfolio of correctional, detention, and reentry facilities that can be leased for various needs as an alternative to providing "turn-key" correctional, detention, and residential reentry bed space and services to our government partners.  In December 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options. The lease of this facility, along with the lease of our 2,400-bed North Fork Correctional Facility to the ODOC originating in 2016 and the lease of our California City Correctional Center to the California Department of Corrections and Rehabilitation originating in 2013, exemplify our ability to react quickly to our partners' needs with innovative and flexible solutions that make the best use of taxpayer dollars.  We previously operated these three correctional facilities for various state and federal partners. We intend to pursue additional opportunities to lease prison facilities to government and other third-party operators in need of correctional capacity.

On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas.  We commenced construction of the facility in the first quarter of 2018.  In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020.  The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863.  This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement.  We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.  With the extensively aged criminal justice infrastructure in the U.S. today, we believe we can bring our flexible solutions like this to other government agencies.

Further, through multiple acquisitions during 2018 and 2019, we added approximately 1.2 million square feet to our portfolio of assets that are leased to third parties and used by government agencies.  We intend to pursue additional opportunities to acquire government-leased assets, including residential reentry centers, with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders.  On January 6, 2020, we announced that we completed the acquisition of a portfolio of 28 properties, all of which are leased to the federal government through the General Services Administration, or GSA.  The 445,000 square foot portfolio serves numerous federal agencies, including primarily the Social Security Administration, the Department of Homeland Security, and the Office of Hearings Operations.  The 28-property portfolio is strategically located throughout the mid-south, complementing our existing real estate footprint, and each property was built-to-suit for its federal tenant.

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*Attractive REIT Profile.*The breadth and size of our real estate portfolio make us an attractive REIT. As of December 31, 2019, we owned or controlled 100 facilities containing approximately 16.1 million square feet which, for the year ended December 31, 2019, generated 98% of our facility net operating income.  Land and buildings comprise approximately 89% of our gross fixed assets. The weighted average age of our portfolio of facilities in our CoreCivic Safety, CoreCivic Community, and CoreCivic Properties segments is 20, 27, and 20 years, respectively. These valuable assets are located in areas with high barriers to entry, particularly due to the unique permitting and zoning requirements for these facilities.  Further, the majority of our assets are constructed primarily of concrete and steel, generally requiring lower maintenance capital expenditures than other types of commercial properties.

We believe we are the largest developer of mission-critical, criminal justice center real estate projects over the past 15 years.  We also believe we are the largest private owner of real estate used by government agencies. We provide space and services under contracts with federal, state, and local government agencies that generally have credit ratings of single-A or better.  In addition, a majority of our contracts have terms between one and five years, and we have experienced customer retention of approximately 94% at facilities we owned and operated during the previous five years, which contributes to our relatively predictable and stable revenue base. This stream of revenue combined with our low maintenance capital expenditure requirement translates into steady, predictable cash flow. We believe our REIT structure also provides a high dividend yield to our shareholders compared with other investments.

*Offer Compelling Value to Correctional Agencies.*  We believe our government partners seek a compelling value and service offering when selecting an outsourced correctional services provider.  We believe we offer a cost-effective alternative to our government partners by reducing their correctional services costs, including the avoidance of long-term pension obligations and large capital investments in new prison beds.  We endeavor to improve operating performance and efficiency through the following key operating initiatives:  (1) standardizing supply and service purchasing practices and usage; (2) implementing a standard approach to staffing and business practices; (3) improving offender management, resource consumption, and reporting procedures through the utilization of numerous technological initiatives; (4) reconfiguring facility bed space to optimize capacity utilization; and (5) improving productivity. Through ongoing company-wide initiatives, we continue to focus on efforts to contain costs and improve operating efficiencies.

In 2017, we launched a nationwide initiative to advocate for a range of government policies that will help former offenders successfully reenter society and stay out of prison.  Through our strong commitment to community corrections and reentry programs, we offer our government partners additional long-term value. Our evidence-based reentry programs, including academic education, vocational training, substance abuse treatment, life skills training, and faith-based programming, are customizable based on partner needs and are applied utilizing best practices and/or industry standards.  Our proprietary reentry process and cognitive/behavioral curriculum, "Go Further", promotes a comprehensive approach to addressing the barriers to a successful return to society. Through our efforts in community corrections and reentry programs, we can provide consistency and common standards across facilities.  We can also serve multiple levels of government on an as-needed basis, all toward reaching the goal we share with our government partners of providing offenders with the opportunity to succeed when they are released, making our communities safer, and, ultimately, reducing recidivism.

We also offer a wide variety of specialized services that address the unique needs of various segments of the offender population.  Because the offenders in the facilities we operate differ with respect to security levels, ages, genders, and cultures, we focus on the particular needs of an offender population and tailor our services based on local conditions and our ability to provide services on a cost-effective basis.

We believe our government partners and other agencies in the criminal justice sector also seek a compelling value and service offering when pursuing solutions to their unique real estate needs.  We believe our track record of constructing quality assets on time and within budget, our design and construction methods, unique financing alternatives, and our expertise and experience enable us to provide a compelling value proposition for the construction of mission-critical government real estate assets.  We also believe our robust preventive maintenance program included in our service offering significantly reduces the risk of real estate neglect.  We also offer utility management services using environmentally-friendly, state-of-the-art technology.

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*Acquisitions, Development, and Expansion Opportunitie*s.  Several of our existing federal and state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged or inefficient infrastructure, or are seeking cost savings by utilizing the private sector.  Competing budget priorities often impede our customers' ability to construct new prison beds of their own or update older facilities, which we believe could result in further need for private sector prison capacity solutions in the long-term. Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new prison capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, such as the recent expansion of our Otay Mesa Detention Center. We expanded the Otay Mesa facility by 512 beds as a result of long-standing demand from the USMS and ICE and limited detention capacity in the Southwest region of the United States. The expansion was completed during the third quarter of 2019.  Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity.

We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders. However, our pursuits in recent months have been tempered by the decline in the market value of our public securities.

*Proven Senior Management Team.*  Our senior management team has applied their prior experience and diverse industry expertise to improve our operations, related financial results, and capital structure.  Under our senior management team's leadership, we have successfully executed strategies to diversify our business and offer a broader range of solutions to government partners over the past several years resulting in the Company being renamed and rebranded as CoreCivic, created new business opportunities with customers that have not previously utilized the private corrections sector, converted to a REIT, completed several business combination transactions, and successfully completed numerous financing transactions.

*Financial Flexibility*. As of December 31, 2019, we had cash on hand of $92.1 million and $412.7 million available under our revolving credit facility, with a total weighted average effective interest rate of 4.4% on all outstanding debt, while our total weighted average maturity on all outstanding debt was 6.3 years.  For the year ended December 31, 2019, our fixed charge coverage ratio was 5.0x and our debt leverage was 3.7x. During the year ended December 31, 2019, we generated $354.4 million in cash through operating activities.

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**Capital Strategy**

We reorganized our corporate structure to facilitate our qualification as a REIT for federal income tax purposes effective for our taxable year beginning January 1, 2013.To qualify and be taxed as a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains), and are subject to regular corporate income taxes to the extent we distribute less than 100% of our REIT taxable income (including capital gains) each year. The amount, timing and frequency of future distributions, however, will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control, including our financial condition and operating cash flows, the amount required to maintain qualification and taxation as a REIT and reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, limitations on our ability to fund distributions using cash generated through our TRSs, alternative growth opportunities that require capital deployment, and other factors that our Board of Directors may deem relevant.  Because as a REIT we are required to distribute a substantial portion of our cash generated from operations to stockholders as a dividend, growth opportunities may require more external capital resources than were required prior to our conversion to a REIT.  During 2019, our Board of Directors declared a quarterly dividend of $0.44 in each quarter, totaling $211.9 million for the year, compared with a total of $205.7 million during 2018 and $199.8 million during 2017.In addition to the cash on hand and availability under our revolving credit facility, we currently expect our REIT taxable income to be less than our operating cash flow, primarily due to the deductibility of non-cash expenses such as depreciation on our real estate assets.  This excess cash flow provides us with the flexibility to (i) invest in additional facility acquisitions and developments, which could include acquisitions of facilities from government partners, third parties, or additional business combinations, (ii) pay down debt, (iii) increase dividends to our stockholders, or (iv) repurchase our common stock.

Our business development strategy includes marketing our available beds to existing and potential government partners that seek corrections, detention, and reentry management services.  We may also offer government partners the opportunity to lease our idle facilities as an alternative to providing "turn-key" bed space and services to our government partners.  Successful efforts would generate significant cash flows without the need to incur substantial capital expenditures.

Our business development strategy also includes mergers and acquisitions, or M&A, activities that will enable us to further expand our network of residential reentry centers, grow our portfolio of government-leased properties, and acquire other businesses that provide complementary services. We will continue to pursue opportunities to help our government partners meet their infrastructure needs, primarily through the development and redevelopment of criminal justice sector assets, but also by acquiring other real estate assets with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders.  We will also respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, like the aforementioned expansion of our Otay Mesa Detention Center.  These business development activities will require capital.  We currently expect to fund these growth opportunities with cash on hand and availability under our revolving credit facility.  As of December 31, 2019, we had cash on hand of $92.1 million and $412.7 million available under our revolving credit facility.  We may also seek to issue debt or equity securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.  We currently anticipate that any proceeds obtained through capital markets transactions would be used to repay borrowings under our revolving credit facility or other secured indebtedness.

As a result of opposition to immigration policies and the association of private companies with the enforcement of such policies, some banks have recently announced that they do not expect to continue providing credit or financial services to private entities that operate correctional and detention facilities, including CoreCivic.  The banks are legally obligated to honor their commitments under our Second Amended and Restated Credit Agreement, or Bank Credit Agreement, which expires in April 2023.  However, we believe these announcements, as well as investor concerns about the uncertainty of the impact on our business that could result from a change in the presidential administration, have currently affected the market value of our securities. In light of these market conditions, we have tempered our M&A activities and have sharpened the focus on our capital deployment strategy.

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On December 2, 2019, we gave irrevocable notice that we would redeem all of our outstanding 4.125% Senior Notes on January 1, 2020, or the Redemption Date, at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date, or the Redemption Amount.  On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, we satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee.  Accordingly, the 4.125% Senior Notes are not included on our consolidated balance sheet as of December 31, 2019.

On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024.  The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%.  We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020.  Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the 4.125% Senior Notes, transaction fees and expenses, and to provide for general corporate purposes.

In April 2018, CoreCivic of Kansas, LLC, a wholly-owned subsidiary of ours, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes, or the Kansas Notes, in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.  The private placement closed on June 1, 2018. We are using the proceeds of the private placement, which are drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, along with costs and expenses of the project.  The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020. We may pursue additional private placement transactions similar to the Kansas Notes in the future.

In addition to the Kansas Notes, as of December 31, 2019, we had two secured, non-recourse mortgage notes outstanding amounting to $172.3 million with interest rates of 4.5% each and maturing in 2033 and 2034.  In addition, as of December 31, 2019, we had $850.0 million principal amount of unsecured notes outstanding with fixed interest rates, including $250.0 million at 4.75% maturing October 2027, $350.0 million at 4.625% maturing May 2023, and $250.0 million at 5.0% maturing October 2022.  Each issuance is redeemable at a "make-whole" redemption price prior to three months in advance of the respective maturity, plus accrued and unpaid interest, and thereafter at 100% of the aggregate principal amount plus accrued and unpaid interest.  We do not currently plan to refinance any of our senior notes prior to the date at which the "make-whole" premium expires.

In January 2020, we completed the acquisition of a portfolio of 28 properties, 24 of which the counter-party contributed to a newly formed partnership of the Company's, for total consideration of $83.2 million, excluding transaction-related expenses.  All of the properties are leased to the federal government through the GSA. We financed the acquisition with $7.7 million of cash, assumed debt of $52.2 million and the balance with the issuance of 1.3 million limited partnership units that are convertible into cash or shares of our common stock following a two-year period, using a "DownREIT" structure.  The assumed debt carries a fixed interest rate of 4.9%, with fixed monthly payments extending through November 2025, and a balloon payment of $46.2 million due at maturity.  For this acquisition, we were able to complete an accretive transaction despite what we believe is depressed market value of our public securities, by fixing the number of limited partnership units to be issued based on a negotiated share price collar between $21.00 and $25.00, or a 17% premium to the price of our common stock as of the date of the acquisition.  Creating a "DownREIT" structure provides us with another form of capital outside our traditional debt and equity securities, and is attractive to potential sellers because they may be able to defer a substantial portion of income taxes they otherwise may incur by selling their properties to another buyer.

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**Government Regulation**

***Business Regulations***

The industry in which we operate is subject to extensive federal, state, and local regulations, including educational, health care, data privacy, and safety regulations, which are administered by many governmental and regulatory authorities. Some of the regulations are unique to the corrections industry. Facility management contracts typically include specific staffing requirements, reporting requirements, supervision, and on-site monitoring by representatives of the contracting governmental agencies.  Corrections and reentry personnel are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation.  Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with certain types of businesses, such as small businesses and businesses owned by members of minority groups. Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts.  Failure to comply with these regulations and contract requirements can result in material penalties or non-renewal or termination of facility management contracts.

***Environmental Matters***

Under various federal, state, and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under, or in such property.  Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances.  As an owner of real estate assets and as the result of our operation and management of correctional, detention, and residential reentry facilities, we have been subject to these laws, ordinances, and regulations.  Phase I environmental assessments have been obtained on substantially all of the properties we currently own.  We are not aware of any environmental matters that are expected to materially affect our financial condition or results of operations; however, if such matters are detected in the future, the costs of complying with environmental laws may adversely affect our financial condition and results of operations.

***Health Insurance Portability and Accountability Act of 1996 and Privacy and Security Requirements***

In 1996, Congress enacted the Health Insurance Portability and Accountability Act of 1996, or HIPAA.  HIPAA was designed to improve the portability and continuity of health insurance coverage, simplify the administration of health insurance, and protect the privacy and security of health-related information.

Privacy regulations promulgated under HIPAA regulate the use and disclosure of individually identifiable health information, whether communicated electronically, on paper, or orally.  The regulations also provide patients with significant rights related to understanding and controlling how their health information is used or disclosed.  Security regulations promulgated under HIPAA require that covered entities, including most health care providers, health clearinghouses, group health plans, and their business associates, implement administrative, physical, and technical safeguards to protect the security of individually identifiable health information that is maintained or transmitted electronically.  These privacy and security regulations require the implementation of compliance training and awareness programs for our health care service providers and selected other employees primarily associated with our employee medical plans.  Further, covered entities and their business associates must provide notification to affected individuals without unreasonable delay but not to exceed 60 days from discovery of a breach of unsecured protected health information. Notification must also be made to the U.S. Department of Health and Human Services, or DHHS, and, in certain situations involving large breaches, to the media. In a final rule released in January 2013, DHHS modified the breach notification requirement by creating a presumption that all non-permitted uses or disclosures of unsecured protected health information are breaches unless the covered entity or business associate establishes that there is a low probability the information has been compromised.

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Violations of the HIPAA privacy and security regulations could result in significant civil and criminal penalties, and the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, which was modified by the 2013 final HITECH rule, strengthened the enforcement provisions of HIPAA. HITECH broadens the applicability of the criminal penalty provisions to employees of covered entities and requires DHHS to impose penalties for violations resulting from willful neglect. HITECH also increases the amount of the civil penalties, with penalties of up to $50,000 per violation for a maximum civil penalty of $1,500,000 in a calendar year for violations of the same requirement. Further, HITECH authorizes state attorneys general to bring civil actions for injunctions or damages in response to violations that threaten the privacy of state residents. In addition, under HITECH, DHHS is required to perform periodic HIPAA compliance audits of covered entities and their business associates. These provisions, as modified by the 2013 final HITECH rule, may be subject to interpretation by various courts and other governmental authorities, thus creating potentially complex compliance issues.

In addition, there are numerous legislative and regulatory initiatives at the federal and state levels addressing the privacy and security of patient health information. For example, federal and various state laws and regulations strictly regulate the disclosure of patient identifiable information related to substance abuse treatment.  Additionally, we are subject to complex and evolving U.S. privacy laws and regulations, including those pertaining to the handling of personal data that may not be preempted by the HIPAA privacy and security standards, such as the California Consumer Privacy Act of 2018, or CCPA. Government authorities in numerous states, including Nevada, Massachusetts and Washington are considering, or are in the process of implementing, new data protection regulations. Many of these laws and regulations are subject to uncertain application, interpretation or enforcement standards that could result in claims, changes to our business practices, data processing and security systems, penalties, increased operating costs or other impacts on our businesses. For example, the CCPA recently went into effect on January 1, 2020, and affords California residents, which include any employee in California, expanded privacy protections. The recently enacted laws often provide for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Further, while we are using internal and external resources to monitor compliance with and to continue to modify our data processing practices and policies in order to comply with evolving privacy laws, relevant regulatory authorities could determine that our data handling practices fail to address all the requirements of certain new laws, which could subject us to penalties and/or litigation.  In addition, there is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the CCPA and/or of other personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect our business and operating results.

**Insurance**

We maintain general liability insurance for all the facilities we operate, as well as insurance in amounts we deem adequate to cover property and casualty risks, workers' compensation, and directors and officers liability.  In addition, each of our leases with third parties provides that the lessee will maintain insurance on each leased property under the lessee's insurance policies providing for the following coverages:  (i) fire, vandalism, and malicious mischief, extended coverage perils, and all physical loss perils; (ii) comprehensive general public liability (including personal injury and property damage); and (iii) workers' compensation.  Under each of these leases, we have the right to periodically review our lessees' insurance coverage and provide input with respect thereto.

Each of our management contracts and the statutes of certain states require the maintenance of insurance.  We maintain various insurance policies including employee health, workers' compensation, automobile liability, and general liability insurance.  Because we are significantly self-insured for employee health, workers' compensation, automobile liability, and general liability insurance, the amount of our insurance expense is dependent on claims experience, and our ability to control our claims experience.  Our insurance policies contain various deductibles and stop-loss amounts intended to limit our exposure for individually significant occurrences.  However, the nature of our self-insurance policies provides little protection for deterioration in overall claims experience or an increase in medical costs.  We are continually developing strategies to improve the management of our future loss claims but can provide no assurance that these strategies will be successful.  However, unanticipated additional insurance expenses resulting from adverse claims experience or an increasing cost environment for general liability and other types of insurance could adversely impact our results of operations and cash flows.

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**Employees**

As of December 31, 2019, we employed 14,075 full- and part-time employees.  Of such employees, 455 were employed at our corporate offices and 13,620 were employed at our facilities and in our inmate transportation and electronic monitoring businesses.  We employ personnel in the following areas:  clerical and administrative, facility administrators/wardens, security, medical, quality assurance, transportation and scheduling, maintenance, teachers, counselors, case managers, chaplains, and other support services.

We have not experienced a strike or work stoppage at any of our facilities.  Approximately 1,330 employees at six of our facilities are represented by labor unions.  In the opinion of management, overall employee relations are good.

**Competition**

The correctional, detention, and residential reentry facilities we own, operate, or manage, as well as those facilities we own but are managed by other operators, are subject to competition for offenders and residents from other private operators.  We compete primarily on the basis of bed availability, cost, the quality and range of services offered, our experience in the design, construction, and management of correctional and detention facilities, and our reputation.  We compete with government agencies that are responsible for correctional, detention, and residential reentry facilities and a number of companies, including, but not limited to, The GEO Group, Inc. and Management and Training Corporation.  We also compete in some markets with small local companies that may have a better knowledge of the local conditions and may be better able to gain political and public acceptance. Other potential competitors may in the future enter into businesses competitive with us without a substantial capital investment or prior experience. We may also compete in the future for acquisitions and new development projects with companies that have more financial resources than we have or those willing to accept lower returns than we are willing to accept.  Competition by other companies may adversely affect occupancy at our facilities, which could have a material adverse effect on the operating revenue of our facilities.  In addition, revenue derived from our facilities will be affected by a number of factors, including the demand for beds, general economic conditions, and the age of the general population.

We compete with numerous developers, real estate companies and other owners of commercial properties for acquisitions of government-leased assets. Other real estate investors, including insurance companies, private equity funds, sovereign wealth funds, pension funds, other REITs, and other well-capitalized investors will compete with us to acquire government-leased properties. In addition, U.S. Government tenants are viewed as desirable tenants by other landlords because of their strong credit profile, and properties leased to U.S. Government tenant agencies often attract many potential buyers. This competition could increase prices for properties of the type we may pursue and impede our ability to grow and diversify.

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| **ITEM 1A.** | **RISK FACTORS.** |

As the owner and operator of correctional, detention, and residential reentry facilities, we are subject to certain risks and uncertainties associated with, among other things, the corrections and detention industry and pending or threatened litigation in which we are involved.  In addition, we are also currently subject to risks associated with real estate ownership, our indebtedness, as well as our qualification as a REIT for federal income tax purposes effective for our taxable years beginning January 1, 2013.  The risks and uncertainties set forth below could cause our actual results to differ materially from those indicated in the forward-looking statements contained herein and elsewhere.  The risks described below are not the only risks we face.  Additional risks and uncertainties not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business operations.  Any of the following risks could materially adversely affect our business, financial condition, or results of operations.

**Risks Related to Our Business and Industry**

***Our results of operations are dependent on revenues generated by our correctional, detention, and residential reentry facilities, which are subject to the following risks associated with the corrections and detention industry.***

*We are subject to fluctuations in occupancy levels, and a decrease in occupancy levels could cause a decrease in revenues and profitability.*  While a substantial portion of our cost structure is fixed, a substantial portion of our revenue is generated under facility ownership and management contracts that specify per diem payments based upon daily occupancy. We are dependent upon the governmental agencies with which we have contracts to provide offenders for facilities we operate. We cannot control occupancy levels at the facilities we operate. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenue and profitability. For the years 2019, 2018, and 2017, the average compensated occupancy of our facilities, based on rated capacity, was 82%, 81%, and 80%, respectively, for all of the facilities we operated, exclusive of facilities that are leased to third-party operators where our revenue is generally not based on daily occupancy. Occupancy rates may, however, decrease below these levels in the future. When combined with relatively fixed costs for operating each facility, a decrease in occupancy levels could have a material adverse effect on our profitability.

*We are dependent on government appropriations, and our results of operations may be negatively affected by governmental budgetary challenges or government shutdowns.*  Our cash flow is subject to the receipt of sufficient funding of, and timely payment by, contracting governmental entities. If the appropriate governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. While we have historically been required to continue to perform under our government contracts during government shutdowns, we are generally not paid until the government reopens.  Any delays in payment, or the termination of a contract, could have an adverse effect on our cash flow and financial condition. In addition, federal, state and local governments are constantly under pressure to control additional spending or reduce current levels of spending. In prior years, these pressures have been compounded by economic downturns. Accordingly, we have been requested and may be requested in the future to reduce our existing per diem contract rates or forego prospective increases to those rates. Further, our government partners could reduce offender population levels in facilities we own or manage to contain their correctional costs. In addition, it may become more difficult to renew our existing contracts on favorable terms or otherwise.

*Competition may adversely affect the profitability of our business.*  We compete with government entities and other private operators on the basis of bed availability, cost, quality and range of services offered, experience in designing, constructing, and managing facilities, and reputation of management and personnel. While there are barriers to entering the market for the ownership and management of correctional, detention, and residential reentry facilities, these barriers may not be sufficient to limit additional competition. In addition, our government customers may assume the management of a facility that they own and we currently manage for them upon the termination of the corresponding management contract or, if such customers have capacity at their facilities, may take offenders and residents currently cared for in our facilities and transfer them to government-run facilities. Since we are paid on a per diem basis with no minimum guaranteed occupancy under most of our contracts, the loss of such offenders and residents, and the resulting decrease in occupancy, would cause a decrease in our revenues and profitability.

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*Resistance to privatization of correctional, detention, and residential reentry facilities, and negative publicity regarding inmate disturbances or perceived poor operational performance, could result in our inability to obtain new contracts, the loss of existing contracts, or other unforeseen consequences.*  Privatization of correctional, detention, and residential reentry facilities has not achieved complete acceptance by either government agencies or the public at large. The operation of correctional, detention, and residential reentry facilities by private entities has encountered resistance from certain groups, such as labor unions, prison reform organizations, activists and others that believe that correctional, detention, and residential reentry facilities should only be operated by governmental agencies. Any political platform or promise, governmental agency report, investigation or inquiry, public statement by any governmental agency, policy or legislative change, or other similar occurrence or action, that seeks to, or purports to, prohibit, eliminate, or otherwise restrict or limit in any way, the federal government's (or any state or local government's) ability to contract with private operators of correctional, detention, and residential reentry facilities, could negatively impact our growth and our ability to renew or maintain existing contracts or to obtain new contracts and could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

In addition, negative publicity regarding offenders escaping, rioting or any other disturbances at our facilities or any public perception of poor operational performance at our facilities, contract non-compliance, or other conditions at a privately managed facility may result in adverse publicity to us and the private corrections industry in general and could negatively impact our growth and our ability to renew or maintain existing contracts or to obtain new contracts, which could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

*We are subject to terminations, non-renewals, or competitive re-bids of our government contracts.*  We typically enter into facility contracts with governmental entities for terms of up to five years, with additional renewal periods at the option of the contracting governmental agency.  Notwithstanding any contractual renewal option of a contracting governmental agency, 49 of our facility contracts with the customers listed under "Business – Facility Portfolio" are currently scheduled to expire on or before December 31, 2020 but have renewal options (21), or are currently scheduled to expire on or before December 31, 2020 and have no renewal options (28).  Although we generally expect these customers to exercise renewal options or negotiate new contracts with us, one or more of these contracts may not be renewed and we may not be able to negotiate a new contract on favorable terms or at all with the corresponding governmental agency. In addition, these and any other contracting agencies may determine not to exercise renewal options with respect to any of our contracts in the future. Our government partners can also re-bid contracts in a competitive procurement process upon termination or non-renewal of our contract.  Competitive re-bids may result from the expiration of the term of a contract, including the initial term and any renewal periods, or the early termination of a contract. Competitive re-bids are often required by applicable federal or state procurement laws periodically in order to further competitive pricing and other terms for the government agency. The aggregate revenue earned during the year ended December 31, 2019 for the 49 contracts with scheduled maturity dates, notwithstanding contractual renewal options, on or before December 31, 2020 was $644.1 million, or 33% of total revenue.

Based on information available as of the date of this Annual Report, we believe we will renew all contracts with our government partners that have expired or are scheduled to expire within the next twelve months that could have a material impact on our financial statements.  We believe our renewal rate on existing contracts remains high due to a variety of reasons including, but not limited to, the constrained supply of available beds within the U.S. correctional system, our ownership of the majority of the beds we operate, and the cost effectiveness of the services we provide.  However, we cannot assure we will continue to achieve such renewal rates in the future.

Governmental agencies typically may terminate a facility contract at any time without cause or use the possibility of termination to negotiate a lower per diem rate. In the event any of our contracts are terminated or are not renewed on favorable terms or otherwise, we may not be able to obtain additional replacement contracts. The non-renewal, termination, renegotiation or competitive re-bid of any of our contracts with governmental agencies could materially adversely affect our financial condition, results of operations and liquidity, including our ability to secure new facility contracts from others.

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*Our ability to secure new contracts to develop and manage correctional, detention, and residential reentry facilities depends on many factors outside our control.*Our growth is generally dependent upon our ability to obtain new contracts to develop and manage correctional, detention, and residential reentry facilities. This possible growth depends on a number of factors we cannot control, including crime rates and sentencing patterns in various jurisdictions, governmental budgetary constraints, and governmental and public acceptance of privatization. The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, the expansion of alternatives to incarceration and detention, leniency in conviction or parole standards and sentencing practices or through the decriminalization of certain activities that are currently proscribed by criminal laws. For instance, any changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted, and sentenced, thereby potentially reducing demand for correctional or detention facilities to house them. Immigration reform laws are currently a focus for legislators and politicians at the federal, state, and local level. Legislation has also been proposed in numerous jurisdictions that could lower minimum sentences for some non-violent crimes and make more inmates eligible for early release based on good behavior.  On December 21, 2018, the President signed legislation, known as The First Step Act, that reduces sentences for first-time offenders in possession of a gun when committing a crime, eliminates mandating life-time sentences for three-time offenders, provides judges more discretion in crafting sentences for some drug-related offenses, and allows offenders to seek a retroactive reduction in sentences affected by the disparity in the sentences for crack and powder cocaine cases narrowed by the Fair Sentencing Act of 2010.  (Although, under long-standing policy, CoreCivic does not draft, lobby for, promote, or in any way take a position on policies that determine the basis or duration of an individual's incarceration or detention, CoreCivic supported adoption of The First Step Act because the legislation aligns with our publicly stated commitment to advocate for a range of recidivism-reducing policies by providing additional resources to help ensure that incarcerated individuals are given the best possible chance to successfully return to their communities and stay out of prison.) Also, the expansion of alternatives to incarceration and detention, such as electronic monitoring, may reduce the number of offenders who would otherwise be incarcerated or detained. Similarly, reductions in crime rates or increases in resources dedicated to prevent crime could lead to a reduction in arrests, which could lead to a decrease in convictions and sentences requiring incarceration at correctional facilities.

Moreover, certain jurisdictions recently have required successful bidders to make a significant capital investment in connection with the financing of a particular project, a trend that could significantly burden our capital resources to remain competitive. We may compete for such projects with companies that have more financial resources than we have. Further, we may not be able to obtain the capital resources when needed. A prolonged downturn in the financial capital markets or in our stock price could make it more difficult to obtain capital resources at favorable rates of return or obtain capital resources at all.

*We may face community opposition to facility location, which may adversely affect our ability to obtain new contracts*.  Our success in obtaining new awards and contracts sometimes depends, in part, upon our ability to locate land that can be leased or acquired, on economically favorable terms, by us or other entities working with us in conjunction with our proposal to construct and/or manage a facility. Some locations may be in or near populous areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site. When selecting project sites, we attempt to conduct business in communities where local leaders and residents generally support the establishment of a privatized correctional, detention, or residential reentry facility. Future efforts to find suitable host communities may not be successful. We may incur substantial costs in evaluating the feasibility of the development of a correctional or detention facility. As a result, we may report significant charges if we decide to abandon efforts to develop a correctional or detention facility on a particular site. Further, in many cases, the site selection is made by the contracting governmental entity. In such cases, site selection may be made for reasons related to political and/or economic development interests and may lead to the selection of sites that have less favorable environments.

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*Providing family residential services increases certain unique risks and difficulties compared to operating our other facilities.*In September 2014, we signed an amended agreement to provide at the South Texas Family Residential Center safe and humane residential housing, as well as educational opportunities, to women and children (but no unaccompanied children) under the custody of ICE, who are awaiting their due process before immigration courts. In October 2016, we entered into an amended agreement that extended the term of the 2014 agreement through September 2021. This is an important service to our federal government partner. At the same time, providing this type of residential service subjects us to unique risks such as unanticipated increased costs and litigation that could materially adversely affect our business, financial condition, or results of operations. For example, the contract mandates resident-to-staff ratios that are higher than our typical contract, requires services unique to this contract (e.g. child care and primary education services), and limits the use of security protocols and techniques typically utilized in correctional and detention settings. These operational risks and others associated with privately managing this type of residential facility could result in higher costs associated with staffing and lead to increased litigation.

Numerous lawsuits, to which we are not a party, have challenged the government's policy of detaining migrant families, and government policies with respect to family immigration may impact the demand for the South Texas Family Residential Center.  Any court decision or government action that impacts our existing contract for the South Texas Family Residential Center could materially affect our cash flows, financial condition, and results of operations.

*We may incur significant start-up and operating costs on new contracts before receiving related revenues, which may impact our cash flows and not be recouped.*  When we are awarded a contract to provide or manage a facility, we may incur significant start-up and operating expenses, including the cost of constructing the facility, purchasing equipment and staffing the facility, before we receive any payments under the contract. These expenditures could result in a significant reduction in our cash reserves and may make it more difficult for us to meet other cash obligations. In addition, a contract may be terminated prior to its scheduled expiration, and as a result, we may not recover these expenditures or realize any return on our investment.

*Government agencies may investigate and audit our contracts and operational performance, and if any deficiencies or improprieties are found, we may be required to cure those deficiencies or improprieties, refund revenues we have received, or forego anticipated revenues, and we may be subject to penalties and sanctions, including contract termination and prohibitions on our bidding in response to Requests for Proposals.*  Certain of the governmental agencies with which we contract have the authority to audit and investigate our contracts with them. As part of that process, government agencies may review our performance of the contract, our pricing practices, our cost structure and our compliance with applicable performance requirements, laws, regulations and standards. The regulatory and contractual environment in which we operate is complex and many aspects of our operations remain subject to manual processes and oversight that make compliance monitoring difficult and resource intensive. A governmental agency audit, review or investigation could result in a request to cure a performance or compliance issue, and if we are unable to, or otherwise fail to do so, the failure could lead to the imposition of monetary penalties or revenue deductions, or the termination of the contract in question and/or other contracts that we have with that governmental agency. Similarly, for contracts that actually or effectively provide for certain reimbursement of expenses, if an agency determines that we have improperly allocated costs to a specific contract, we may not be reimbursed for those expenses, and we could be required to refund the amount of any such expenses that have been reimbursed. If a government audit asserts improper or illegal activities by us, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with certain government entities. In addition to the potential civil and criminal penalties and administrative sanctions, any adverse determination with respect to contractual or regulatory violations could negatively impact our ability to bid in response to Requests for Proposals, or RFPs, in one or more jurisdictions.

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*Failure to comply with facility contracts or with unique and increased governmental regulation could result in material penalties or non-renewal or termination of noncompliant contracts or our other contracts to provide or manage correctional, detention, and residential reentry facilities.*  The industry in which we operate is subject to extensive federal, state, and local regulations, including educational, health care, data privacy, and safety regulations, which are administered by many regulatory authorities.  Some of the regulations are unique to the corrections industry, some are unique to government contractors, and the combination of regulations we face is unique and complex.  Facility contracts typically include reporting requirements, supervision, and on-site monitoring by representatives of the contracting governmental agencies.  Corrections and reentry personnel are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation.  Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with certain types of businesses, such as small businesses and businesses owned by members of minority groups.  Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts.  Federal regulations also require federal government contractors like us to self-report evidence of certain forms of misconduct.  We may not always successfully comply with these regulations and contract requirements, and failure to comply can result in material penalties, including financial penalties, non-renewal or termination of noncompliant contracts and/or our other facility contracts, exclusion from new contract procurement or RFP bidding, and suspension or debarment from contracting with certain government entities.

In addition, private prison managers are subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates, such as inmates from other jurisdictions or inmates at medium or higher security levels.  Legislation has been enacted in several states, and has previously been proposed in the United States Congress, containing such restrictions.  Such legislation, if enacted, could have an adverse effect on us.

Our inmate transportation subsidiary, TransCor, is subject to regulations promulgated by the Departments of Transportation and Justice.  TransCor must also comply with the Interstate Transportation of Dangerous Criminals Act of 2000, which covers operational aspects of transporting prisoners, including, but not limited to, background checks and drug testing of employees; employee training; employee hours; staff-to-inmate ratios; prisoner restraints; communication with local law enforcement; and standards to help ensure the safety of prisoners during transport. Any changes in such regulations could result in an increase in the cost of our transportation operations.

From time to time, we enter into agreements with telecommunications providers to provide telephone services to residents in our facilities.  Although we are not a telecommunications provider, these services are subject to regulations which may change from time to time.  We are subject to the direct and indirect effects of these regulations. Non‑compliance with these regulations, either by us or by our telecommunications providers, subjects us to risks which could result in increases to our costs or decreases in our revenue. The impact to our revenue is limited because a significant amount of commissions paid by our telecommunications providers is passed along to our customers or is reserved and must be used for the benefit of offenders in our care.

*We depend on a limited number of governmental customers for a significant portion of our revenues.*We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. The three primary federal governmental agencies with correctional and detention responsibilities, ICE, the USMS, and the BOP accounted for 51% of our total revenues for the year ended December 31, 2019 ($1,013.4 million). ICE accounted for 29% of our total revenues for the year ended December 31, 2019 ($579.4 million), the USMS accounted for 17% of our total revenues for the year ended December 31, 2019 ($338.7 million), and the BOP accounted for 5% of our total revenues for the year ended December 31, 2019 ($95.3 million). Although the revenue generated from each of these agencies is derived from numerous management contracts and various types of properties, i.e. correctional, detention, reentry, and leased, the loss or substantial reduction in value of one or more of such contracts could have a material adverse impact on our financial condition, results of operations, and cash flows. We expect to continue to depend upon these federal agencies and a relatively small group of other governmental customers for a significant percentage of our revenues.

Revenue from our South Texas Family Residential Center was $171.1 million in 2019, $171.3 million in 2018, and $170.6 million in 2017.  The loss or reduction in value of this contract would have a material adverse impact on our financial condition, results of operations, and cash flows.

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***Some of our leases with U.S. Government tenant agencies permit such government agency, as the tenant, to vacate the property and discontinue paying rent prior to the expiration date of the relevant lease.***

Some of our leases are currently in the soft-term period of the lease and tenants under such leases have the right to vacate their space during a specified period before the stated terms of their leases expire. Of the non-correctional properties in our CoreCivic Properties segment as of December 31, 2019, tenants occupying approximately 25% of the leasable square feet and contributing approximately 10% of the annualized lease income of such properties have exercisable rights to terminate their leases before the stated soft term of their lease expires. For fiscal policy reasons, security concerns or other reasons, some or all of our U.S. Government tenant agencies under leases within the soft-term period may decide to exercise their termination rights before the stated term of their lease expires. Such terminations, if they were to occur and we were not able to lease the vacant space to another tenant in a timely manner or at all, could have an adverse effect on our business, financial condition and results of operations.

***We may not be able to successfully identify, consummate or integrate acquisitions.***

We have an active acquisition program, the objective of which is to identify suitable acquisition targets that will enhance our growth and diversify our cash flows. The pursuit of acquisitions may pose certain risks to us. We may not be able to identify acquisition candidates that fit our criteria for growth, profitability and diversification strategy. Even if we are able to identify such candidates, we may not be able to acquire them on terms satisfactory to us. We will incur expenses and dedicate attention and resources associated with the review and pursuit of acquisition opportunities, whether or not we consummate such acquisitions.

Additionally, even if we are able to identify and acquire suitable targets on agreeable terms, we may not be able to successfully integrate their operations with ours. Achieving the anticipated benefits of any acquisition will depend in significant part upon whether we integrate such acquired businesses in an efficient and effective manner. We may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of our acquisitions within our anticipated timing, or at all. We may also assume liabilities in connection with acquisitions to which we would otherwise not be exposed. An inability to realize the full extent of, or any of, the anticipated synergies or other benefits of an acquisition, as well as any delays that may be encountered in the integration process, which may delay the timing of such synergies or other benefits, could have an adverse effect on our business and results of operations.

***As a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations.***

We have a substantial amount of goodwill and other intangible assets resulting from business acquisitions. At least annually, or whenever events or changes in circumstances indicate a potential impairment in the carrying value as defined by U.S. generally accepted accounting principles, we will evaluate this goodwill for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Impairments of goodwill or other intangible assets could require material non-cash charges to our results of operations.

***We are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel.***

The success of our business depends in large part on the ability and experience of our senior management.  The unexpected loss of any of these persons could materially adversely affect our business and operations.

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In addition, the services we provide are labor-intensive. The success of our business, and our ability to satisfy the staffing and operational performance requirements of our contracts, require that we attract, hire, develop and retain sufficient qualified personnel.  When we are awarded a facility management contract or open a new facility, we must hire operating management, correctional officers, and other personnel. Our inability to hire sufficient qualified personnel on a timely basis, or experiencing excessive turnover or the loss of significant personnel at existing facilities, could adversely affect our business and operations. Many of our contracts include specific staffing requirements, and our failure to satisfy such requirements may result in the imposition of financial penalties or loss of contract.

***Legal proceedings related to, and adverse developments in our relationship with, our employees could adversely affect our business, financial condition or results of operations.***

We and our subsidiaries are party to a variety of claims and legal proceedings in the ordinary course of business, including but not limited to claims and legal proceedings related to employment matters.  Because the resolution of claims and legal proceedings is inherently uncertain, there can be no assurance we will be successful in defending against such claims or legal proceedings, or that management's assessment of the materiality of these matters, including the reserves taken in connection therewith, will be consistent with the ultimate outcome of such claims or legal proceedings.  In the event management's assessment of materiality of current claims and legal proceedings proves inaccurate or litigation that is material arises in the future, the resolution of such matters may have a material adverse effect on our business, financial condition or results of operations.

As of December 31, 2019, we employed 14,075 full- and part-time employees.  Approximately 1,330 of our employees at six of our facilities, or approximately 9.4% of our workforce, are represented by labor unions.  We have not experienced a strike or work stoppage at any of our facilities and, in the opinion of management, overall employee relations are good. New executive orders, administrative rules and changes in National Labor Relations could increase organizing activity at locations where employees are currently not represented by a labor organization. Increases in organizational activity or any future work stoppages could have a material adverse effect on our business, financial condition, or results of operations.

***We are subject to necessary insurance costs.***

Workers' compensation, auto liability, employee health, and general liability insurance represent significant costs to us. Because we are significantly self-insured for workers' compensation, auto liability, employee health, and general liability risks, the amount of our insurance expense is dependent on claims experience, our ability to control our claims experience, and in the case of workers' compensation and employee health, rising health care costs in general. Unanticipated additional insurance costs could adversely impact our results of operations and cash flows, and the failure to obtain or maintain any necessary insurance coverage could have a material adverse effect on us.

***We may be adversely affected by inflation.***

Many of our facility contracts provide for fixed fees or fees that increase by only small amounts during their terms. If, due to inflation or other causes, our operating expenses, such as wages and salaries of our employees, insurance, medical, and food costs, increase at rates faster than increases, if any, in our revenues, then our profitability would be adversely affected.  See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Inflation."

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***We are subject to legal proceedings associated with owning and managing correctional, detention, and residential reentry facilities.***

Our ownership and management of correctional, detention, and residential reentry facilities, and the provision of inmate transportation services by a subsidiary, expose us to potential third-party claims or litigation by prisoners or other persons relating to personal injury or other damages resulting from contact with a facility, its managers, personnel or other prisoners, including damages arising from a prisoner's escape from, or a disturbance or riot at, a facility we own or manage, or from the misconduct of our employees.  To the extent the events serving as a basis for any potential claims are alleged or determined to constitute illegal or criminal activity, we could also be subject to criminal liability.  Such liability could result in significant monetary fines and could affect our ability to bid on future contracts and retain our existing contracts. In addition, as an owner of real property, we may be subject to a variety of proceedings relating to personal injuries of persons at such facilities. The claims against our facilities may be significant and may not be covered by insurance. Even in cases covered by insurance, our deductible (or self-insured retention) may be significant.

***Technological changes or negative changes in the level of acceptance of, or resistance to, the use of electronic monitoring products could cause our electronic monitoring products and other technology to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business.***

Technological changes within our electronic monitoring business may require us to expend resources in an effort to acquire, maintain and/or utilize new electronic monitoring products and technology. We may not be able to anticipate or respond to technological changes in a timely manner, and our response may not result in successful electronic monitoring product offerings. If we are unable to anticipate or timely respond to technological changes, our business could be adversely affected. Further, our business could be adversely affected if the level of acceptance of or resistance to the use of electronic monitoring products and services by governmental customers were to change over time in a negative manner so that governmental customers decide to decrease their usage levels and contracting for electronic monitoring products and services.

***We depend on a limited number of third parties to manufacture and supply our electronic monitoring products. If our suppliers cannot provide the products or services we require in a timely manner and with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed.***

If our suppliers fail to supply, in a timely manner, electronic monitoring products that meet our quantity, quality, cost requirements, or technical specifications, we may not be able to access alternative sources of these products within a reasonable period of time or at commercially reasonable rates. A reduction or interruption in the supply of such products, or a significant increase in the price of such products, could have a material adverse effect on our marketing and sales initiatives, which could adversely affect our financial condition and results of operations.  In addition, contracts with such suppliers may not continue to be available on acceptable terms or at all.

***We may be subject to costly product liability claims from the use of our electronic monitoring products, which could damage our reputation, impair the marketability of our products and services and force us to pay costs and damages that may not be covered by adequate insurance.***

The operation of our electronic monitoring products and services entails a risk of product liability. We could be subject to product liability claims to the extent these electronic monitoring products fail to perform as intended. Even unsuccessful claims against us could result in the expenditure of funds in litigation, the diversion of management time and resources, damage to our reputation and impairment of the marketability of our electronic monitoring products and services. While we maintain liability insurance, it is possible that a successful claim could be made against us, that the amount of our insurance coverage would not be adequate to cover the costs of defending against or paying such a claim, and that damages payable by us would harm our business.

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***We are subject to certain stockholder litigation.***

In a memorandum to the BOP dated August 18, 2016, the DOJ directed that, as each contract with privately operated prisons reaches the end of its term, the BOP should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the BOP's inmate population.  In addition to the decline in the BOP's inmate population, the DOJ memorandum cites purported operational, programming, and cost efficiency factors as reasons for the DOJ directive.  On February 21, 2017, the newly appointed U.S. Attorney General issued a memorandum rescinding the DOJ's prior directive stating the memorandum changed long-standing policy and practice and impaired the BOP's ability to meet the future needs of the federal correctional system.

Following the release of the August 18, 2016 DOJ memorandum, a purported securities class action lawsuit was filed against us and certain of our current and former officers in the United States District Court for the Middle District of Tennessee, or the District Court, captioned *Grae v. Corrections Corporation of America et al.*, Case No. 3:16-cv-02267.  The lawsuit is brought on behalf of a putative class of shareholders who purchased or acquired our securities between February 27, 2012 and August 17, 2016.  In general, the lawsuit alleges that, during this timeframe, our public statements were false and/or misleading regarding the purported operational, programming, and cost efficiency factors cited in the DOJ memorandum and, as a result, our stock price was artificially inflated.  The lawsuit alleges that the publication of the DOJ memorandum on August 18, 2016 revealed the alleged fraud, causing the per share price of our stock to decline, thereby causing harm to the putative class of shareholders.

On December 18, 2017, the District Court denied our motion to dismiss.  On March 26, 2019, the District Court certified the class proposed by the plaintiff.  The United States Court of Appeals for the Sixth Circuit denied our appeal of the class certification order on August 23, 2019.  The case is currently in the fact discovery phase of litigation.

We believe the lawsuit is entirely without merit and intend to vigorously defend against it. In addition, we maintain insurance, with certain self-insured retention amounts, to cover the alleged claims which may mitigate the risk that such litigation would have a material adverse effect on our financial condition, results of operations, or cash flows.

***We are subject to risks associated with ownership of real estate.***

Our ownership of correctional, detention, and residential reentry facilities and other government-leased assets subjects us to risks typically associated with investments in real estate. Investments in real estate and, in particular, correctional and detention facilities have limited or no alternative use and thus are relatively illiquid. Therefore, our ability to divest ourselves of one or more of our facilities promptly in response to changing conditions is limited. Investments in real estate properties subject us to risks involving potential exposure to environmental liability and uninsured loss. Our operating costs may be affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation. In addition, although we maintain insurance for many types of losses, there are certain types of losses, such as losses from earthquakes and acts of terrorism, which may be either uninsurable or for which it may not be economically feasible to obtain insurance coverage in light of the substantial costs associated with such insurance. As a result, we could lose both our capital invested in, and anticipated profits from, one or more of the properties we own. Further, it is possible to experience losses that may exceed the limits of insurance coverage.

In addition, facility development and expansion projects pose additional risks, including cost overruns caused by various factors, many of which are beyond our control, such as weather, labor conditions, and material shortages, resulting in increased construction costs. Further, if we are unable to utilize the new bed capacity, our financial results could deteriorate.

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*Certain of our facilities are subject to options to purchase and reversions.*  Eleven of our facilities are subject to an option to purchase by certain governmental agencies.  Such options are exercisable by the corresponding contracting governmental entity generally at any time during the term of the respective facility contract.  Certain of these purchase options are based on the depreciated book value of the facility, which essentially could result in the transfer of ownership of the facility to the governmental agency at the end of the life used for accounting purposes, while other options to purchase are exercisable at prices below fair market value. See "Business – Facility Portfolio."  If any of these options are exercised, there exists the risk that we will be unable to invest the proceeds from the sale of the facility in one or more properties that yield as much cash flow as the property acquired by the government entity.  In addition, in the event any of these options is exercised, there exists the risk that the contracting governmental agency will terminate the management contract associated with such facility.  For the year ended December 31, 2019, the eleven facilities currently subject to these options generated $367.4 million in revenue (18.6% of total revenue) and incurred $279.5 million in operating expenses.

*Risks related to facility construction and development activities may increase our costs related to such activities.* When we are engaged to perform construction and design services for a facility, we typically act as the primary contractor and subcontract with other companies that act as the general contractors. As primary contractor, we are subject to the various risks associated with construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes, and weather interference which could cause construction delays). In addition, we are subject to the risk that the general contractor will be unable to complete construction at the budgeted costs or be unable to fund any excess construction costs, even though we require general contractors to post construction bonds and insurance. Under such contracts, we are ultimately liable for all late delivery penalties and cost overruns.

***We may be adversely affected by an increase in costs or difficulty of obtaining adequate levels of surety credit on favorable terms.***

We are often required to post bid or performance bonds issued by a surety company as a condition to bidding on or being awarded a contract. Availability and pricing of these surety commitments are subject to general market and industry conditions, among other factors. Increases in surety costs could adversely affect our operating results if we are unable to effectively pass along such increases to our customers. We cannot assure you that we will have continued access to surety credit or that we will be able to secure bonds economically, without additional collateral, or at the levels required for any potential facility development or contract bids. If we are unable to obtain adequate levels of surety credit on favorable terms, we would have to rely upon letters of credit under our revolving credit facility which could entail higher costs if such borrowing capacity was even available when desired, and our ability to bid for or obtain new contracts could be impaired.

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***Interruption, delay or failure of the provision of our technology services or information systems, or the compromise of the security thereof, could adversely affect our business, financial condition or results of operations.***

Components of our business depend significantly on effective information systems and technologies, some of which are provided and/or maintained by third parties. As with all companies that utilize information systems, we are vulnerable to negative impacts to our business if the operation of those systems malfunctions or experiences errors, interruptions or delays, or certain information contained therein is compromised. As a matter of course, we may store or process the personal information of offenders, employees and other persons as required to provide our services and such personal information or other data may be hosted or exchanged with our government partners and other third-party providers.  While we employ commercially reasonable, industry standard administrative, technical and physical safeguards designed to protect the integrity and security of any personal data we collect or process, despite the security measures we have in place, and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. For example, several well-known companies have recently disclosed high-profile security breaches involving sophisticated and highly targeted attacks on their company's infrastructure or their customers' data, which were not recognized or detected until after such companies had been affected notwithstanding the preventive measures they had in place. Any security breach or event resulting in the interruption, delay or failure of our services or information systems, or the misappropriation, loss, or other unauthorized disclosure of personal data or confidential information, including confidential information about our employees, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, result in significant monetary penalties and/or regulatory actions for violation of applicable laws or regulations, disrupt our business and result in significant costs for remedial measures to prevent future occurrences and mitigate past violations, result in lost business, or otherwise adversely affect our results of operations. Although we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident. We did not log any such incidents in 2019, nor were we informed by law enforcement of any such incidents.

***We are subject to risks related to corporate social responsibility.***

The growing integration of ESG factors in making investment decisions is relatively new, and frameworks and methods used by investors for assessing ESG policies are not fully developed and vary considerably among the investment community.  During 2019, we issued our first ESG report to detail how we attempt to deliver on our service commitment to our government partners and manage our operations responsibly and ethically.  These policies and practices, whether it be the standards we set for ourselves or ESG criteria established by third parties, and whether or not we meet such standards, may influence our reputation.  For example, the perception held by the general public, our governmental partners, vendors, suppliers, other stakeholders, or the communities in which we do business may depend, in part, on the standards we have chosen to aspire to meet, whether or not we meet these standards on a timely basis or at all, and whether or not we meet external ESG factors they deem relevant. Nonetheless, the subjective nature and wide variety of methods and processes used by various stakeholders, including investors, to assess a company with respect to ESG criteria can result in the perception of negative ESG factors or a misrepresentation of our ESG policies and practices. Our failure to achieve progress on our ESG policies and practices on a timely basis, or at all, or to meet ESG criteria set by third parties, could adversely affect our business, financial performance, or growth.

By electing to set and publicly share these ESG standards, our business may also face increased scrutiny related to ESG activities. As a result, our reputation could be harmed if we fail to act responsibly in the areas in which we report, such as safety and security, human rights, diversity, quality assurance and facility oversight, community development, and environmental sustainability.  Any harm to our reputation resulting from setting these standards or our failure or perceived failure to meet such standards could impact: employee retention; the willingness of our governmental partners, vendors and suppliers to do business with us; investors willingness or ability to purchase or hold our securities; or our ability to access capital, any of which could adversely affect our business, financial performance, and growth.  Our ESG report is not a part of this Annual Report.

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***As an*** ***owner and operator of correctional, detention, and residential reentry facilities, we are subject to risks relating to acts of God, outbreaks of epidemic or pandemic disease, terrorist activity and war.***

We may encounter staffing constraints as well as costs and expenses associated with owning and/or operating our correctional, detention, and residential reentry facilities as a result of acts of God, outbreaks of epidemic or pandemic disease (such as the 2019 novel coronavirus outbreak), war (including the potential for war), terrorist activity (including threats of terrorist activity), political unrest, geopolitical uncertainty and other forms of civil strife, in or around locations where we own and/or operate significant properties. These events could have a material adverse effect on our business, financial condition, results of operations or the market price of our common stock.

**Risks Related to Our Indebtedness**

***Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under our debt securities.***

We have a significant amount of indebtedness.  As of December 31, 2019, we had total indebtedness of $1,986.9 million.  Our indebtedness could have important consequences.  For example, it could:

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|  | • | make it more difficult for us to satisfy our obligations with respect to our indebtedness; |

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|  | • | increase our vulnerability to general adverse economic and industry conditions; |

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|  | • | require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends, and other general corporate purposes; |

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|  | • | limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; |

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|  | • | restrict us from pursuing strategic acquisitions or certain other business opportunities; |

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|  | • | place us at a competitive disadvantage compared to our competitors that have less debt; and |

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|  | • | limit our ability to borrow additional funds or refinance existing indebtedness on favorable terms, or at all. |

If we are unable to meet our debt service obligations, we may need to reduce capital expenditures and dividend distributions, restructure or refinance our indebtedness, obtain additional equity financing or sell assets. We may be unable to restructure or refinance our indebtedness, obtain additional equity financing or sell assets on satisfactory terms or at all.

***Our Credit Agreements, indentures related to our senior notes, and other debt instruments have restrictive covenants that could limit our financial flexibility.***

The indentures related to our aggregate original principal amount of $350.0 million 4.625% senior notes due 2023, $250.0 million 5.0% senior notes due 2022, and $250.0 million 4.75% senior notes due 2027, collectively referred to herein as our senior notes, and the credit agreements governing our Revolving Credit Facility and Term Loan A, or our Bank Credit Agreement, and the credit agreement governing our Term Loan B, or our Term Loan B, and, together with the Bank Credit Agreement, our Credit Agreements, contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests.  Our Bank Credit Agreement requires us to comply with certain financial covenants, including leverage and fixed charge coverage ratios.  Our Term Loan B requires us to comply with certain financial covenants, including a secured leverage ratio and, under specified circumstances, a loan-to-value requirement.  Our Credit Agreements include other restrictions that, among other things, limit our ability to incur indebtedness; grant liens; engage in mergers, consolidations and liquidations; make asset dispositions, make restricted payments and investments; issue disqualified stock; enter into transactions with affiliates; and amend, modify or prepay certain indebtedness.  The indentures related to our senior notes contain limitations on our ability to effect mergers and change of control events, as well as other limitations on our ability to create liens on our assets.

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Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all or a substantial portion of our debt.  We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

***Our indebtedness is secured by a substantial portion of our assets.***

Subject to applicable laws and certain agreed-upon exceptions, our revolving credit facility and Term Loan A are secured by a pledge of all of the capital stock of CoreCivic's domestic subsidiaries, 65% of the capital stock of CoreCivic’s foreign subsidiaries, all of CoreCivic’s accounts receivable and all of CoreCivic's deposit accounts. Our Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%. Subject to compliance with the restrictive covenants under our existing indebtedness, we may incur additional indebtedness secured by existing or future assets of CoreCivic or our subsidiaries. In the event of a default under our Credit Agreements or any other secured indebtedness, or if we experience insolvency, liquidation, dissolution or reorganization, the holders of our secured debt instruments would first be entitled to payment from their collateral security, and only after that would holders of our unsecured debt be entitled to payment from our remaining assets. In such an event, there can be no assurance that we would have sufficient assets to pay amounts due to holders of our unsecured debt, and such holders may receive less than the full amount to which they are entitled.

***Servicing our indebtedness will require a significant amount of cash or may require us to refinance our indebtedness before it matures.  Our ability to generate cash depends on many factors beyond our control and there is no assurance that we will be able to refinance our debt on acceptable terms, or at all.***

Currently, our Term Loan A and revolving credit facility both mature in April 2023. Our Term Loan B matures in December 2024. We also have outstanding $350.0 million in aggregate principal amount of our 4.625% senior notes due 2023, $250.0 million in aggregate principal amount of our 5.0% senior notes due 2022, and $250.0 million in aggregate principal amount of our 4.75% senior notes due 2027.  In addition, we have $331.9 million outstanding under three non-recourse mortgage notes with interest rates ranging from 4.43% to 4.5% and various maturity dates extending to January 2040.  Our ability to make payments on our indebtedness, to refinance our indebtedness, and to fund planned capital expenditures will depend on our ability to generate cash in the future.  This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

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The risk exists that our business will be unable to generate sufficient cash flow from operations or that future borrowings will not be available to us in an amount sufficient to enable us to pay our indebtedness, including our existing senior notes, or to fund our other liquidity needs.  We may need to refinance all or a portion of our indebtedness, including our senior notes, on or before maturity.  Our ability to refinance all or a portion of our indebtedness on acceptable terms, or at all, will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing and other financial restrictions imposed by lenders and conditions in the credit markets at the time we refinance. If we are unable to refinance our indebtedness on acceptable terms, we may be forced to agree to otherwise unfavorable financing terms or sell one or more properties at unattractive prices or on disadvantageous terms. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

***We are required to repurchase all or a portion of our senior notes upon a change of control, and our Credit Agreements are subject to acceleration upon a change of control.***

Upon certain change of control events, as that term is defined in the indentures for our senior notes, including a change of control caused by an unsolicited third party, we are required to make an offer in cash to repurchase all or any part of each holder's notes at a repurchase price equal to 101% of the principal thereof, plus accrued interest.  The source of funds for any such repurchase would be our available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity.  Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase all or a portion of the tendered notes pursuant to this requirement.  Our failure to offer to repurchase notes, or to repurchase notes tendered, following a change of control will result in a default under the respective indentures, which could lead to a cross-default under our Credit Agreements and under the terms of our other indebtedness.  In addition, terms of our Credit Agreements, which are subject to acceleration upon the occurrence of a change in control (as described therein), may prohibit us from making any such required repurchases.  Prior to repurchasing the notes upon a change of control event, we must either repay outstanding indebtedness under our Credit Agreements or obtain the consent of the lenders under our Credit Agreements.  If we do not obtain the required consents or repay our outstanding indebtedness under our Credit Agreements, we would remain effectively prohibited from offering to repurchase the notes, which would cause a default under the indentures governing the notes.

***Despite current indebtedness levels, we may still incur more debt.***

The terms of the indentures for our senior notes and our Credit Agreements restrict our ability to incur indebtedness; however, we may nevertheless incur additional indebtedness in the future, and in the future, we may refinance all or a portion of our indebtedness, including our Credit Agreements, and may incur additional indebtedness as a result so long as we comply with the limitations in our senior notes and Credit Agreements while they are in effect. As of December 31, 2019, we had $412.7 million of additional borrowing capacity available under our revolving credit facility. The Bank Credit Agreement also contains an "accordion" feature that provides for uncommitted incremental extensions of credit in the form of increases in the revolving commitments or incremental term loans of up to $350.0 million.  In addition, so long as we comply with the limitations in our senior notes and Credit Agreements while they are in effect, we may issue an indeterminate amount of debt securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such debt securities are favorable. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

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***Our ability to incur more secured debt has been further limited by the Term Loan B.***

The Term Loan B requires us to place liens on mortgaged properties representing a loan-to-value of no greater than 80%.  Our Credit Agreements limit the amount of liens we can place on existing assets, further restricting the amount of additional secured debt we are able to obtain.  This limitation restricts our ability to obtain financing for future needs and opportunities.

***Our access to capital may be affected by general macroeconomic conditions.***

Credit markets may tighten significantly for various reasons that may or may not result from company-specific activities such that our ability to obtain new capital could be more challenging and more expensive.  Further, we can provide no assurance that the banks that have made commitments under our Bank Credit Agreement will continue to operate as going concerns in the future or will agree to extend commitments beyond the maturity date.  If any of the banks in the lending group were to fail, or fail to renew their commitments, it is possible that the capacity under our Bank Credit Agreement would be reduced.  In the event that the availability under our Bank Credit Agreement was reduced significantly, we could be required to obtain capital from alternate sources in order to continue with our business and capital strategies.  Our options for addressing such capital constraints would include, but not be limited to (i) delaying certain capital expenditure projects, (ii) obtaining commitments from the remaining banks in the lending group or from new banks to fund increased or new amounts under the terms of our Bank Credit Agreement, (iii) accessing the public capital markets, or (iv) reducing our dividend (but not less than amounts required to maintain our status as a REIT and avoid income and excise taxes), or eliminating the dividend should we elect to forgo REIT status, which would be subject to certain additional approvals.  Such alternatives could be on terms less favorable than under existing terms, which could have a material effect on our consolidated financial position, results of operations, or cash flows.

***Increasing activist resistance to the use of public-private partnerships for correctional, detention, and residential reentry facilities could impact our ability to obtain financing to grow our business or to refinance existing indebtedness, which could have a material adverse effect on our business, financial condition and results of operations.***

Our company does not, under longstanding policy, lobby for or against policies or legislation that would determine the basis for, or duration of, an individual's incarceration or detention.  This strict policy also applies to external government relations professionals working on our behalf at all levels of government.  Nonetheless, contracting for correctional, detention, and residential reentry facilities and related services has not achieved complete acceptance by certain governments or the public at large. The operation of correctional, detention, and residential reentry facilities by private entities has encountered resistance from certain groups, such as immigration advocates, labor unions, prison reform organizations and other special interest groups that believe correctional, detention, and residential reentry facilities should only be operated by governmental agencies, or that alternatives to immigrant detention should be utilized to enforce the nation's border policies.  Further, opposition to immigration policies and the association of private companies with the enforcement of such policies have caused some banks to recently announce that they do not expect to continue providing credit or financial services to private entities that operate correctional, detention, and residential reentry facilities, including CoreCivic. These banks are legally obligated to honor their commitments under our Bank Credit Agreement, which expires in April 2023.  These decisions have currently affected the capital markets for our securities, and we can provide no assurance that additional banks that are party to our Bank Credit Agreement will not make similar decisions, or that new banks will be willing to become party to our Bank Credit Agreement, or that the capital markets for our securities will improve.  While we believe we will continue to have access to capital, restrictions on our access to capital, or increases in the cost of capital, could have a material adverse effect on our business, financial condition and results of operations.

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***Rising interest rates would increase the cost of our variable rate debt.***

In recent years, the Federal Reserve has incrementally raised the target range for the federal funds rate.  As interest rates increase, generally, the cost of borrowing increases.  We have incurred and expect in the future to incur indebtedness that bears interest at variable rates, including indebtedness under our Credit Agreements. Accordingly, increases in interest rates would increase our interest costs, which could have a material adverse effect on us and our ability to make distributions to our stockholders and pay amounts due on our debt or cause us to be in default under certain debt instruments.  In addition, an increase in market interest rates may lead holders of our common stock to demand a higher yield on their shares from distributions by us, which could adversely affect the market price for our common stock.

**Risks Related to our REIT Structure**

***If we fail to remain qualified as a REIT, we would be subject to corporate income taxes and would not be able to deduct distributions to stockholders when computing our taxable income.***

We currently operate in a manner that is intended to allow us to qualify as a REIT for federal income tax purposes commencing with our taxable year beginning January 1, 2013. However, we cannot assure you that we have qualified or will remain qualified as a REIT. Qualification as a REIT requires us to satisfy numerous requirements established under highly technical and complex sections of the Internal Revenue Code of 1986, as amended, or the Code, which may change from time to time and for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify as a REIT, the REIT must derive at least 95% of its gross income in any year from qualifying sources. In addition, a REIT is required to distribute annually to its stockholders at least 90% of its REIT taxable income (determined without regard to the dividends paid deduction and by excluding capital gains) and must satisfy specified asset tests on a quarterly basis.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including any applicable alternative minimum tax for years before 2018) on our taxable income computed in the usual manner for corporate taxpayers without deduction for distributions to our stockholders, and we may need to borrow additional funds or issue securities to pay such additional tax liability. Any such corporate income tax liability could be substantial and would reduce the amount of cash available for other purposes, including distributions to our stockholders, because, unless we are entitled to relief under certain statutory provisions, we would be taxable as a C-corporation, beginning in the year in which the failure occurs, and we would not be allowed to re-elect to be taxed as a REIT for the following four years.

***Even if we remain qualified as a REIT, we may owe taxes under certain circumstances.***

Even if we qualify as a REIT, we will be subject to certain U.S. federal, state and local taxes on our income and property, including on taxable income that we do not distribute to our stockholders, and on net income from certain "prohibited transactions". In addition, the REIT provisions of the Code are complex and are not always subject to clear interpretation. For example, a REIT must derive at least 95% of its gross income in any year from qualifying sources, including rents from real property. Rents from real property include amounts received for the use of limited amounts of personal property and for certain services. Whether amounts constitute rents from real property or other qualifying income may not be entirely clear in all cases. We may fail to qualify as a REIT if we exceed the permissible amounts of non-qualifying income unless such failures qualify for relief under certain statutory relief provisions. Even if we qualify for statutory relief, we may be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more such relief provisions under the Code to maintain our qualification as a REIT. Furthermore, we conduct substantial activities through TRSs, and the income of those subsidiaries is subject to U.S. federal income tax at regular corporate rates.

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***To maintain our REIT status, we may be forced to obtain capital during unfavorable market conditions, which could adversely affect our overall financial performance.***

In order to qualify as a REIT, we will generally be required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and by excluding any net capital gain), and we will be subject to tax to the extent our taxable income (including net capital gain) is not fully distributed. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our net capital gains, and 100% of our undistributed income from prior years. We currently intend to continue to make distributions to our stockholders to comply with the distribution requirements of the Code as well as to reduce our exposure to federal income taxes and the nondeductible excise tax. Differences in timing between the receipt of income and the payment of expenses to arrive at taxable income, along with the effect of required debt amortization payments, could require us to borrow funds to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT. We may acquire additional capital through our issuance of securities senior to our common stock, including additional borrowings or other indebtedness or the issuance of additional securities. Issuance of such senior securities creates additional risks because leverage is a speculative technique that may adversely affect common stockholders or noteholders. If the return on assets acquired with borrowed funds or other leverage proceeds does not exceed the cost of the leverage, the use of leverage could negatively affect our cash flow.

Additionally, the issuance of senior securities involves offering expenses and other costs, including interest payments, which are borne indirectly by our common stockholders.  Fluctuations in interest rates could increase interest payments on our senior securities, and could reduce cash available for distributions on our common stock or for payment on our debt securities. Increased operating costs, including the financing cost associated with any leverage, may reduce our total return to common stockholders.  Rating agency guidelines applicable to any senior securities may impose asset coverage requirements, dividend limitations, voting right requirements (in the case of senior equity securities), and other restrictions. Further, the terms of any senior securities or other borrowings may impose additional requirements, restrictions and limitations that are more stringent than those required by a rating agency that rates outstanding senior securities that may have an adverse effect on us and may affect our ability to pay distributions to our stockholders.  On the other hand, we may not be able to raise additional capital in the future on favorable terms or at all.  Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

Further, in order to maintain our REIT status, we may need to borrow funds to meet the REIT distribution requirements even if the then-prevailing market conditions are not favorable for these borrowings. These borrowing needs could result from differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes or the effect of non-deductible capital expenditures, the creation of reserves, or required debt or amortization payments. Our ability to access debt and equity capital on favorable terms or at all is dependent upon a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings and cash distributions, and the market price of our securities. Issuance of debt or equity securities will expose us to typical risks associated with leverage, including increased risk of loss.

To the extent our ability to issue debt or other senior securities such as preferred stock is constrained, we may depend on the issuance of additional shares of common stock to finance new investments.  If we raise additional funds by issuing more shares of our common stock or senior securities convertible into, or exchangeable for, shares of our common stock, the percentage ownership of our stockholders at that time would decrease, and you would experience dilution.

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***Performing services through our TRSs may increase our overall tax liability relative to other REITs or subject us to certain excise taxes.***

A TRS may hold assets and earn income, including income earned from the performance of correctional services, that would not be qualifying assets or income if held or earned directly by a REIT.  We conduct a significant portion of our business activities through our TRSs. Our TRSs are subject to federal, foreign, state and local income tax on their taxable income, and their after-tax net income generally is available for distribution to us but is not required to be distributed to us. The TRS rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to ensure that the TRS is subject to an appropriate level of corporate income taxation. We believe our arrangements with our TRSs are on arm's-length terms and intend to continue to operate in a manner that allows us to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to avoid application of the 100% excise tax or the limitations on interest deductions discussed above.

***The value of the securities we own in our TRSs is limited under the REIT asset tests.***

Under the Code, no more than 20% of the value of the gross assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our TRSs' operations and assets, and there can be no assurance that we will be able to comply with this limitation. If we are unable to comply with this limitation, we would fail to qualify as a REIT. Furthermore, our significant use of TRSs may cause the market to value shares of our common stock differently than the stock of other REITs, which may not use TRSs as extensively. Although we intend to monitor the value of our investments in TRSs, there can be no assurance that we will be able to comply with the 20% limitation discussed above.

***We may be limited in our ability to fund distributions using cash generated through our TRSs.***

At least 75% of gross income for each taxable year as a REIT must be derived from passive real estate sources and no more than 25% of gross income may consist of dividends from our TRSs and other non-real estate income. This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our stockholders using cash from our TRSs. Moreover, our TRSs are not required to distribute their net income to us, and any income of our TRSs that is not distributed to us will not be subject to the REIT income distribution requirement.

***REIT ownership limitations may restrict or prevent you from engaging in certain transfers of our common stock.***

In order to satisfy the requirements for REIT qualification, no more than 50% in value of all classes or series of our outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year beginning with our 2014 taxable year. To assist us in satisfying this share ownership requirement, our charter imposes ownership limits on each class and series of our shares of stock. Under applicable constructive ownership rules, any shares of stock owned by certain affiliated owners generally would be added together for purposes of the common stock ownership limits, and any shares of a given class or series of preferred stock owned by certain affiliated owners generally would be added together for purposes of the ownership limit on such class or series.

If anyone transfers shares of our common stock in a manner that would violate the ownership limits, or prevent us from qualifying as a REIT under the federal income tax laws, those shares of common stock instead would be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the ownership limit. If this transfer to a trust fails to prevent such a violation or fails to permit our continued qualification as a REIT, then the initial intended transfer would be null and void from the outset. The intended transferee of those shares will be deemed never to have owned the shares. Anyone who acquires shares in violation of the ownership limit or the other restrictions on transfer bears the risk of suffering a financial loss when the shares of common stock are redeemed or sold if the market price of our shares of common stock falls between the date of purchase and the date of redemption or sale.

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***Complying with REIT requirements may cause us to forego otherwise attractive opportunities or liquidate otherwise attractive investments.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. If we fail to comply with one or more of the asset tests at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. In order to meet these tests, we may be required to forego investments we might otherwise make or to liquidate otherwise attractive investments. Thus, compliance with the REIT requirements may hinder our performance and reduce amounts available for distribution to our stockholders.

***The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions which would be treated as sales for federal income tax purposes.***

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service, or IRS, would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

***We have not established a minimum distribution payment level, and we may be unable to generate sufficient cash flows from our operations to make distributions to our stockholders at any time in the future.***

We are generally required to distribute to our stockholders at least 90% of our net taxable income (excluding net capital gains) each year to qualify as a REIT under the Code. To the extent we satisfy the 90% distribution requirement but distribute less than 100% of our net taxable income (including net capital gains), we will be subject to federal corporate income tax on our undistributed net taxable income. We intend to distribute at least 100% of our net taxable income (excluding net capital gains). However, our ability to make distributions to our stockholders may be adversely affected by the issues described in the risk factors set forth in this Annual Report. Subject to satisfying the requirements for REIT qualification, we intend to continue to make regular quarterly distributions to our stockholders. Our Board of Directors has the sole discretion to determine the timing, form and amount of any distributions to our stockholders. Our Board of Directors makes determinations regarding distributions based upon, among other factors, our historical and projected results of operations, financial condition, cash flows and liquidity, satisfaction of the requirements for REIT qualification and other tax considerations, capital expenditure and other expense obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our Board of Directors may deem relevant from time to time.

It is possible that we will not be able to continue to make distributions to our stockholders or that the level of any distributions we do make to our stockholders will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our shares of common stock. Distributions could be dilutive to our financial results and may constitute a return of capital to our investors, which would have the effect of reducing each stockholder's basis in its shares of common stock. We also may need to borrow funds or use proceeds from the sale of assets to fund distributions.

***Dividends payable by REITs, including us, generally do not qualify for the reduced tax rates available for some dividends.***

"Qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates generally are subject to tax at preferential rates.  Subject to limited exceptions, dividends payable by REITs are not eligible for these reduced rates and are taxable at ordinary income tax rates.  The more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the shares of our common stock.

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Distributions that we make to our stockholders are treated as dividends to the extent of our earnings and profits as determined for federal income tax purposes and are generally taxable to our stockholders as ordinary income.  However, our dividends are eligible for the lower rate applicable to "qualified dividends" to the extent they are attributable to income that was previously subject to corporate income tax, such as the dividends we receive from our TRSs or attributable to the accumulated earnings and profits in connection with acquisitions of C-corporations.  Also, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gain income recognized by us.  Our distributions may constitute a return of capital to the extent that they exceed our earnings and profits as determined for federal income tax purposes. A return of capital generally is not taxable, but has the effect of reducing the basis of a stockholder's investment in our shares of common stock.  Any such distributions that exceed a stockholder's tax basis in our shares of common stock generally will be taxable as capital gains.

For tax years beginning after December 31, 2017 (but subject to a sunset expiration at the end of 2025), U.S. stockholders that are individuals, trusts and estates generally are allowed a deduction in computing taxable income equal to 20% of any dividends received from REITs (other than any portion that is a capital gain or qualified dividend). Depending on the ordinary income tax rate applicable to investors who are individuals, trust and estates, the 20% deduction for REIT dividends may offset (or eliminate) the relatively more favorable tax treatment applicable to regular corporate qualified dividends.

***We could have potential deferred and contingent tax liabilities from our REIT conversion that could limit, delay or impede future sales of our properties.***

Even though we qualify for taxation as a REIT, if we acquire any asset from a corporation which is or has been a C-corporation in a transaction in which the basis of the asset in our hands is less than the fair market value of the asset determined at the time we acquired the asset, and we subsequently recognize a gain on the disposition of the asset during the five-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. These requirements could limit, delay or impede future sales of our properties. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

***We may inherit tax liabilities and attributes in connection with acquisitions.***

From time to time we may acquire other corporations or entities and, in connection with such acquisitions, we may succeed to the historic tax attributes and liabilities of such entities. For example, in order to qualify as a REIT, at the end of any taxable year, we must not have any earnings and profits accumulated in a non-REIT year. As a result, if we acquire a C-corporation in certain transactions, we must distribute the corporation's earnings and profits accumulated prior to the acquisition before the end of the taxable year in which we acquire the C-corporation. We also could be required to pay the acquired entity's unpaid taxes even though such liabilities arose prior to the time we acquired the entity.

***Legislative or regulatory action affecting REITs could adversely affect us or our stockholders.***

In recent years, numerous legislative, judicial and administrative changes have been made to the federal income tax laws applicable to investments in REITs and similar entities. At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us and may impact our taxation or that of our stockholders. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to us of such qualification.

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***U.S. federal tax reform legislation could affect REITs generally, the geographic markets in which we operate, our stock and our results of operations, both positively and negatively in ways that are difficult to anticipate.***

As a REIT, we are generally not required to pay federal taxes otherwise applicable to regular corporations (except for income generated by our TRSs) if we comply with the various tax regulations governing REITs.  Stockholders, however, are generally required to pay taxes on REIT dividends.  Tax reform legislation affects the way in which dividends paid on shares of our common stock are taxed and could impact our stock price or how stockholders and potential investors view an investment in REITs generally. In addition, while certain elements of tax reform legislation may not impact us directly as a REIT, they could impact the geographic markets in which we operate, particularly affecting tenants of our leased property and their corporate tax obligations, if any.

**Other Risks Related to Our Securities**

***The market price of our equity securities may vary substantially, which may limit our stockholders' ability to liquidate their investment.***

The trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates. One of the factors that may influence the price of our common stock in public trading markets is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of our shares to demand a higher annual yield, which could reduce the market price of our equity securities.

Other factors that could affect the market price of our equity securities include the following:

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|  | • | actual or anticipated variations in our quarterly results of operations; |

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|  | • | changes in market valuations of companies in the corrections, detention, or residential reentry industries; |

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| --- | --- | --- |
|  | • | changes in expectations of future financial performance or changes in estimates of securities analysts; |

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|  | • | fluctuations in stock market prices and volumes; |

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|  | • | issuances of common shares or other securities in the future; and |

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|  | • | announcements by us or our competitors of acquisitions, investments or strategic actions. |

***The number of shares of our common stock available for future sale could adversely affect the market price of our common stock.***

We cannot predict the effect, if any, of future sales of common stock, or the availability of common stock for future sale, on the market price of our common stock. Sales of substantial amounts of common stock (including stock issued under equity compensation plans or stock issued pursuant to our Amended and Restated ATM Equity Offering Sales Agreement), or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

***Future offerings of debt or equity securities ranking senior to our common stock or incurrence of debt (including under our Bank Credit Agreement) may adversely affect the market price of our common stock.***

If we decide to issue debt or equity securities in the future ranking senior to our common stock or otherwise incur indebtedness (including under our Bank Credit Agreement), it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to our stockholders. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges, including with respect to distributions, more favorable than those of our common stock and may result in dilution to owners of our common stock. Because our decision to issue debt or equity securities in any future offering or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or financings, any of which could reduce the market price of our common stock and dilute the value of our common stock.

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***Our issuance of preferred stock could adversely affect holders of our common stock and discourage a takeover.***

Our Board of Directors has the authority to issue up to 50.0 million shares of preferred stock without any action on the part of our stockholders.  Our Board of Directors also has the authority, without stockholder approval, to set the terms of any new series of preferred stock that may be issued, including voting rights, dividend rights, liquidation rights and other preferences superior to our common stock.  In the event that we issue shares of preferred stock in the future that have preferences superior to our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our Board of Directors to issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and discourage or prevent a transaction that may be favorable to our stockholders.

***Our charter and bylaws and Maryland law could make it difficult for a third party to acquire our company.***

The Maryland General Corporation Law and our charter and bylaws contain provisions that could delay, deter, or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors and take other corporate actions. These provisions:

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|  | • | authorize us to issue "blank check" preferred stock, which is preferred stock that can be created and issued by our Board of Directors, without stockholder approval, with rights senior to those of common stock; |

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|  | • | provide that directors may be removed with or without cause only by the affirmative vote of at least a majority of the votes of shares entitled to vote thereon; and |

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| --- | --- | --- |
|  | • | establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting. |

We are also subject to anti-takeover provisions under Maryland law, which could delay or prevent a change of control. Together, these provisions of our charter and bylaws and Maryland law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

**ITEM 1B.UNRESOLVED STAFF COMMENTS.**

None.

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| **ITEM 2.** | **PROPERTIES.** |

The properties we owned at December 31, 2019 are described under Item 1 and in Note 4 of the Notes to the Consolidated Financial Statements contained in this Annual Report, as well as in Schedule III in Part IV of this Annual Report.

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| **ITEM 3.** | **LEGAL PROCEEDINGS.** |

***General***

The nature of our business results in claims and litigation alleging that we are liable for damages arising from the conduct of our employees or others. Based upon management's review of the potential claims and outstanding litigation, and based upon management's experience and history of estimating losses, and taking into consideration CoreCivic's self-insured retention amounts, management believes there are no pending legal proceedings that would have a material effect on our financial position, results of operations or cash flows. However, claims and legal proceedings are subject to inherent uncertainties, and unfavorable decisions and rulings could occur that could have a material adverse impact on our financial position, results of operations or cash flows for the period in which such decisions and rulings occur, or future periods. See "Risk Factors - Risks Related to our Business and Industry - Legal proceedings related to, and adverse developments in our relationship with, our employees could adversely affect our business, financial condition or results of operations."; "—We are subject to legal proceedings associated with owning and managing correctional, detention, and residential reentry facilities."; and "—We are subject to certain stockholder litigation."

***Litigation***

In a memorandum to the BOP dated August 18, 2016, the DOJ directed that, as each contract with privately operated prisons reaches the end of its term, the BOP should either decline to renew that contract or substantially reduce its scope in a manner consistent with law and the overall decline of the BOP's inmate population.  In addition to the decline in the BOP's inmate population, the DOJ memorandum cites purported operational, programming, and cost efficiency factors as reasons for the DOJ directive.  On February 21, 2017, the newly appointed U.S. Attorney General issued a memorandum rescinding the DOJ's prior directive stating the memorandum changed long-standing policy and practice and impaired the BOP's ability to meet the future needs of the federal correctional system.

Following the release of the August 18, 2016 DOJ memorandum, a purported securities class action lawsuit was filed against us and certain of our current and former officers in the United States District Court for the Middle District of Tennessee, or the District Court, captioned *Grae v. Corrections Corporation of America et al.*, Case No. 3:16-cv-02267.  The lawsuit is brought on behalf of a putative class of shareholders who purchased or acquired our securities between February 27, 2012 and August 17, 2016.  In general, the lawsuit alleges that, during this timeframe, our public statements were false and/or misleading regarding the purported operational, programming, and cost efficiency factors cited in the DOJ memorandum and, as a result, our stock price was artificially inflated.  The lawsuit alleges that the publication of the DOJ memorandum on August 18, 2016 revealed the alleged fraud, causing the per share price of our stock to decline, thereby causing harm to the putative class of shareholders.

On December 18, 2017, the District Court denied our motion to dismiss.  On March 26, 2019, the District Court certified the class proposed by the plaintiff.  The United States Court of Appeals for the Sixth Circuit denied our appeal of the class certification order on August 23, 2019.  The case is currently in the fact discovery phase of litigation.

We believe the lawsuit is entirely without merit and intend to vigorously defend against it. In addition, we maintain insurance, with certain self-insured retention amounts, to cover the alleged claims which may mitigate the risk that such litigation would have a material adverse effect on our financial condition, results of operations, or cash flows.

See additional information required under this section described in Note 16 of the Notes to the Consolidated Financial Statements contained in this Annual Report.

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| **ITEM 4.** | **MINE SAFETY DISCLOSURES** |

None.

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**PART II.**

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| **ITEM 5.** | **MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.** |

**Market Price of and Distributions on Capital Stock**

Our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "CXW." On February 14, 2020, the last reported sale price of our common stock was $16.85 per share and there were approximately 3,000 registered holders and approximately 41,000 beneficial holders, respectively, of our common stock.

**Dividend Policy**

During 2018 and 2019, CoreCivic's Board of Directors declared the following quarterly dividends on its common stock:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Declaration Date** |  | **Record Date** |  | **Payable Date** |  | **Per Share** | |  |
| February 22, 2018 |  | April 2, 2018 |  | April 16, 2018 |  | $ | 0.43 |  |
| May 11, 2018 |  | July 2, 2018 |  | July 16, 2018 |  | $ | 0.43 |  |
| August 16, 2018 |  | October 1, 2018 |  | October 15, 2018 |  | $ | 0.43 |  |
| December 13, 2018 |  | January 2, 2019 |  | January 15, 2019 |  | $ | 0.43 |  |
| February 21, 2019 |  | April 1, 2019 |  | April 15, 2019 |  | $ | 0.44 |  |
| May 16, 2019 |  | July 1, 2019 |  | July 16, 2019 |  | $ | 0.44 |  |
| August 15, 2019 |  | October 1, 2019 |  | October 15, 2019 |  | $ | 0.44 |  |
| December 12, 2019 |  | January 6, 2020 |  | January 15, 2020 |  | $ | 0.44 |  |

In order to qualify as a REIT, we are generally required each year to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains), and we will be subject to tax to the extent our net taxable income (including net capital gains) is not fully distributed. While we intend to continue paying regular quarterly cash dividends at levels expected to fully distribute our annual REIT taxable income, future dividends will be paid at the discretion of our Board of Directors and will depend on our future earnings, our capital requirements, our financial condition, limitations under debt covenants, opportunities for alternative uses of capital, the annual distribution requirements under the REIT provisions of the Code, and on such other factors as our Board of Directors may consider relevant.

**Issuer Purchases of Equity Securities**

None.

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| **ITEM 6.** | **SELECTED FINANCIAL DATA.** |

The following selected financial data for the five years ended December 31, 2019, was derived from our consolidated financial statements and the related notes thereto.  This data should be read in conjunction with our audited consolidated financial statements, including the related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations."  Our audited consolidated financial statements, including the related notes, as of December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018, and 2017 are included in this Annual Report.

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SELECTED HISTORICAL FINANCIAL INFORMATION**

(in thousands, except per share data)

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |  | **2016** | |  |  | **2015** | |  |
| STATEMENT OF OPERATIONS: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues |  | **$** | **1,980,689** |  |  | $ | 1,835,766 |  |  | $ | 1,765,498 |  |  | $ | 1,849,785 |  |  | $ | 1,793,087 |  |
| Expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating |  |  | **1,422,769** |  |  |  | 1,315,250 |  |  |  | 1,249,537 |  |  |  | 1,275,586 |  |  |  | 1,256,128 |  |
| General and administrative |  |  | **127,078** |  |  |  | 106,865 |  |  |  | 107,822 |  |  |  | 107,027 |  |  |  | 103,936 |  |
| Depreciation and amortization |  |  | **144,572** |  |  |  | 156,501 |  |  |  | 147,129 |  |  |  | 166,746 |  |  |  | 151,514 |  |
| Contingent consideration for acquisition      of businesses |  |  | **—** |  |  |  | 6,085 |  |  |  | — |  |  |  | — |  |  |  | — |  |
| Restructuring charges |  |  | **—** |  |  |  | **—** |  |  |  | **—** |  |  |  | 4,010 |  |  |  | — |  |
| Asset impairments |  |  | **4,706** |  |  |  | 1,580 |  |  |  | 614 |  |  |  | — |  |  |  | 955 |  |
|  |  |  | **1,699,125** |  |  |  | 1,586,281 |  |  |  | 1,505,102 |  |  |  | 1,553,369 |  |  |  | 1,512,533 |  |
| Operating income |  |  | **281,564** |  |  |  | 249,485 |  |  |  | 260,396 |  |  |  | 296,416 |  |  |  | 280,554 |  |
| Other (income) expense: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  |  | **84,401** |  |  |  | 80,753 |  |  |  | 68,535 |  |  |  | 67,755 |  |  |  | 49,696 |  |
| Expenses associated with debt refinancing     transactions |  |  | **602** |  |  |  | 1,016 |  |  |  | — |  |  |  | — |  |  |  | 701 |  |
| Other (income) expense |  |  | **(164** | **)** |  |  | 156 |  |  |  | (90 | ) |  |  | 489 |  |  |  | (58 | ) |
|  |  |  | **84,839** |  |  |  | 81,925 |  |  |  | 68,445 |  |  |  | 68,244 |  |  |  | 50,339 |  |
| Income from continuing operations before income     taxes |  |  | **196,725** |  |  |  | 167,560 |  |  |  | 191,951 |  |  |  | 228,172 |  |  |  | 230,215 |  |
| Income tax expense |  |  | **(7,839** | **)** |  |  | (8,353 | ) |  |  | (13,911 | ) |  |  | (8,253 | ) |  |  | (8,361 | ) |
| Net income |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |  | $ | 219,919 |  |  | $ | 221,854 |  |
| Basic earnings per share |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.51 |  |  | $ | 1.87 |  |  | $ | 1.90 |  |
| Diluted earnings per share |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.50 |  |  | $ | 1.87 |  |  | $ | 1.88 |  |
| Weighted average common shares outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  | **119,028** |  |  |  | 118,544 |  |  |  | 118,084 |  |  |  | 117,384 |  |  |  | 116,949 |  |
| Diluted |  |  | **119,164** |  |  |  | 118,716 |  |  |  | 118,465 |  |  |  | 117,791 |  |  |  | 117,785 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | | | | | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |  | **2016** | |  |  | **2015** | |  |
| BALANCE SHEET DATA: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total assets |  | **$** | **3,791,631** |  |  | $ | 3,655,660 |  |  | $ | 3,272,398 |  |  | $ | 3,271,604 |  |  | $ | 3,356,018 |  |
| Total debt |  | **$** | **1,959,372** |  |  | $ | 1,801,676 |  |  | $ | 1,447,187 |  |  | $ | 1,445,169 |  |  | $ | 1,452,077 |  |
| Total liabilities |  | **$** | **2,414,882** |  |  | $ | 2,240,601 |  |  | $ | 1,820,790 |  |  | $ | 1,812,641 |  |  | $ | 1,893,270 |  |
| Stockholders' equity |  | **$** | **1,376,749** |  |  | $ | 1,415,059 |  |  | $ | 1,451,608 |  |  | $ | 1,458,963 |  |  | $ | 1,462,748 |  |

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| --- | --- |
| **ITEM 7.** | **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.** |

*The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Annual Report on Form 10-K, or this Annual Report*.  *In this Annual Report, we use the term, the "Company," "CoreCivic," "we," "us," and "our" to refer to CoreCivic, Inc. and its subsidiaries unless context indicates otherwise.* *This discussion contains forward-looking statements that involve risks and uncertainties.  Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those described under Item 1A, "Risk Factors" and included in other portions of this report.*

**OVERVIEW**

We are a diversified government solutions company with the scale and experience needed to solve tough government challenges in flexible, cost-effective ways.  Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, we provide a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions.  We have been a flexible and dependable partner for government for more than 35 years.  Our employees are driven by a deep sense of service, high standards of professionalism and a responsibility to help government better the public good.

As of December 31, 2019, through our CoreCivic Safety segment, we operated 50 correctional and detention facilities, 43 of which we owned, with a total design capacity of approximately 73,000 beds. Through our CoreCivic Community segment, we owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds.  In addition, through our CoreCivic Properties segment, we owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.  We are the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States.  We also believe we are the largest private owner of real estate used by U.S. government agencies.  Our size and experience provide us with significant credibility with our current and prospective customers, and enable us to generate economies of scale in purchasing power for food services, health care and other supplies and services we offer to our government partners.

We are structured as a real estate investment trust, or REIT.  We began operating as a REIT effective January 1, 2013. See Item 1, "Business – Overview" for a description of how we are organized and how we provide correctional services and conduct other operations through taxable REIT subsidiaries, or TRSs, in order to comply with REIT qualification requirements.

***Our Business***

Through our CoreCivic Safety and CoreCivic Community segments, we are compensated for providing bed capacity and correctional, detention, and residential reentry services at a per diem rate based upon actual or minimum guaranteed occupancy levels.  Federal, state, and local governments are constantly under budgetary constraints putting pressure on governments to control correctional budgets, including per diem rates our customers pay to us as well as pressure on appropriations for building new prison capacity.

The solutions we provide to our federal customers continue to be a significant component of our business. We believe our ability to provide flexible solutions and fulfill emergent needs of our federal customers would be very difficult and costly to replicate in the public sector.

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Several of our state partners have experienced improvements in their budgets which has helped us secure recent per diem increases at certain facilities.  Further, several of our existing state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged and inefficient infrastructure, or are seeking cost savings by utilizing the private sector.  Although we can provide no assurance that we will enter into any new contracts, we believe we are well positioned to provide states with needed bed capacity, as well as the programming and reentry services they are seeking. Since the beginning of 2018, we have completed the intake of new inmate populations as a result of new contracts with Kansas, Kentucky, Ohio, Nevada, South Carolina, and Vermont, while Wyoming began utilizing an existing contract it had not utilized in nearly a decade.

We believe the long-term growth opportunities of our business remain attractive as government agencies consider their emergent needs, as well as the efficiency and offender programming opportunities we provide, as flexible solutions to satisfy our partners' needs.  Further, we expect our partners to continue to face challenges in maintaining old facilities, developing new facilities, and expanding current facilities for additional capacity, which could result in increased future demand for the solutions we provide.

Governments continue to experience many significant spending demands which have constrained correctional budgets limiting their ability to expand existing facilities or construct new facilities. We believe the outsourcing of corrections and detention management services to private operators allows governments to manage increasing inmate populations while simultaneously controlling costs.  We believe our customers discover that partnering with private operators to provide residential services to their offenders introduces competition to their correctional system, resulting in improvements to the quality and cost of services throughout their correctional system.  Further, the use of facilities owned and managed by private operators allows governments to expand correctional capacity without incurring large capital commitments and allows them to avoid long-term pension obligations for their employees.

We also believe that having beds immediately available to our partners provides us with a distinct competitive advantage when bidding on new contracts.  We believe the most significant opportunities for growth are in providing our government partners with available beds within facilities we currently own or that we will develop.  Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new correctional or detention capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, like the recent expansion of our Otay Mesa Detention Center in San Diego, California.We expanded the Otay Mesa facility by 512 beds as a result of long-standing demand from the United States Marshals Service, or the USMS, and the U.S. Immigration and Customs Enforcement, or ICE, and limited detention capacity in the Southwest region of the United States.  The expansion was completed during the third quarter of 2019 at an estimated cost of approximately $39.0 million.  Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity. We also believe that owning the facilities in which we provide management services enables us to more rapidly replace business lost compared with managed-only facilities, since we can offer the same beds to new and existing customers and, with customer consent, may have more flexibility in moving our existing populations to facilities with available capacity.  Our management contracts generally provide our customers with the right to terminate our management contracts at any time without cause.

We are actively engaged in marketing our available capacity as solutions to meet the needs of potential customers. Historically, we have been successful in substantially filling our inventory of available beds and the beds that we have constructed. For example, pursuant to a new management contract we executed in November 2017, the Commonwealth of Kentucky began utilizing our 816-bed Lee Adjustment Center in Kentucky, one of our previously idled prison facilities, in the first quarter of 2018, and we completed the activation in the third quarter of 2018.  More recently, in the second quarter of 2019, we announced that we entered into new contracts under inter-governmental service agreements, or IGSAs, with ICE at our previously idled 910-bed Torrance County Detention Facility in New Mexico and with the USMS at our previously idled 1,422-bed Eden Detention Center in Texas.  Filling these available beds could provide substantial growth in revenues, cash flow, and earnings per share.  However, we can provide no assurance that we will be able to fill our available beds.

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We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders.

We also remain steadfast in our efforts to contain costs.  Approximately 60% of our operating expenses consist of salaries and benefits.  The turnover rate for correctional officers for our company, and for the corrections industry in general, remains high.  We are making investments in systems and processes intended to help manage our workforce more efficiently and effectively, especially with respect to overtime and costs of turnover.  We are also focused on workers' compensation and medical benefits costs for our employees due to continued rising healthcare costs throughout the country.  Effectively managing these staffing costs requires a long-term strategy to control such costs, and we continue to dedicate resources to enhance our benefits, provide specialized training and career development opportunities to our staff in order to attract and retain quality personnel. Through ongoing company-wide initiatives, we continue to focus on efforts to manage costs and improve operating efficiencies.

Through the combination of our initiatives to (i) increase our revenues by increasing the utilization of our available beds, (ii) deliver new bed capacity through new facility construction and expansion opportunities, (iii) invest in real estate-only solutions, (iv) acquire community corrections facilities, (v) acquire other businesses that expand the range of solutions we provide to government partners and diversify our cash flows, and (vi) contain our operating expenses, we believe we will be able to maintain our competitive advantage and continue to diversify the range of services we provide to our customers at an attractive price, thereby producing value for our stockholders.

**CRITICAL ACCOUNTING POLICIES**

The consolidated financial statements in this report are prepared in conformity with U.S. generally accepted accounting principles, or GAAP.  As such, we are required to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available.  These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.  A summary of our significant accounting policies is described in Note 2 of the Notes to the Consolidated Financial Statements contained in this Annual Report.  The significant accounting policies and estimates which we believe are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

*Asset impairments.* The primary risk we face for asset impairment charges, excluding goodwill, is associated with facilities we own.  As of December 31, 2019, we had $2.7 billion in property and equipment, including $136.3 million in long-lived assets, excluding equipment, at five idled CoreCivic Safety correctional facilities.  The carrying values of the five idled facilities as of December 31, 2019 were as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Prairie Correctional Facility |  | $ | 14,863 |  |
| Huerfano County Correctional Center |  |  | 16,266 |  |
| Diamondback Correctional Facility |  |  | 39,729 |  |
| Marion Adjustment Center |  |  | 11,351 |  |
| Kit Carson Correctional Center |  |  | 54,041 |  |
|  |  | $ | 136,250 |  |

As of December 31, 2019, we also had two idled non-core facilities in our Safety segment containing 440 beds with an aggregate net book value of $3.8 million; two facilities in our Community segment that became idle during 2019, as further described hereafter, containing an aggregate of 381 beds with an aggregate net book value of $6.5 million; and three previously leased residential reentry centers in our Properties segment that became idle in 2019, as further described hereafter, containing an aggregate of 430 beds with an aggregate net book value of $9.3 million.

We incurred approximately $8.0 million, $8.2 million, and $8.9 million in operating expenses at these idled facilities for the years ended December 31, 2019, 2018, and 2017, respectively.

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During the second quarter of 2019, we idled a residential reentry center in Oklahoma due to declining utilization from the state of Oklahoma and the consolidation of residents into our other reentry facilities located in the state.  Further, we received notice during the second quarter of 2019 of the Federal Bureau of Prisons', or the BOP, decision to award the rebid of a contract at one of our residential reentry facilities in Arizona to another operator.  The residential reentry facility in Arizona was idled in the third quarter of 2019 upon expiration of its contract with the BOP on August 31, 2019.  As a result of these residential reentry centers becoming idle, we tested the facilities for impairment during the second quarter of 2019.  We concluded that the residential reentry facility in Oklahoma had a recoverable value in excess of the corresponding carrying value.  We concluded that the residential reentry facility in Arizona would likely be marketed for use other than as a residential reentry facility, and recorded an asset impairment of $4.3 million in the second quarter of 2019 to reduce the carrying value of the facility to its estimated fair value as a commercial real estate property.

During the third quarter of 2019, leases at three single-tenant residential reentry centers in our CoreCivic Properties segment expired and were not renewed. The three properties located in Pennsylvania total approximately 54,000 square feet and contain an aggregate of 430 beds with an aggregate net book value of $9.3 million as of December 31, 2019.  We have begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility.  As a result of the expiration of the leases at the three properties located in Pennsylvania, we tested the facilities for impairment during the third quarter of 2019.  We concluded that each of the properties had a recoverable value in excess of the corresponding carrying value.

We evaluate the recoverability of the carrying values of our long-lived assets, other than goodwill, when events suggest that an impairment may have occurred.  Such events primarily include, but are not limited to, the termination of a management contract, a significant decrease in populations within a facility we own, and the expiration and non-renewal of lease agreements in our CoreCivic Properties segment.  Accordingly, we tested each of the idled properties for impairment when we were notified by the respective customers or tenants that they would no longer be utilizing such facility or property.

We re-perform the impairment analyses on an annual basis for each of the idle facilities or properties as well as any other properties indicating indicators of impairment. In performing our annual impairment analyses, the estimates of recoverability are initially based on projected undiscounted cash flows that are comparable to historical cash flows from management contracts or lease agreements at facilities similar to the idled facilities, including historical operations for the idled facilities when such facilities were operating. Our impairment evaluations also take into consideration our historical experience in securing new management contracts to utilize correctional facilities that had been previously idled for substantial periods of time.  Such previously idled correctional facilities are currently being operated under contracts that continue to generate cash flows resulting in the recoverability of the net book value of the previously idled facilities by material amounts. We also perform sensitivity analyses that consider reductions to such cash flows. Our sensitivity analyses included reductions in projected cash flows by as much as half of the historical cash flows generated by the respective facility as well as prolonged periods of vacancies.  In all cases, the projected undiscounted cash flows in our analyses as of December 31, 2019, exceeded the carrying amounts of each facility.

We also evaluate on a quarterly basis market developments for the potential utilization of each of these facilities in order to identify events that may cause us to reconsider our most recent assumptions.  Such events could include negotiations with a prospective customer for the utilization of an idle facility at terms significantly less favorable than those used in our most recent impairment analysis, or changes in legislation surrounding a particular facility that could impact our ability to care for certain types of populations at such facility, or a demolition or substantial renovation of a facility.  Further, a substantial increase in the number of available beds at other facilities we own could lead to a deterioration in market conditions and cash flows that we might be able to obtain under a new contract at our idle facilities. Although they are not frequently received, an unsolicited offer to purchase any of our idle facilities at amounts that are less than the carrying value could also cause us to reconsider the assumptions used in our most recent impairment analysis.

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We can provide no assurance that we will be able to secure agreements to utilize our idle properties, or that we will not incur impairment charges in the future. By their nature, these estimates contain uncertainties with respect to the extent and timing of the respective cash flows due to potential delays or material changes to historical terms and conditions in contracts with prospective customers that could impact the estimate of cash flows.  With respect to idle correctional facilities, we believe the long-term trends favor an increase in the utilization of our correctional facilities and management services.  This belief is based on our experience in working with governmental agencies faced with significant budgetary challenges, which is a primary contributing factor to the lack of appropriated funding since 2009 to build new bed capacity by the federal and state governments with which we partner. Due to a variety of factors, the lead time to negotiate contracts with our federal and state partners to utilize idle bed capacity at correctional facilities is generally lengthy.

To further illustrate our historical experience in securing new management contracts to utilize idle beds in our correctional facilities, the following are examples of new contracts we secured during 2019.

On May 1, 2019, the BOP announced that it elected not to renew the contract at our Adams County Correctional Center in Adams County, Mississippi.  On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees. On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 31, 2019, was extended to August 30, 2019. On September 3, 2019, we announced that we had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility.  The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.  Either party may terminate the contract with 120 days' written notice.  ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, we cared for approximately 850 detainees from ICE at the Adams facility.  As a result of the transition at this facility, we performed an impairment analysis of the Adams facility, which had a net carrying value of $96.5 million as of December 31, 2019, and concluded that this asset has a recoverable value in excess of the carrying value.

On May 16, 2019, we announced that we entered into a new contract under an IGSA between Torrance County, New Mexico and ICE to activate our 910-bed Torrance County Detention Facility in Estancia, New Mexico.  The Torrance facility had previously been idle since 2017 and had a net carrying value of $34.0 million as of December 31, 2019.  The new management contract commenced on May 15, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.  Either party may terminate the contract with 120 days' written notice**.**We began accepting ICE detainee populations into the Torrance facility in the third quarter of 2019 and, as of December 31, 2019, cared for approximately 300 detainees at the facility.

On May 23, 2019, we announced that we entered into a new contract under an IGSA between the City of Eden, Texas and the United States Marshals Service, or USMS, to activate our 1,422-bed Eden Detention Center in Eden, Texas.  The new agreement also permits ICE to utilize capacity at the facility at any time in the future.  The Eden facility had previously been idle since 2017 and had a net carrying value of $37.0 million as of December 31, 2019.  The new management contract commenced on June 1, 2019, and has an indefinite term.  Either party may terminate the contract with 30 days' written notice.  We began accepting populations into the Eden facility in the third quarter of 2019 and, as of December 31, 2019, cared for an aggregate of approximately 1,000 detainees at the facility.

On December 9, 2019, we entered into a lease with the Commonwealth of Kentucky Department of Corrections, or KYDOC, for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options.  The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012 and had a net carrying value of $20.3 million as of December 31, 2019.

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*Goodwill impairments*.  As of December 31, 2019 and 2018, we had $50.5 million and $48.2 million, respectively, of goodwill, established in connection with multiple business combination transactions.  We evaluate the carrying value of goodwill annually and whenever circumstances indicate the carrying value of goodwill may be impaired.  Under the provisions of Accounting Standards Update, or ASU, 2017-04, "Intangibles–Goodwill and Other (Topic 350): Simplifying the Test of Goodwill Impairment," we perform a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.  If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment test is not necessary.  If a quantitative test is required, we perform an assessment to identify the existence of impairment and to measure the excess of a reporting unit's carrying amount over its fair value by using a combination of various common valuation techniques, including the income approach and market approach.  The income approach valuation includes certain significant assumptions impacting projected future cash flows, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations about future market or economic conditions.  By their nature, valuation techniques are subject to considerable judgment and require estimates of future cash flows as well as other factors, which are often difficult to predict.  Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Accordingly, we may incur goodwill impairment charges in the future.

*Self-funded insurance reserves*.  As of December 31, 2019 and 2018, we had $41.9 million and $35.1 million, respectively, in accrued liabilities for employee health, workers' compensation, and automobile insurance claims.  We are significantly self-insured for employee health, workers' compensation, and automobile liability insurance claims.  As such, our insurance expense is largely dependent on claims experience and our ability to control our claims.  We have consistently accrued the estimated liability for employee health insurance claims based on our history of claims experience and the estimated time lag between the incident date and the date we pay the claims.  We have accrued the estimated liability for workers' compensation claims based on an actuarial valuation of the outstanding liabilities, discounted to the net present value of the outstanding liabilities, using a combination of actuarial methods used to project ultimate losses, and our automobile insurance claims based on estimated development factors on claims incurred. The liability for employee health, workers' compensation, and automobile insurance includes estimates for both claims incurred and for claims incurred but not reported.  These estimates could change in the future.  It is possible that future cash flows and results of operations could be materially affected by changes in our assumptions, new developments, or by the effectiveness of our strategies.

*Legal reserves.*  As of December 31, 2019 and 2018, we had $14.1 million and $13.9 million, respectively, in accrued liabilities under the provisions of Accounting Standards Codification Subtopic 450-20, "Loss Contingencies," or ASC 450, related to certain claims and legal proceedings in which we are involved.  We have accrued our best estimate of the probable costs for the resolution of these claims.  In addition, we are subject to current and potential future claims and legal proceedings for which little or no accrual has been reflected because our current assessment of the potential exposure is nominal.  These estimates have been developed in consultation with our General Counsel's office and, as appropriate, outside counsel handling these matters, and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies.  It is possible that future cash flows and results of operations could be materially affected by changes in our assumptions, new developments, or by the effectiveness of our litigation and settlement strategies.

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**RESULTS OF OPERATIONS**

Our results of operations are impacted by the number of correctional and detention facilities we operated, including 43 we owned and seven owned by our government partners (CoreCivic Safety), the number of residential reentry centers we owned and operated (CoreCivic Community), the number of facilities we leased to other operators (CoreCivic Properties), and the facilities we owned that were not in operation.  The following table sets forth the changes in the number of facilities operated for the years ended December 31, 2019 and 2018.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Effective** |  | **CoreCivic** | | | | | | | | | |  |  |  |  |  |
|  |  | **Date** |  | **Safety** | |  |  | **Community** | |  |  | **Properties** | |  |  | **Total** | |  |
| Facilities as of December 31, 2017 |  |  |  |  | 51 |  |  |  | 26 |  |  |  | 12 |  |  |  | 89 |  |
| Acquisition of a leased property     in Florida |  | January 2018 |  |  | — |  |  |  | — |  |  |  | 1 |  |  |  | 1 |  |
| Acquisition of a portfolio of leased     properties in Arkansas,  Missouri,     Oklahoma, Tennessee and Texas |  | July 2018 |  |  | — |  |  |  | — |  |  |  | 12 |  |  |  | 12 |  |
| Acquisition of a leased property in     Maryland |  | August 2018 |  |  | — |  |  |  | — |  |  |  | 1 |  |  |  | 1 |  |
| Acquisition of a leased property in Ohio |  | September 2018 |  |  | — |  |  |  | — |  |  |  | 1 |  |  |  | 1 |  |
| Facilities as of December 31, 2018 |  |  |  |  | 51 |  |  |  | 26 |  |  |  | 27 |  |  |  | 104 |  |
| Acquisition of the South Raleigh Reentry    Center in North Carolina |  | February 2019 |  |  | — |  |  |  | 1 |  |  |  | — |  |  |  | 1 |  |
| Acquisition of a leased property in    Michigan |  | May 2019 |  |  | — |  |  |  | — |  |  |  | 1 |  |  |  | 1 |  |
| Sale of a leased property in Pennsylvania |  | June 2019 |  |  | — |  |  |  | — |  |  |  | (1 | ) |  |  | (1 | ) |
| Acquisition of certain assets of    Rehabilitation Services, Inc. |  | December 2019 |  |  | — |  |  |  | 2 |  |  |  | — |  |  |  | 2 |  |
| Lease of the Southeast Correctional    Complex |  | December 2019 |  |  | (1 | ) |  |  | — |  |  |  | 1 |  |  |  | — |  |
| **Facilities as of December 31, 2019** |  |  |  |  | **50** |  |  |  | **29** |  |  |  | **28** |  |  |  | **107** |  |

**Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018**

During the year ended December 31, 2019, we generated net income of $188.9 million, or $1.59 per diluted share, compared with net income of $159.2 million, or $1.34 per diluted share, for the previous year.  Financial results in 2019 and 2018 were impacted by several non-routine transactions.  Results for 2019 included a $4.1 million gain, net of taxes, for the settlement of a contractual dispute with respect to revenues that would have been recognized during the previous several years.  In addition, net income for 2019 and 2018 included $4.7 million and $1.6 million, respectively, of asset impairments and $0.6 million and $1.0 million, respectively, of expenses associated with debt refinancing transactions.  Financial results in 2018 were also impacted by income tax charges of $1.0 million resulting from the Tax Cuts and Jobs Act, or the TCJA, enacted in the fourth quarter of 2017, as further described hereafter.  Financial results in 2018 also reflected a charge of $6.1 million for contingent consideration associated with an acquisition of a business, as further described hereafter.

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**Our Current Operations**

Our ongoing operations are organized into three principal business segments:

|  |  |  |
| --- | --- | --- |
|  | • | CoreCivic Safety segment, consisting of the 50 correctional and detention facilities that are owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by third parties but managed by CoreCivic. CoreCivic Safety also includes the operating results of our subsidiary that provides transportation services to governmental agencies, TransCor America, LLC, or TransCor. |

|  |  |  |
| --- | --- | --- |
|  | • | CoreCivic Community segment, consisting of the 29 residential reentry centers that are owned, or controlled via a long-term lease, and managed by CoreCivic.  CoreCivic Community also includes the operating results of our electronic monitoring and case management services. |

|  |  |  |
| --- | --- | --- |
|  | • | CoreCivic Properties segment, consisting of the 28 real estate properties owned by CoreCivic for lease to third parties and used by government agencies. |

For the years ended December 31, 2019 and 2018, our total facility net operating income was divided among our three business segments as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| **Segment:** |  |  |  |  |  |  |  |  |
| Safety |  |  | 85.2 | % |  |  | 87.1 | % |
| Community |  |  | 5.0 | % |  |  | 4.8 | % |
| Properties |  |  | 9.8 | % |  |  | 8.1 | % |

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***Facility Operations***

A key performance indicator we use to measure the revenue and expenses associated with the operation of the correctional, detention, and residential reentry facilities we own or manage is expressed in terms of a compensated man-day, which represents the revenue we generate and expenses we incur for one offender for one calendar day.  Revenue and expenses per compensated man-day are computed by dividing facility revenue and expenses by the total number of compensated man-days during the period.  A compensated man-day represents a calendar day for which we are paid for the occupancy of an offender. We believe the measurement is useful because we are compensated for operating and managing facilities at an offender per-diem rate based upon actual or minimum guaranteed occupancy levels.  We also measure our costs on a per-compensated man-day basis, which is largely dependent upon the number of offenders we accommodate.  Further, per compensated man-day measurements are also used to estimate our potential profitability based on certain occupancy levels relative to design capacity.  Revenue and expenses per compensated man-day for all of the correctional, detention, and residential reentry facilities placed into service that we owned or managed, exclusive of those held for lease, and for TransCor were as follows for the years ended December 31, 2019 and 2018:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| Revenue per compensated man-day |  | **$** | **79.72** |  |  | $ | 76.50 |  |
| Operating expenses per compensated man-day: |  |  |  |  |  |  |  |  |
| Fixed expense |  |  | **42.20** |  |  |  | 40.40 |  |
| Variable expense |  |  | **16.11** |  |  |  | 16.30 |  |
| Total |  |  | **58.31** |  |  |  | 56.70 |  |
| Operating income per compensated man-day |  | **$** | **21.41** |  |  | $ | 19.80 |  |
| Operating margin |  |  | **26.9** | **%** |  |  | 25.9 | % |
| Average compensated occupancy |  |  | **81.9** | **%** |  |  | 80.7 | % |
| Average available beds |  |  | **78,236** |  |  |  | 78,047 |  |
| Average compensated population |  |  | **64,107** |  |  |  | 63,012 |  |

Prior to the adoption of ASU 2016-02, "Leases (Topic 842)" and ASU 2018-11, "Targeted Improvements – Leases (Topic 842)", cumulatively ASC 842, on January 1, 2019, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense for financial reporting purposes in accordance with ASC 840-40-55, formerly Emerging Issues Task Force No. 97-10, "The Effect of Lessee Involvement in Asset Construction."  Accordingly, fixed expenses per compensated man-day in 2018 include depreciation expense of $16.5 million and interest expense of $5.6 million in order to more properly reflect the cash flows associated with the lease at the South Texas Family Residential Center.  Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.

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*Revenue*

Total revenue consists of management revenue we generate through CoreCivic Safety and CoreCivic Community in the operation of correctional, detention, and residential reentry facilities, as well as the revenue we generate from TransCor and our electronic monitoring and case management services.  Total revenue also consists of rental revenue we generate through CoreCivic Properties from facilities we lease to third-party operators.  The following table reflects the components of revenue for the years ended December 31, 2019 and 2018 (in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | |  |  |  |  |  |  |  |  |  |
|  |  | **2019** | |  |  | 2018 | |  |  | **$ Change** | |  |  | **% Change** | |  |
| Management revenue: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Federal |  | **$** | **1,013.8** |  |  | $ | 891.0 |  |  | $ | 122.8 |  |  |  | 13.8 | % |
| State |  |  | **673.4** |  |  |  | 706.8 |  |  |  | (33.4 | ) |  |  | (4.7 | %) |
| Local |  |  | **102.9** |  |  |  | 99.9 |  |  |  | 3.0 |  |  |  | 3.0 | % |
| Other |  |  | **113.1** |  |  |  | 80.1 |  |  |  | 33.0 |  |  |  | 41.2 | % |
| Total management revenue |  |  | **1,903.2** |  |  |  | 1,777.8 |  |  |  | 125.4 |  |  |  | 7.1 | % |
| Rental revenue |  |  | **77.3** |  |  |  | 57.9 |  |  |  | 19.4 |  |  |  | 33.5 | % |
| Other revenue |  |  | **0.2** |  |  |  | 0.1 |  |  |  | 0.1 |  |  |  | 100.0 | % |
| Total revenue |  | **$** | **1,980.7** |  |  | $ | 1,835.8 |  |  | $ | 144.9 |  |  |  | 7.9 | % |

The $125.4 million, or 7.1%, increase in total management revenue was primarily a result of an increase in revenue of approximately $31.9 million driven by an increase in the average daily compensated population.  The increase in total management revenue was also a result of an increase in revenue of approximately $93.5 million driven primarily by an increase of 3.9% in average revenue per compensated man-day, the acquisition of Recovery Monitoring Solutions Corporation, or RMSC, an electronic monitoring and case management subsidiary, in the fourth quarter of 2018, and the gain for the settlement of a contractual dispute recognized in the third quarter of 2019, as previously discussed herein.  The increase in average revenue per compensated man-day was primarily the result of the effect of per diem increases at several of our facilities as well as a higher mix of federal populations at higher per diem rates.

Average daily compensated population increased 1,095, or 1.7%, to 64,107 in 2019 compared to 63,012 in 2018. Average daily compensated population increased primarily as a result of additional populations from the USMS and ICE. Populations from ICE were particularly elevated during the second and third quarters of 2019 as Southwest border apprehensions by ICE reached the highest levels in over a decade.  We do not currently expect this trend to recur in 2020. The new contract with the KYDOC to care for medium and close-security offenders at our previously idled 816-bed Lee Adjustment Center in Kentucky also contributed to the increase in average daily compensated population. The new contract with the KYDOC commenced on November 19, 2017, and we began receiving offenders at the Lee facility late in the first quarter of 2018. These average daily compensated population increases were partially offset by the continued and anticipated transfer of California inmates held in our out-of-state facilities back to the state of California, which was completed during the second quarter of 2019.

The solutions we provide to our federal customers, including primarily ICE, the USMS, and the BOP, continue to be a significant component of our business.  Our federal customers generated approximately 51% and 48% of our total revenue in 2019 and 2018, respectively, increasing $122.8 million, or 13.8%.  The increase in federal revenues in 2019 primarily resulted from the combined effect of per diem increases for several of our federal contracts and a net increase in federal populations at certain other facilities, primarily from the USMS and ICE.  New contracts with the USMS at our Tallahatchie County Correctional Facility and with ICE at our La Palma Correctional Center executed in June 2018 and July 2018, respectively, contributed to these higher federal populations.  The aforementioned new IGSAs with ICE at our previously idled Torrance facility and with the USMS at our previously idled Eden facility, both entered into in the second quarter of 2019, also contributed to the higher federal populations in 2019.  Revenue in 2019 also includes $2.0 million recognized in the third quarter of 2019 for a performance bonus earned under the contract with the BOP at our Adams County Correctional Center.

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State revenues from contracts at correctional, detention, and residential reentry facilities that we operate decreased $33.4 million, or 4.7%, from 2018 to 2019.  The decrease in state revenues was primarily a result of a continued, and anticipated, transfer back to the state of California of all of the California inmates held in our out-of-state facilities, which was completed during the second quarter of 2019, as further described hereafter. The decrease in state revenues was partially offset by new contracts with the KYDOC at our Lee Adjustment Center and the state of Ohio at our Northeast Ohio Correctional Center, and by new contracts with the states of Vermont, Wyoming and South Carolina at our Tallahatchie County Correctional Facility, as previously discussed herein.  Per diem increases pursuant to numerous other state contracts and a net increase in state populations at certain other facilities also contributed to the offset.

On August 9, 2019, we entered into a new contract with the Kansas Department of Corrections, or KDOC, pursuant to a Request for Proposal issued by the KDOC to provide housing for up to 600 adult male offenders of medium security or higher.  The new contract commenced on August 1, 2019, and has an initial term of one year, with two additional one-year extension options thereafter upon mutual agreement.  On December 31, 2019, we cared for 120 offenders from the KDOC at our 1,896-bed Saguaro Correctional Facility in Eloy, Arizona, where we also care for inmates from Hawaii.  The contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under this contract to another correctional facility we operate.

The $33.0 million, or 41.2%, increase in other management revenue from 2018 to 2019 was primarily a result of the acquisition of RMSC in the fourth quarter of 2018 and the gain for the settlement of a contractual dispute recognized in the third quarter of 2019, as previously discussed herein.

The $19.4 million, or 33.5%, increase in rental revenue from 2018 to 2019 was primarily a result of acquisitions in 2018 and 2019 of multiple properties leased to third parties, as further described hereafter.

*Operating Expenses*

Operating expenses totaled $1,422.8 million and $1,315.3 million in 2019 and 2018, respectively. Operating expenses consist of those expenses incurred in the operation and management of correctional, detention, and residential reentry facilities, as well as those expenses incurred in the operations of TransCor and our electronic monitoring and case management services.  Operating expenses also consist of those expenses incurred in the operation of facilities we lease to third-party operators.

Expenses incurred by CoreCivic Safety and CoreCivic Community in connection with the operation and management of our correctional, detention, and residential reentry facilities, as well as those incurred in the operations of TransCor and our electronic monitoring and case management services, increased $100.0 million, or 7.7%, during 2019 compared with 2018.  Similar to our management revenue, there were several factors that contributed to the increase in operating expenses incurred in these segments in 2019. The additional operating expenses resulting from the activation of our previously idled Lee Adjustment Center due to a new contract award from the KYDOC and the new contracts at our Tallahatchie facility contributed to the increase in operating expenses.  Additional expenses resulting from the acquisition of RMSC in the fourth quarter of 2018 also contributed to the increase in operating expenses.  In addition, operating expenses also increased due to activation expenses incurred in connection with the aforementioned new IGSAs with ICE and the USMS at our previously idled Torrance and Eden facilities, respectively.  Operating expenses also increased as a result of the aforementioned adoption of ASC 842 on January 1, 2019. Prior to adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense in accordance with ASC 840-40-55. The aggregate depreciation and interest expense associated with the lease at the South Texas Family Residential Center for 2018 totaled $22.1 million.  Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.  The increase in operating expenses in 2019 was partially offset by a decrease in operating expenses at our Adams County Correctional Center as a result of the transition of contracts from the BOP to ICE at the facility, as previously discussed herein.

Total expenses per compensated man-day increased to $58.31 during 2019 from $56.70 during 2018.  Fixed expenses per compensated man-day increased to $42.20 during 2019 from $40.40 during 2018.  The increase in fixed expenses per compensated man-day was primarily due to increases in salaries and benefits expenses, including staffing expenses associated with the aforementioned activation of operations at our Torrance and Eden facilities.

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As the economy has improved and the nation's unemployment rate has declined, we have experienced wage pressures in certain markets across the country, and have provided wage increases to remain competitive.  These wage pressures contributed to the increase in fixed expenses per compensated man-day during 2019 when compared to 2018. We continually monitor compensation levels very closely along with overall economic conditions and will set wage levels necessary to help ensure the long-term success of our business.  Further, we continually evaluate the structure of our employee benefits package and training programs to ensure we are better able to attract and retain our employees.  Salaries and benefits represent the most significant component of our operating expenses, representing approximately 60% of our total operating expenses during both 2019 and 2018.

Operating expenses incurred by CoreCivic Properties in connection with facilities we lease to third-party operators increased $7.4 million, or 47.9%, during 2019 when compared to 2018.  The increase in expenses in this segment was primarily the result of acquisitions in 2018 and 2019 of multiple properties leased to third parties.

*Facility Management Contracts*

We enter into facility management contracts to provide bed capacity and management services to governmental entities in our CoreCivic Safety and CoreCivic Community segments for terms typically ranging from three to five years, with additional renewal periods at the option of the contracting governmental agency. Accordingly, a substantial portion of our facility contracts are scheduled to expire each year, notwithstanding contractual renewal options that a government agency may exercise. Although we generally expect these customers to exercise renewal options or negotiate new contracts with us, one or more of these contracts may not be renewed by the corresponding governmental agency.  Further, our government partners can generally terminate our management contracts for non-appropriation of funds or for convenience.

Based on information available as of the date of this Annual Report, we believe we will renew all contracts with our government partners that have expired or are scheduled to expire within the next twelve months that could have a material impact on our financial statements.  We believe our renewal rate on existing contracts remains high due to a variety of reasons including, but not limited to, the constrained supply of available beds within the U.S. correctional system, our ownership of the majority of the beds we operate, and the cost effectiveness of the services we provide.  However, we cannot assure we will continue to achieve such renewal rates in the future.

*CoreCivic Safety*

CoreCivic Safety includes the operating results of the correctional and detention facilities that we operated during each period.  Total revenue generated by CoreCivic Safety increased $104.0 million, or 6.2%, from $1,676.0 million during 2018 to $1,780.0 million during 2019.  CoreCivic Safety's facility net operating income, or facility revenues less operating expenses, increased $22.3 million, or 4.9%, from $453.6 million during 2018 to $475.8 million during 2019. The aggregate depreciation and interest expense associated with the lease at the South Texas Family Residential Center in 2018, totaling $22.1 million, is not included in the 2018 net operating income amount, but is included in the per compensated man-day statistics for 2018.  During 2019 and 2018, CoreCivic Safety generated 85.2% and 87.1%, respectively, of our total facility net operating income.

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The following table displays the revenue and expenses per compensated man-day for CoreCivic Safety's correctional and detention facilities placed into service that we own and manage and for the facilities we manage but do not own, inclusive of the transportation services provided by TransCor:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| **CoreCivic Safety Facilities:** |  |  |  |  |  |  |  |  |
| Revenue per compensated man-day |  | **$** | **81.16** |  |  | $ | 78.05 |  |
| Operating expenses per compensated man-day: |  |  |  |  |  |  |  |  |
| Fixed expense |  |  | **42.84** |  |  |  | 41.03 |  |
| Variable expense |  |  | **16.63** |  |  |  | 16.92 |  |
| Total |  |  | **59.47** |  |  |  | 57.95 |  |
| Operating income per compensated man-day |  | **$** | **21.69** |  |  | $ | 20.10 |  |
| Operating margin |  |  | **26.7** | **%** |  |  | 25.8 | % |
| Average compensated occupancy |  |  | **82.4** | **%** |  |  | 80.8 | % |
| Average available beds |  |  | **72,962** |  |  |  | 72,833 |  |
| Average compensated population |  |  | **60,085** |  |  |  | 58,834 |  |

Operating margins within the CoreCivic Safety facilities during 2019 were positively impacted by the aforementioned new contract with the KYDOC at our Lee Adjustment Center.  As California populations declined at the Tallahatchie facility during the first half of 2018, we retained staff at the facility in anticipation of new contracts, which we ultimately obtained from the USMS, and the states of Vermont, Wyoming, and South Carolina, resulting in a favorable impact to operating margins in 2019 when compared to the prior year.  An increase in populations from the USMS and ICE across the portfolio, as well as per diem increases at several of our facilities, also positively impacted operating margins when comparing 2019 to 2018.  The positive impact on operating margins of these events was partially offset by the start-up expenses incurred at our Torrance and Eden facilities as we prepared to receive detainee and inmate populations from ICE and the USMS, respectively, in the third quarter of 2019.  As a result of these start-up expenses, the incremental operating losses incurred during the activation period at these two facilities amounted to approximately $9.5 million in 2019.

During the first quarter of 2015, the adult inmate population held in state of California institutions first met a Federal court order to reduce inmate populations below 137.5% of its capacity.  Inmate populations in the state continued to decline below the court ordered capacity limit which resulted in declining inmate populations in the out-of-state program at facilities we own and operate. The state of California's budget for fiscal 2018-2019, signed by the Governor of California in June 2018, anticipated that all inmates from California would be returned from out-of-state facilities to the state of California by January 2019.  In accordance with the budget for fiscal 2018-2019, all California inmates were transferred from our 2,672-bed Tallahatchie County Correctional Facility in Tutwiler, Mississippi back to California in the second quarter of 2018. However, due to the higher-than-expected population in fiscal 2018-2019, California was unable to accept the transfer of the inmates cared for at our 3,060-bed La Palma Correctional Center in Eloy, Arizona, our remaining out-of-state facility caring for California inmates at the time.  During January 2019, the Governor issued a proposed budget for fiscal 2019-2020, which assumed all California inmates would be returned from out-of-state facilities by June 30, 2019.  Accordingly, all remaining California inmates were removed from our La Palma facility as of June 30, 2019.  During 2019 and 2018, we cared for an average daily population of approximately 500 and 2,900 California inmates, respectively, in facilities outside the state of California.  This decline in population resulted in a decrease in revenue of $56.1 million from 2018 to 2019. Approximately 1% and 4%, respectively, of our total revenue in 2019 and 2018 was generated from the California Department of Corrections and Rehabilitation in facilities housing inmates outside the state of California.

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The Governor of California recently signed Assembly Bill 32, or AB32, which, subject to certain exceptions, as of January 1, 2020, generally prohibits new contracts and renewals of existing contracts between private, for-profit entities and government agencies for the operation of detention facilities within the state of California, with a January 1, 2028 sunset for the use of private, for-profit entities by the state of California.  While AB32 excludes facilities leased from private, for-profit entities, such as our California City Correctional Center, the impact of AB32 on our California based detention and reentry facility contracts is currently unclear given the potential conflict between federal and state law, and court challenges to the enforceability of AB32.  On January 24, 2020, the U.S. Government filed a lawsuit against the state of California challenging the enforceability of AB32 under applicable law.  We cannot predict the outcome of this lawsuit.  However, we believe the restrictions to force a phase-out of federal detention and residential reentry facilities under private management goes against federal law. In the event AB32 is implemented as currently constructed, the federal government could be prohibited from renewing (i) its contract to operate our Otay Mesa Detention Center which is currently scheduled to expire in December 2024, and (ii) our various residential reentry contracts within the state of California, which are also scheduled to expire in 2020.  The non-renewal of our contract to operate the Otay Mesa Detention Center, which was recently expanded from 1,482 beds to 1,994 beds, would have a significant impact on our results of operations and cash flows.

On June 14, 2018, we announced that we entered into a new contract under an IGSA between the Tallahatchie County Correctional Authority, Tutwiler, Mississippi and the USMS at our Tallahatchie County Correctional Facility.  The new contract, which also authorizes ICE to utilize the facility, commenced on June 14, 2018, and has an initial term expiring June 30, 2020, with unlimited two-year extension options thereafter upon mutual agreement. On September 19, 2018, we announced that we entered into a new contract with the Vermont Department of Corrections to care for up to 350 of the State's inmates at our Tallahatchie facility.  The new contract commenced on October 1, 2018, and has an initial term of two years, with one additional two-year extension option thereafter upon mutual agreement. We began receiving inmates from Vermont at our Tallahatchie facility during the fourth quarter of 2018. As of December 31, 2019, we cared for approximately 475 offenders from the USMS, 125 detainees from ICE, 275 inmates from Vermont, and approximately 150 offenders under additional new contracts from the states of South Carolina and Wyoming at our Tallahatchie facility. On January 9, 2020, we announced that we entered into a new emergency contract with the state of Mississippi to care for up to 375 of Mississippi's inmates at the Tallahatchie facility, to assist the state with significant challenges in its correctional system.  The contract has a term of ninety days, which the state of Mississippi may extend for up to two additional ninety-day terms.  The contract also allows the state of Mississippi to utilize additional available beds at the facility.  As of January 31, 2020, we cared for 375 inmates from Mississippi.

On July 24, 2018, we announced that the city of Eloy agreed to modify an existing IGSA with ICE to add the La Palma facility as a place of performance.  The new contract commenced on July 24, 2018, and has an indefinite term, subject to termination by either party with 90 days' written notice.  As of December 31, 2019, we cared for approximately 1,550 detainees from ICE at our La Palma facility.

As previously discussed herein,on May 1, 2019, the BOP announced that it elected not to renew the contract at our Adams County Correctional Center in Adams County, Mississippi.  On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees.  On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 30, 2019, was extended to August 30, 2019. On September 3, 2019, we announced that we had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility.  The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.  Either party may terminate the contract with 120 days' written notice.  ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, we cared for approximately 850 detainees from ICE at the Adams facility.

Effective August 1, 2019, we were awarded a new contract with the KDOC to care for offenders at our 1,896-bed Saguaro Correctional Facility.  The new management contract has an initial term of one year, with two additional one-year extension options upon mutual agreement.  We began receiving KDOC offenders in October 2019, and as of December 31, 2019, we cared for 120 offenders from the state of Kansas at the Saguaro facility pursuant to this contract.  The contract with the KDOC also provides that, upon mutual agreement, we may transfer offenders held under the contract to another correctional facility that we operate**.**

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*CoreCivic Community*

CoreCivic Community includes the operating results of the residential reentry centers that we operated during each period, along with the operating results of our electronic monitoring and case management services from the acquisition dates of the subsidiaries providing those services.  Total revenue generated by CoreCivic Community increased $21.4 million, or 21.0%, from $101.8 million during 2018 to $123.3 million during 2019.  CoreCivic Community's facility net operating income increased $3.2 million, or 12.7%, from $24.9 million during 2018 to $28.1 million during 2019.  During 2019 and 2018, CoreCivic Community generated 5.0% and 4.8%, respectively, of our total facility net operating income.

The following table displays the revenue and expenses per compensated man-day for CoreCivic Community's residential reentry facilities placed into service that we own and manage, but exclusive of the electronic monitoring and case management services given that revenue is not generated on a per compensated man-day basis for these services:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| **CoreCivic Community Facilities:** |  |  |  |  |  |  |  |  |
| Revenue per compensated man-day |  | **$** | **58.14** |  |  | $ | 54.67 |  |
| Operating expenses per compensated man-day: |  |  |  |  |  |  |  |  |
| Fixed expense |  |  | **32.66** |  |  |  | 31.52 |  |
| Variable expense |  |  | **8.37** |  |  |  | 7.62 |  |
| Total |  |  | **41.03** |  |  |  | 39.14 |  |
| Operating income per compensated man-day |  | **$** | **17.11** |  |  | $ | 15.53 |  |
| Operating margin |  |  | **29.4** | **%** |  |  | 28.4 | % |
| Average compensated occupancy |  |  | **76.3** | **%** |  |  | 80.1 | % |
| Average available beds |  |  | **5,274** |  |  |  | 5,214 |  |
| Average compensated population |  |  | **4,022** |  |  |  | 4,178 |  |

Operating margins in the CoreCivic Community segment in 2019 were positively impacted by an increase in revenue, primarily driven by per diem increases at a number of facilities across the portfolio.  This positive impact on operating margins was partially offset by the aforementioned decline in utilization from the state of Oklahoma at one of our residential reentry centers in Oklahoma, which led to the consolidation of residents into our other reentry facilities located in the state. We idled the Oklahoma reentry facility in the second quarter of 2019. Also, as previously discussed herein, we idled a residential reentry center in Arizona in the third quarter of 2019 upon the expiration of a BOP contract on August 31, 2019.

The acquisition of RMSC on December 1, 2018, which provides non-residential correctional alternatives, including electronic monitoring and case management services, also positively impacted CoreCivic Community's facility net operating income in 2019.

*CoreCivic Properties*

CoreCivic Properties includes the operating results of the properties we leased to third parties and that were used by government agencies during each period.  Total revenue generated by CoreCivic Properties increased $19.4 million, or 33.5%, from $57.9 million during 2018 to $77.3 million during 2019.  CoreCivic Properties' facility net operating income increased $12.0 million, or 28.3%, from $42.5 million during 2018 to $54.5 million during 2019.  During 2019 and 2018, CoreCivic Properties generated 9.8% and 8.1%, respectively, of our total facility net operating income.

On January 19, 2018, we acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida. Capital Commerce Center is 98% leased, including 87% leased to the state of Florida on behalf of the Florida Department of Business and Professional Regulation.

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On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas.  Construction of the facility commenced in the first quarter of 2018 and was completed in January 2020.  The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863.  We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.

On July 17, 2018, we completed the acquisition of a portfolio of twelve properties which are 100% leased to the U.S. Federal Government through the General Services Administration, or GSA, an independent agency of the United States government on behalf of the Social Security Administration, or SSA, the Department of Homeland Security, or DHS, and ICE.

On August 23, 2018, we acquired the 541,000 square-foot SSA-Baltimore office building.  The office building was purpose built to SSA specifications in 2014 under a 20-year firm term lease expiring in January 2034, and is backed by the full faith and credit of the U.S. Federal Government through the GSA.

On September 21, 2018, we acquired a 217,000 square-foot, steel frame property in Dayton, Ohio that was built-to-suit for the National Archives and Records Administration, or NARA, in 2002. The building is 100% leased to the GSA on behalf of NARA through January 2023 and includes two additional 10-year renewal options.  The building provides 1.2 million cubic feet of storage space, approximately 90% of which is dedicated to archives of the Internal Revenue Service.

On May 6, 2019, we completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan, for $7.2 million, excluding transaction related expenses, that was built-to-suit for the state of Michigan's Department of Health and Human Services, or MDHHS, in 2002.  The property is 100% leased to the Michigan Department of Technology, Management and Budget, or MDTMB, on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

On December 9, 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options.  The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012.

As previously discussed herein, during the third quarter of 2019, leases at three single-tenant residential reentry centers located in Pennsylvania expired and were not renewed.  The three properties total approximately 54,000 square feet and contain an aggregate of 430 beds.  These three facilities generated total facility net operating income of $1.0 million in 2018.  We have begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility.

***General and administrative expense***

For the years ended December 31, 2019 and 2018, general and administrative expenses totaled $127.1 million and $106.9 million, respectively.  General and administrative expenses consist primarily of corporate management salaries and benefits, professional fees, including those associated with mergers and acquisitions, or M&A, and other administrative expenses.  General and administrative expenses increased from the prior year primarily as a result of higher salaries, including incentive compensation, as well as professional fees and expenses associated with the relocation of our corporate headquarters from a building we owned until September 2018 to a new building we lease from a third party.

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***Depreciation and Amortization***

For the years ended December 31, 2019 and 2018, depreciation and amortization expense totaled $144.6 million and $156.5 million, respectively.  Depreciation and amortization expense decreased primarily as a result of the aforementioned adoption of ASC 842 on January 1, 2019.  Prior to adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and amortization expense in accordance with ASC 840-40-55.  Depreciation expense associated with the lease at the South Texas Family Residential Center during 2018 amounted to $16.5 million.  Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.  The decrease in depreciation and amortization expense was partially offset by the additional depreciation and amortization resulting from our M&A activities during 2018 and 2019.

***Contingent consideration for acquisition of businesses***

As a result of better than estimated financial performance of Time to Change, Inc., a business we acquired in November 2017, during the fourth quarter of 2018, we recognized a charge of $6.1 million for additional contingent consideration owed to the seller associated with the acquisition.  The total contingent consideration was paid in full during the first quarter of 2019.

***Asset impairments***

As further described under "critical accounting policies", during the second quarter of 2019, we incurred asset impairment charges of $4.7 million primarily related to a residential reentry center in Arizona that became idle in the third quarter of 2019.  During the second quarter of 2018, we incurred an asset impairment charge of $1.6 million associated with the sale of our former corporate headquarters, which was completed in the third quarter of 2018.

***Interest expense, net***

Interest expense was reported net of interest income and capitalized interest for the years ended December 31, 2019 and 2018.  Gross interest expense, net of capitalized interest, was $86.7 million and $82.2 million in 2019 and 2018, respectively.  Gross interest expense is based on outstanding borrowings under our revolving credit facility, our outstanding Incremental Term Loan A, or Term Loan A, our outstanding new $250.00 million Senior Secured Term Loan B, or Term Loan B, as further described hereafter, our outstanding senior notes, and our outstanding non-recourse mortgage notes, as well as the amortization of loan costs and unused facility fees.  The increase in gross interest expense primarily resulted from an increase in the average outstanding balance on our revolving credit facility and higher interest expense associated with the new non-recourse mortgage notes issued during 2018, as further described hereafter.  Partially offsetting the increase in interest expense was the reduction in interest expense associated with the lease of the South Texas Family Residential Center.  Interest expense associated with the lease of this facility was $5.6 million during 2018, classified as such in accordance with ASC 840-40-55.  As previously described herein, upon adoption of ASC 842 on January 1, 2019, all rental payments associated with this lease are classified as operating expenses.

We have benefited from relatively low interest rates on our revolving credit facility, which is largely based on the London Interbank Offered Rate, or LIBOR.  Based on our total leverage ratio, borrowings under our revolving credit facility during 2018 and 2019 were at the base rate plus a margin of 0.50% or at LIBOR plus a margin of 1.50%, and a commitment fee equal to 0.35% of the unfunded balance. Interest rates under the Term Loan A are the same as the interest rates under our revolving credit facility.

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On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024.  The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%.  We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020.

On January 19, 2018, we acquired the 261,000 square-foot Capital Commerce Center located in Tallahassee, Florida for a purchase price of $44.7 million.  The acquisition was partially financed with a $24.5 million non-recourse mortgage note, or the Capital Commerce Note, which is fully-secured by the Capital Commerce Center property, with an interest rate of 4.5%, maturing in January 2033.

On April 20, 2018, CoreCivic of Kansas, LLC, a wholly-owned subsidiary of ours, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes, or the Kansas Notes, in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.  The private placement closed on June 1, 2018. We used the proceeds of the private placement, which were drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, as further described hereafter, along with costs and expenses of the project.  The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020.  We capitalized $5.1 million and $0.9 million of interest during 2019 and 2018, respectively, associated with this construction project.

On August 23, 2018, we acquired the 541,000 square-foot SSA-Baltimore office building for a purchase price of $242.0 million.  In connection with the acquisition, we assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014.  The assumed non-recourse mortgage note, or the SSA-Baltimore Note, carries a fixed interest rate of 4.5%, with a balloon payment of $40.0 million due at maturity in February 2034. The SSA-Baltimore Note is fully-secured by the SSA-Baltimore property.

Gross interest income was $2.3 million and $1.4 million in 2019 and 2018, respectively. Gross interest income is earned on notes receivable, investments, cash and cash equivalents, and restricted cash.  Total capitalized interest was $6.0 million and $1.0 million during 2019 and 2018, respectively. Capitalized interest was primarily associated with the construction of the Lansing Correctional Facility and the expansion of our Otay Mesa Detention Center, as further described hereafter.

***Income tax expense***

As a REIT, we are entitled to a deduction for dividends paid, resulting in a substantial reduction in the amount of federal income tax expense we recognize.  Substantially all of our income tax expense is incurred based on the earnings generated by our TRSs.  Our overall effective tax rate is based on the taxable income primarily generated by our TRSs.  Our consolidated effective tax rate could fluctuate in the future based on changes in estimates of taxable income, the relative amounts of taxable income generated by the TRSs and the REIT, the implementation of additional tax planning strategies, changes in federal or state tax rates or laws affecting tax credits available to us, changes in other tax laws, changes in estimates related to uncertain tax positions, or changes in state apportionment factors, as well as changes in the valuation allowance applied to our deferred tax assets that are based primarily on the amount of state net operating losses and tax credits that could expire unused.

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During the years ended December 31, 2019 and 2018, our financial statements reflected an income tax expense of $7.8 million and $8.4 million, respectively.  Our effective tax rate was 4.0% and 5.0% during 2019 and 2018, respectively.  The TCJA, enacted December 22, 2017, reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings.  However, the TCJA did not change the dividends paid deduction applicable to REITs and, therefore, we generally will not be subject to federal income taxes on our REIT taxable income and gains that we distribute to our stockholders.  As a result of changes in the U.S. federal corporate tax rates resulting from the TCJA, during the fourth quarter of 2017, we re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%.  In the fourth quarter of 2017, we recognized $4.5 million, which was included as a component of income tax expense, for the revaluation of deferred tax assets and liabilities and other taxes associated with the TCJA. During the third quarter of 2018, we revised our estimates of the revaluation of deferred tax assets and liabilities resulting in the recognition of an additional charge of $1.0 million, which was also included as a component of income tax expense.

**Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017**

Pursuant to Regulation S-K item 303, a detailed review of our performance for the year ended December 31, 2018 compared to our performance for the year ended December 31, 2017 is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC, on February 25, 2019.

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**LIQUIDITY AND CAPITAL RESOURCES**

Our principal capital requirements are for working capital, stockholder distributions, capital expenditures, and debt service payments.  Capital requirements may also include cash expenditures associated with our outstanding commitments and contingencies, as further discussed in the notes to our financial statements.  Additionally, our capital expenditures may include M&A activities that will enable us to further expand our network of residential reentry centers, grow our portfolio of government-leased properties, and acquire other businesses that provide complementary services. We will continue to pursue opportunities to help our government partners meet their infrastructure needs, primarily through the development and redevelopment of criminal justice sector assets, but also by acquiring other real estate assets, with a bias toward those used to provide mission-critical governmental services, that we believe have favorable investment returns, diversify our cash flows, and increase value to our stockholders.  We will also respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment.

To maintain our qualification as a REIT, we generally are required to distribute annually to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains). Our REIT taxable income will not typically include income earned by our TRSs except to the extent our TRSs pay dividends to the REIT.  Our Board of Directors declared a quarterly dividend of $0.44 for each quarter of 2019 totaling $211.9 million. The amount, timing and frequency of future distributions will be at the sole discretion of our Board of Directors and will be declared based upon various factors, many of which are beyond our control, including our financial condition and operating cash flows, the amount required to maintain qualification and taxation as a REIT and to reduce any income and excise taxes that we otherwise would be required to pay, limitations on distributions in our existing and future debt instruments, limitations on our ability to fund distributions using cash generated through our TRSs, alternative growth opportunities that require capital deployment, and other factors that our Board of Directors may deem relevant.

As of December 31, 2019, our liquidity was provided by cash on hand of $92.1 million, and $412.7 million available under our revolving credit facility.  During the years ended December 31, 2019 and 2018, we generated $354.4 million and $322.9 million, respectively, in cash through operating activities. We currently expect to be able to meet our cash expenditure requirements for the next year utilizing these resources. Some banks that are party to our Second Amended and Restated Credit Agreement, or Bank Credit Agreement, have announced that they do not expect to continue to provide credit or financial services to private entities that operate correctional and detention facilities, including CoreCivic.  These banks are legally obligated to honor their commitments under our Bank Credit Agreement, which expires in April 2023.  These decisions have currently affected the capital markets for our securities, and we can provide no assurance that additional banks that are party to our Bank Credit Agreement will not make similar decisions, or that new banks will be willing to become party to our Bank Credit Agreement, or that the capital markets for our securities will improve.  We have no debt maturities until October 2022, when our $250.0 million of unsecured notes mature.

Our cash flow is subject to the receipt of sufficient funding of and timely payment by contracting governmental entities.  If the appropriate governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us.  Delays in payment from our major customers or the termination of contracts from our major customers could have an adverse effect on our cash flow, financial condition and, consequently, dividend distributions to our shareholders.

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***Debt, equity and debt refinancing transactions***

As of December 31, 2019, we had $350.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 4.625%, $250.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 5.0%, and $250.0 million principal amount of unsecured notes outstanding with a fixed stated interest rate of 4.75%.  In addition, we had $22.2 million outstanding under the Capital Commerce Note with a fixed stated interest rate of 4.5%, $159.5 million outstanding under the Kansas Notes with a fixed stated interest rate of 4.43%, and $150.1 million outstanding under the SSA-Baltimore Note with a fixed stated interest rate of 4.5%.  We also had $190.0 million outstanding under our Term Loan A with a variable interest rate of 3.3%, $250.0 million outstanding under our new Term Loan B with a variable interest rate of 6.3%, and $365.0 million outstanding under our revolving credit facility with a variable weighted average interest rate of 3.3%.  As of December 31, 2019, our total weighted average effective interest rate was 4.4%, while our total weighted average maturity was 6.3 years.  We may also seek to issue debt or equity securities from time to time when we determine that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.

On December 2, 2019, we gave irrevocable notice that we would redeem all of our outstanding $325.0 million in aggregate principal amount of 4.125% senior notes due in April 2020, or the 4.125% Senior Notes, on January 1, 2020, or the Redemption Date, at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date, or the Redemption Amount.  On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, we satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee.  Accordingly, the 4.125% Senior Notes are not included on our consolidated balance sheet as of December 31, 2019. We incurred $0.6 million of expenses associated with this debt refinancing transaction.

On December 18, 2019, we entered into a new Term Loan B which bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at our option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024.  The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%.  We can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020.  Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the 4.125% Senior Notes, transaction fees and expenses, and to provide for general corporate purposes.

On August 28, 2018, we entered into an Amended and Restated ATM Equity Offering Sales Agreement, or ATM Agreement, with multiple sales agents, pursuant to which we may offer and sell to or through the agents, from time to time, shares of our common stock, par value $0.01 per share, having an aggregate gross sales price of up to $200.0 million. Sales, if any, of our shares of common stock will be made primarily in "at-the-market" offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. The shares of common stock will be offered and sold pursuant to our registration statement on Form S-3 and a related prospectus supplement, both filed with the SEC on August 28, 2018.  We intend to use substantially all of the net proceeds from any sale of shares of our common stock to repay outstanding borrowings or for working capital and other general corporate purposes, which may include investments.  There were no shares of our common stock sold under the ATM Agreement during 2018 and 2019.

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***Facility acquisitions, development, and capital expenditures***

*CoreCivic Properties*

On December 9, 2019, we entered into a lease with the KYDOC for our previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 upon the completion of certain capital expenditures, estimated at $4.5 million to $5.0 million.  The lease has an initial term of ten years and includes five two-year renewal options.  The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012.

On May 6, 2019, we completed the acquisition of a 37,000 square-foot office building in Detroit, Michigan, for $7.2 million, excluding transaction related expenses, that was built-to-suit for the MDHHS in 2002.  The property is 100% leased to the MDTMB on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

On January 24, 2018, we entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed in Lansing, Kansas.  We commenced construction of the facility in the first quarter of 2018 and, as of December 31, 2019, we had capitalized $137.7 million associated with the construction project.  In December 2019, the Lansing facility began accepting offenders into the 512-bed minimum security complex ahead of schedule, with the remaining 1,920-bed medium/maximum security complex completed in January 2020, for a total project cost of approximately $155.0 million.  Construction of the facility was 100% funded with proceeds from the private placement of the Kansas Notes, as previously described herein. This transaction represents the first development of a privately owned, build-to-suit correctional facility to be operated by a government agency through a long-term lease agreement.  We will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.  With the extensively aged criminal justice infrastructure in the U.S. today, we believe we can bring our flexible solutions like this to other government agencies.

*CoreCivic Community*

On December 7, 2019, we completed the acquisition of certain assets of Rehabilitation Services, Inc., or RSI, for $4.4 million, excluding transaction related expenses.  The acquisition resulted in the addition of two residential reentry centers in Virginia.  The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia provide reentry services for residents under custody of the BOP.  The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP.

On February 20, 2019, we acquired the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina, for $0.9 million, excluding transaction-related expenses.  We operate the South Raleigh facility under a BOP reentry contract.

*CoreCivic Safety*

As a result of long-standing demand from the USMS and ICE, and limited detention capacity in the Southwest region of the United States, during the fourth quarter of 2018, we began the expansion of our 1,482-bed Otay Mesa Detention Center in San Diego, California by 512 beds.  The expansion was completed during the third quarter of 2019 at an estimated cost of approximately $39.0 million. Both the USMS and ICE currently utilize the Otay Mesa Detention Center under an existing contract that enables both agencies to utilize the additional capacity.

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Several of our existing federal and state partners, as well as prospective state partners, are experiencing growth in offender populations and overcrowded conditions, are considering alternative correctional capacity for their aged or inefficient infrastructure, or are seeking cost savings by utilizing the private sector.  Competing budget priorities often impede our customers' ability to construct new prison beds of their own or update older facilities, which we believe could result in further need for private sector prison capacity solutions in the long-term. Over the long-term, we would like to see meaningful utilization of our available capacity and better visibility from our customers into their potential future needs before we develop new prison capacity on a speculative basis. We will, however, respond to customer demand and may develop or expand correctional and detention facilities when we believe potential long-term returns justify the capital deployment, such as the aforementioned expansion of our Otay Mesa Detention Center.We are also pursuing additional investment opportunities in other real estate assets with a bias toward those used to provide mission-critical governmental services, as well as other businesses that expand the range of solutions we provide to government partners, and expect to complete additional acquisitions that would further diversify our cash flows and generate attractive risk-adjusted returns for our shareholders. However, our pursuits in recent months have been tempered by the decline in the market value of our public securities.

**Operating Activities**

Our net cash provided by operating activities for the year ended December 31, 2019 was $354.4 million compared with $322.9 million in 2018.  Cash provided by operating activities represents our net income plus depreciation and amortization, changes in various components of working capital, and various non-cash charges.

**Investing Activities**

Our cash flow used in investing activities was $244.6 million for the year ended December 31, 2019 and was attributable to payments totaling $48.4 million, including payments of $34.1 million to the state of Montana in connection with an agreement with the state of Montana to extend our ownership of the Crossroads Correctional Center for the estimated duration of its useful life, and acquisitions completed in 2019, net of cash acquired. Our cash flow used in investing activities also included capital expenditures of $193.3 million, including expenditures for facility development and expansions of $136.1 million and $57.2 million for facility maintenance and information technology capital expenditures.

Our cash flow used in investing activities was $291.1 million for the year ended December 31, 2018 and was primarily attributable to capital expenditures of $121.6 million, including expenditures for facility development and expansions of $58.2 million and $63.4 million for facility maintenance and information technology capital expenditures.  Our cash flow used in investing activities also included $175.6 million primarily attributable to the acquisitions of Rocky Mountain Offender Management Systems, LLC, an electronic monitoring and case management services provider, and Capital Commerce Center in the first quarter of 2018, the acquisitions of a portfolio of twelve leased properties, the SSA-Baltimore office building, and the NARA property in the third quarter of 2018, and the acquisition of RMSC in the fourth quarter of 2018.

**Financing Activities**

Cash flow used in financing activities was $64.8 million for the year ended December 31, 2019 and was primarily attributable to dividend payments of $209.5 million and $3.5 million for the purchase and retirement of common stock that was issued in connection with equity-based compensation. In addition, cash flow used in financing activities included $325.0 million related to the aforementioned satisfaction and discharge of our 4.125% Senior Notes. Cash flow used in financing activities also included $7.4 million of contingent consideration associated with the acquisition of a business and $14.1 million of scheduled principal repayments under our Term Loan A and non-recourse mortgage notes.  These payments were partially offset by $164.0 million of net borrowings under our revolving credit facility, $237.5 million of net proceeds from the issuance of the Term Loan B, and $97.2 million of proceeds from the quarterly borrowings under the Kansas Notes during the construction period of the Lansing Correctional Facility.

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Cash flow used in financing activities was $9.9 million for the year ended December 31, 2018 and was primarily attributable to dividend payments of $204.2 million and $3.0 million for the purchase and retirement of common stock that was issued in connection with equity-based compensation.  In addition, cash flow used in financing activities included $7.8 million of scheduled principal repayments under our Term Loan A and non-recourse mortgage notes and $6.1 million of debt issuance and other refinancing and related costs.  These payments were partially offset by $119.5 million of net borrowings under our revolving credit facility, $24.5 million of proceeds from the issuance of the Capital Commerce Note, and $62.3 million of proceeds from the quarterly borrowings under the Kansas Notes during the construction period of the Lansing Correctional Facility.

**Funds from Operations**

Funds From Operations, or FFO, is a widely accepted supplemental non-GAAP measure utilized to evaluate the operating performance of real estate companies. The National Association of Real Estate Investment Trusts, or NAREIT, defines FFO as net income computed in accordance with GAAP, excluding gains or losses from sales of property and extraordinary items, plus depreciation and amortization of real estate and impairment of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures calculated to reflect funds from operations on the same basis.  We believe FFO is an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting results.

We also present Normalized FFO as an additional supplemental measure as we believe it is more reflective of our core operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that we consider non-recurring, infrequent or unusual, even though such items may require cash settlement, because such items do not reflect a necessary component of our ongoing operations.  Even though expenses associated with M&A may be recurring, the magnitude and timing fluctuate based on the timing and scope of M&A activity, and therefore, such expenses, which are not a necessary component of our ongoing operations, may not be comparable from period to period.  Start-up expenses represent the incremental operating losses incurred during the period we were activating idle correctional facilities.  Normalized FFO excludes the effects of such items.

FFO and Normalized FFO are supplemental non-GAAP financial measures of real estate companies' operating performance, which do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative for net income or as a measure of liquidity. Our method of calculating FFO and Normalized FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs.

Our reconciliation of net income to FFO and Normalized FFO for the years ended December 31, 2019, 2018, and 2017 is as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |  | 2017 | |  |
| **FUNDS FROM OPERATIONS:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |
| Depreciation and amortization of real estate assets |  |  | **107,402** |  |  |  | 101,771 |  |  |  | 95,902 |  |
| Impairment of real estate assets |  |  | **4,428** |  |  |  | 1,580 |  |  |  | 355 |  |
| Gain on sale of real estate assets |  |  | **(287** | **)** |  |  | — |  |  |  | — |  |
| Funds From Operations |  |  | **300,429** |  |  |  | 262,558 |  |  |  | 274,297 |  |
| Expenses associated with debt refinancing     transactions |  |  | **602** |  |  |  | 1,016 |  |  |  | — |  |
| Charges associated with adoption of tax reform |  |  | **—** |  |  |  | 1,024 |  |  |  | 4,548 |  |
| Expenses associated with mergers and acquisitions |  |  | **1,132** |  |  |  | 3,096 |  |  |  | 2,530 |  |
| Contingent consideration for acquisition of businesses |  |  | **—** |  |  |  | 6,085 |  |  |  | — |  |
| Start-up expenses |  |  | **9,480** |  |  |  | — |  |  |  | — |  |
| Goodwill and other impairments |  |  | **278** |  |  |  | — |  |  |  | 259 |  |
| Normalized Funds From Operations |  | **$** | **311,921** |  |  | $ | 273,779 |  |  | $ | 281,634 |  |

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**Contractual Obligations**

The following schedule summarizes our contractual obligations by the indicated period as of December 31, 2019 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Payments Due By Year Ending December 31,** | | | | | | | | | | | | | | | | | | | | | | | | | |  |
|  |  | **2020** | |  |  | **2021** | |  |  | **2022** | |  |  | **2023** | |  |  | **2024** | |  |  | **Thereafter** | |  |  | **Total** | |  |
| Long-term debt |  | $ | 31,349 |  |  | $ | 39,087 |  |  | $ | 292,981 |  |  | $ | 904,110 |  |  | $ | 194,937 |  |  | $ | 524,401 |  |  | $ | 1,986,865 |  |
| Interest on senior and mortgage notes |  |  | 55,232 |  |  |  | 54,784 |  |  |  | 54,308 |  |  |  | 33,164 |  |  |  | 24,479 |  |  |  | 127,517 |  |  |  | 349,484 |  |
| Contractual facility developments and     other commitments |  |  | 19,202 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 19,202 |  |
| South Texas Family Residential Center |  |  | 51,562 |  |  |  | 37,333 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 88,895 |  |
| Leases |  |  | 4,415 |  |  |  | 5,101 |  |  |  | 4,072 |  |  |  | 3,051 |  |  |  | 3,039 |  |  |  | 24,146 |  |  |  | 43,824 |  |
| Total contractual cash obligations |  | $ | 161,760 |  |  | $ | 136,305 |  |  | $ | 351,361 |  |  | $ | 940,325 |  |  | $ | 222,455 |  |  | $ | 676,064 |  |  | $ | 2,488,270 |  |

The cash obligations in the table above do not include future cash obligations for variable interest expense associated with our Term Loan A, Term Loan B or the balance on our outstanding revolving credit facility as projections would be based on future outstanding balances as well as future variable interest rates, and we are unable to make reliable estimates of either.  The contractual facility developments included in the table above represent development projects for which we have already entered into a contract with a customer that obligates us to complete the development project.  Certain of our other ongoing construction projects are not currently under contract and thus are not included as a contractual obligation above as we may generally suspend or terminate such projects without substantial penalty.  With respect to the South Texas Family Residential Center, the cash obligations included in the table above reflect the full contractual obligations of the lease of the site, excluding contingent payments, even though the lease agreement provides us with the ability to terminate if ICE terminates the amended IGSA associated with the facility.

We had $22.6 million of letters of credit outstanding at December 31, 2019 primarily to support our requirement to repay fees and claims under our self-insured workers' compensation plan in the event we do not repay the fees and claims due in accordance with the terms of the plan.  The letters of credit are renewable annually.  We did not have any draws under any outstanding letters of credit during 2019, 2018, or 2017.

**INFLATION**

Many of our contracts include provisions for inflationary indexing, which mitigates an adverse impact of inflation on net income.  However, a substantial increase in personnel costs, workers' compensation or food and medical expenses could have an adverse impact on our results of operations in the future to the extent that these expenses increase at a faster pace than the per diem or fixed rates we receive for our management services.  We outsource our food service operations to a third party.  The contract with our outsourced food service vendor contains certain protections against increases in food costs.

**SEASONALITY AND QUARTERLY RESULTS**

Our business is subject to seasonal fluctuations.  Because we are generally compensated for operating and managing correctional, detention, and reentry facilities at a per diem rate, our financial results are impacted by the number of calendar days in a fiscal quarter. Our fiscal year follows the calendar year and therefore, our daily profits for the third and fourth quarters include two more days than the first quarter (except in leap years) and one more day than the second quarter.  Further, salaries and benefits represent the most significant component of operating expenses.  Significant portions of our unemployment taxes are recognized during the first quarter, when base wage rates reset for unemployment tax purposes.  Finally, quarterly results are affected by government funding initiatives, acquisitions, the timing of the opening of new facilities, or the commencement of new management contracts and related start-up expenses which may mitigate or exacerbate the impact of other seasonal influences.  Because of these seasonality factors, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

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| **ITEM 7A.** | **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.** |

Our primary market risk exposure is to changes in U.S. interest rates.  We are exposed to market risk related to our revolving credit facility, Term Loan A and Term Loan B because the interest rates on our revolving credit facility, Term Loan A and Term Loan B are subject to fluctuations in the market.  If the interest rate for our outstanding indebtedness under the revolving credit facility, the Term Loan A, and the Term Loan B was 100 basis points higher or lower during the years ended December 31, 2019, 2018, and 2017, our interest expense, net of amounts capitalized, would have been increased or decreased by $5.0 million, $3.6 million, and $5.0 million, respectively.

As of December 31, 2019, we had outstanding $350.0 million of senior notes due 2023 with a fixed interest rate of 4.625%, $250.0 million of senior notes due 2022 with a fixed interest rate of 5.0%, and $250.0 million of senior notes due 2027 with a fixed interest rate of 4.75%. We also had $22.2 million outstanding under the Capital Commerce Note with a fixed interest rate of 4.5%, $159.5 million outstanding under the Kansas Notes with a fixed interest rate of 4.43%, and $150.1 million outstanding under the SSA-Baltimore Note with a fixed interest rate of 4.5%.  Because the interest rates with respect to these instruments are fixed, a hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on our financial statements.

We may, from time to time, invest our cash in a variety of short-term financial instruments.  These instruments generally consist of highly liquid investments with original maturities at the date of purchase of three months or less.  While these investments are subject to interest rate risk and will decline in value if market interest rates increase, a hypothetical 100 basis point increase or decrease in market interest rates would not materially affect the value of these instruments.  See the risk factor discussion captioned "*Rising interest rates would increase the cost of our variable rate debt*" under Item 1A of this Annual Report on Form 10-K for more discussion on interest rate risks that may affect our financial condition.

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| **ITEM 8.** | **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.** |

The financial statements and supplementary data required by Regulation S-X are included in this Annual Report on Form 10-K commencing on Page F-1.

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| **ITEM 9.** | **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.** |

None.

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| **ITEM 9A.** | **CONTROLS AND PROCEDURES.** |

**Management's Evaluation of Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the period covered by this Annual Report.  Based on that evaluation, our officers, including our Chief Executive Officer and Chief Financial Officer, concluded that as of the end of the period covered by this Annual Report our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

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**Management's Report on Internal Control over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.  The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.  The Company's internal control over financial reporting includes those policies and procedures that:

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|  | (i) | pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; |

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|  | (ii) | provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and |

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| --- | --- | --- |
|  | (iii) | provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements. |

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019.  In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework released in 2013.  Based on this assessment, management believes that, as of December 31, 2019, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting. That report begins on page 89.

**Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during the fourth fiscal quarter of 2019 that have materially affected, or are likely to materially affect, our internal control over financial reporting.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of CoreCivic, Inc. and Subsidiaries

**Opinion on Internal Control Over Financial Reporting**

We have audited CoreCivic, Inc. and Subsidiaries’ internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, CoreCivic, Inc. and Subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated February 20, 2020 expressed an unqualified opinion thereon.

**Basis for Opinion**

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB.  Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.  We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.  A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.  Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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| --- | --- | --- |
| /s/ Ernst & Young LLP |  |  |
| Nashville, Tennessee |  |  |
| February 20, 2020 |  |  |

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| **ITEM 9B.** | **OTHER INFORMATION** |

**Dividend Declared for First Quarter 2020**

On February 20, 2020, the Company's Board of Directors declared a dividend for the first quarter of 2020 of $0.44 per share to be paid on April 15, 2020 to stockholders of record as of the close of business on April 1, 2020.

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**PART III.**

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| **ITEM 10.** | **DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.** |

The information required by this Item 10 will appear in, and is hereby incorporated by reference from, the information under the headings "Proposal 1 – Election of Directors-Directors Standing for Election," "Executive Officers-Information Concerning Executive Officers Who Are Not Directors," "Corporate Governance – Board of Directors Meetings and Committees," "Corporate Governance – Independence and Financial Literacy of Audit Committee Members," and "Security Ownership of Certain Beneficial Owners and Management – Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

Our Board of Directors has adopted a Code of Ethics and Business Conduct applicable to the members of our Board of Directors and our officers, including our Chief Executive Officer and Chief Financial Officer.  In addition, the Board of Directors has adopted Corporate Governance Guidelines and charters for our Audit Committee, Risk Committee, Compensation Committee, Nominating and Governance Committee and Executive Committee.  You can access our Code of Ethics and Business Conduct, Corporate Governance Guidelines and current committee charters under the "Investor Relations" tab on our website at www.corecivic.com.

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| **ITEM 11.** | **EXECUTIVE COMPENSATION.** |

The information required by this Item 11 will appear in, and is hereby incorporated by reference from, the information under the headings "Executive and Director Compensation" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

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| **ITEM 12.** | **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.** |

The information required by this Item 12 will appear in, and is hereby incorporated by reference from, the information under the heading "Security Ownership of Certain Beneficial Owners and Management – Ownership of Common Stock" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

***Securities Authorized for Issuance Under Equity Compensation Plans***

The following table sets forth certain information as of December 31, 2019 regarding compensation plans under which our equity securities are authorized for issuance.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Plan Category** |  | **(a)**  **Number of**  **Securities**  **to be Issued**  **Upon Exercise**  **of Outstanding**  **Options** | |  |  | **(b)**  **Weighted –**  **Average**  **Exercise Price**  **of Outstanding**  **Options** | |  |  | **(c)**  **Number of**  **Securities**  **Remaining**  **Available**  **for Future**  **Issuance**  **Under Equity**  **Compensation**  **Plans (Excluding**  **Securities**  **Reflected in**  **Column**  **(a))** | |  |  |
| Equity compensation plans approved by     stockholders |  |  | 644,763 |  |  | $ | 20.91 |  |  |  | 5,253,127 |  | (1) |
| Equity compensation plans not approved by     stockholders |  |  | — |  |  |  | — |  |  |  | — |  |  |
| Total |  |  | 644,763 |  |  | $ | 20.91 |  |  |  | 5,253,127 |  |  |

|  |  |
| --- | --- |
| (1) | Reflects shares of common stock available for issuance under our Amended and Restated 2008 Stock Incentive Plan and our Non-Employee Directors' Compensation Plan, the only equity compensation plans approved by our stockholders under which we continue to grant awards. |

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| **ITEM 13.** | **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE.** |

The information required by this Item 13 will appear in, and is hereby incorporated by reference from, the information under the heading "Corporate Governance – Certain Relationships and Related Party Transactions" and "Corporate Governance – Director Independence" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

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| **ITEM 14.** | **PRINCIPAL ACCOUNTING FEES AND SERVICES.** |

The information required by this Item 14 will appear in, and is hereby incorporated by reference from, the information under the heading "Proposal 2 – Ratification of Appointment of Independent Registered Public Accounting Firm" in our definitive proxy statement for the 2020 Annual Meeting of Stockholders.

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**PART IV.**

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| **ITEM 15.** | **EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.** |

The following documents are filed as part of this Annual Report:

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|  | (1) | Financial Statements: |

The financial statements as set forth under Item 8 of this Annual Report on Form 10-K have been filed herewith, beginning on page F-1 of this Annual Report.

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|  | (2) | Financial Statement Schedules: |

Schedule III-Real Estate Assets and Accumulated Depreciation.

Information with respect to this item begins on page F-51 of this Annual Report on Form 10-K. Other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

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|  | (3) | Exhibits: |

The following exhibits marked with an \* are filed herewith. Exhibits marked with \*\* are furnished herewith. Other exhibits have previously been filed with the Securities and Exchange Commission (the "Commission") and are incorporated herein by reference:

|  |  |  |
| --- | --- | --- |
| 3.1 |  | [Articles of Amendment and Restatement of the Company](http://www.sec.gov/Archives/edgar/data/1070985/000119312513228077/d541213dex31.htm) (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 20, 2013 and incorporated herein by this reference). |
|  |  |  |
| 3.2 |  | [Articles of Amendment of the Company](http://www.sec.gov/Archives/edgar/data/1070985/000119312516764788/d256269dex31.htm) (previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on November 10, 2016 and incorporated herein by this reference). |
|  |  |  |
| 3.3 |  | [Ninth Amended and Restated Bylaws of the Company](http://www.sec.gov/Archives/edgar/data/1070985/000156459018002898/cxw-ex33_146.htm) (previously filed as Exhibit 3.3 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference). |
|  |  |  |
| 4.1 |  | [Specimen of certificate representing shares of the Company's Common Stock](http://www.sec.gov/Archives/edgar/data/1070985/000119312516764788/d256269dex41.htm) (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on November 10, 2016 and incorporated herein by this reference). |
|  |  |  |
| 4.2 |  | [Indenture (2023 Notes), dated as of April 4, 2013, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000119312513145814/d516910dex43.htm) (previously filed as Exhibit 4.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on April 8, 2013 and incorporated herein by this reference). |
|  |  |  |
| 4.3 |  | [Indenture (2022 Notes and 2027 Notes), dated as of September 25, 2015, by and between the Company and U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000119312515328313/d93789dex41.htm) (previously filed as Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 25, 2015 and incorporated herein by this reference). |
|  |  |  |
| 4.4 |  | [Form of 4.625% Senior Note due 2023](http://www.sec.gov/Archives/edgar/data/1070985/000119312513145814/d516910dex43.htm) (incorporated by reference to Exhibit A to Exhibit 4.2 hereof). |
|  |  |  |
| 4.5 |  | [Form of 5.00% Senior Note due 2022](http://www.sec.gov/Archives/edgar/data/1070985/000119312515328313/d93789dex42.htm) (incorporated by reference to Exhibit A to Exhibit 4.8 hereof). |
|  |  |  |
| 4.6 |  | [Form of 4.75% Senior Note due 2027](http://www.sec.gov/Archives/edgar/data/1070985/000119312517309897/d449092dex42.htm) (incorporated by reference to Exhibit A to Exhibit 4.9 hereof). |
|  |  |  |
| 4.7 |  | [Supplemental Indenture (2023 Notes), dated as of September 4, 2013, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000119312513432385/d609078dex42.htm) (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q (Commission File no. 001-16109), filed with the Commission on November 7, 2013 and incorporated herein by this reference). |
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| 4.8 |  | [First Supplemental Indenture (2022 Notes), dated as of September 25, 2015, by and among the Company, certain of its subsidiaries, and U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000119312515328313/d93789dex42.htm) (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 25, 2015 and incorporated herein by this reference). |
|  |  |  |
| 4.9 |  | [Second Supplemental Indenture (2027 Notes), dated as of October 13, 2017, by and among the Company, the Guarantors, and U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000119312517309897/d449092dex42.htm) (previously filed as Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on October 13, 2017 and incorporated herein by this reference). |
|  |  |  |
| 4.10 |  | [Schedule of additional Supplemental Indentures (2023 Notes), relating to the Supplemental Indenture in Exhibit 4.7 hereof](http://www.sec.gov/Archives/edgar/data/1070985/000119312516477634/d121974dex412.htm) (previously filed as Exhibit 4.12 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 25, 2016 and incorporated herein by this reference). |
|  |  |  |
| 4.11 |  | [Schedule of additional Supplemental Indentures (2022 Notes), relating to the Supplemental Indenture in Exhibit 4.8 hereof](http://www.sec.gov/Archives/edgar/data/1070985/000119312516477634/d121974dex413.htm) (previously filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 25, 2016 and incorporated herein by this reference). |
|  |  |  |
| 4.12 |  | [Supplemental Indenture (2023 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000156459019017752/cxw-ex42_153.htm) (previously filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference). |
|  |  |  |
| 4.13 |  | [Supplemental Indenture (2022 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000156459019017752/cxw-ex43_154.htm) (previously filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference). |
|  |  |  |
| 4.14 |  | [Supplemental Indenture (2027 Notes), dated as of January 7, 2019, by and among the Company, certain of its subsidiaries, and Regions Bank, successor-in-interest to U.S. Bank National Association, as Trustee](http://www.sec.gov/Archives/edgar/data/1070985/000156459019017752/cxw-ex44_155.htm) (previously filed as Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-16109), filed with the Commission on May 9, 2019 and incorporated herein by this reference). |
|  |  |  |
| 4.15\* |  | [Description of Securities of CoreCivic, Inc.](cxw-ex415_208.htm) |
|  |  |  |
| 10.1 |  | [Second Amended and Restated Credit Agreement, dated as of April 17, 2018](http://www.sec.gov/Archives/edgar/data/1070985/000119312518120636/d568607dex101.htm). (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on April 18, 2018 and incorporated herein by this reference.) |
|  |  |  |
| 10.2 |  | [The Company's Non-Employee Directors' Compensation Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014403004789/g81913dedef14a.htm) (previously filed as Appendix C to the Company's definitive Proxy Statement relating to its Annual Meeting of Stockholders (Commission File no. 001-16109), filed with the Commission on April 11, 2003 and incorporated herein by this reference). |
|  |  |  |
| 10.3 |  | [Form of Executive Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014408001266/g11816exv10w2.htm) (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 21, 2008 and incorporated herein by this reference). |
|  |  |  |
| 10.4 |  | [Amended Form of Executive Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014409001520/g17702exv10w2.htm) (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 23, 2009 and incorporated herein by this reference). |
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| 10.5 |  | [Form of Director Non-qualified Stock Option Agreement for the Company's 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014408001266/g11816exv10w3.htm) (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on February 21, 2008 and incorporated herein by this reference). |
|  |  |  |
| 10.6 |  | [The Company's Amended and Restated 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095012311051326/g27277exv10w1.htm) (previously filed as Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 17, 2011 and incorporated herein by this reference). |
|  |  |  |
| 10.7 |  | [Form of Executive Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000119312512125275/d318887dex101.htm) (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference). |
|  |  |  |
| 10.8 |  | [Form of Non-Employee Directors Restricted Stock Unit Award Agreement with deferral provisions for the Company's Amended and Restated 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000119312512125275/d318887dex102.htm) (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference). |
|  |  |  |
| 10.9 |  | [Form of Non-Employee Directors Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000119312512125275/d318887dex103.htm) (previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on March 21, 2012 and incorporated herein by this reference). |
|  |  |  |
| 10.10 |  | [Form of Restricted Stock Unit Award Agreement for the Company's Amended and Restated 2008 Stock Incentive Plan (Time-Vesting Form for Executive Officers)](http://www.sec.gov/Archives/edgar/data/1070985/000119312513080296/d452767dex1023.htm) (previously filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 27, 2013 and incorporated herein by this reference). |
|  |  |  |
| 10.11 |  | [Amended and Restated Non-Employee Director Deferred Compensation Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014407007953/g08996exv10w1.htm) (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 16, 2007 and incorporated herein by this reference). |
|  |  |  |
| 10.12 |  | [Amendment to the Amended and Restated Non-Employee Director Deferred Compensation Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095012310016309/g22193exv10w35.htm) (previously filed as Exhibit 10.35 to the Company's Annual Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 24, 2010 and incorporated herein by this reference). |
|  |  |  |
| 10.13 |  | [Amended and Restated Executive Deferred Compensation Plan](http://www.sec.gov/Archives/edgar/data/1070985/000095014407007953/g08996exv10w2.htm) (previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 16, 2007 and incorporated herein by this reference). |
|  |  |  |
| 10.14 |  | [Form of Indemnification Agreement](http://www.sec.gov/Archives/edgar/data/1070985/000095012309035955/g20232exv10w1.htm) (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 18, 2009 and incorporated herein by this reference). |
|  |  |  |
| 10.15 |  | [Restricted Stock Unit Award Cancellation Agreement, dated as of September 27, 2016, with Damon T. Hininger](http://www.sec.gov/Archives/edgar/data/1070985/000119312516721624/d446846dex101.htm) (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on September 27, 2016 and incorporated herein by this reference). |
|  |  |  |
| 10.16 |  | [Form of Executive Employment Agreement, effective as of January 1, 2018](http://www.sec.gov/Archives/edgar/data/1070985/000156459018002898/cxw-ex1028_422.htm) (previously filed as Exhibit 10.28 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference). |
|  |  |  |
| 10.17 |  | [Letter Agreement, dated as of December 31, 2017, with Harley G. Lappin](http://www.sec.gov/Archives/edgar/data/1070985/000156459018002898/cxw-ex1029_421.htm) (previously filed as Exhibit 10.29 to the Company's Current Report on Form 10-K (Commission File no. 001-16109), filed with the Commission on February 22, 2018 and incorporated herein by this reference). |
|  |  |  |

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|  |  |  |
| --- | --- | --- |
| 10.18 |  | [Amended and Restated ATM Equity OfferingSM Sales Agreement, dated August 28, 2018](http://www.sec.gov/Archives/edgar/data/1070985/000119312518260760/d614540dex11.htm) (previously filed as Exhibit 1.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on August 28, 2018 and incorporated herein by this reference). |
|  |  |  |
| 10.19\* |  | [Term Loan Credit Agreement, dated as of December 18, 2019, by and among the Company, Nomura Corporate Funding Americas, LLC, as Administrative Agent and Nomura Securities International, Inc., as a Lead Arranger and Bookrunner.](cxw-ex1019_129.htm) |
|  |  |  |
| 10.20 |  | [The Company's Second Amended and Restated 2008 Stock Incentive Plan](http://www.sec.gov/Archives/edgar/data/1070985/000119312517168577/d395199dex101.htm) (previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File no. 001-16109), filed with the Commission on May 12, 2017 and incorporated herein by this reference). |
|  |  |  |
| 21.1\* |  | [Subsidiaries of the Company.](cxw-ex211_8.htm) |
|  |  |  |
| 23.1\* |  | [Consent of Independent Registered Public Accounting Firm.](cxw-ex231_11.htm) |
|  |  |  |
| 31.1\* |  | [Certification of the Company's Chief Executive Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](cxw-ex311_6.htm) |
|  |  |  |
| 31.2\* |  | [Certification of the Company's Chief Financial Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](cxw-ex312_7.htm) |
|  |  |  |
| 32.1\*\* |  | [Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](cxw-ex321_9.htm) |
|  |  |  |
| 32.2\*\* |  | [Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](cxw-ex322_10.htm) |
|  |  |  |
| 101\* |  | The following financial information from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Stockholders' Equity, and (v) the Notes to Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document. |
|  |  |  |
| 104\* |  | The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, formatted in Inline XBRL (included in Exhibit 101). |
|  |  |  |

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| **ITEM 16.** | **FORM 10-K SUMMARY** |

None**.**

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

|  |  |  |
| --- | --- | --- |
|  | CORECIVIC, INC. | |
|  |  |  |
| Date:  February 20, 2020 | By: | /s/ Damon T. Hininger |
|  |  | Damon T. Hininger, President and Chief Executive Officer |

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

|  |  |  |
| --- | --- | --- |
| /s/ Damon T. Hininger |  | February 20, 2020 |
| Damon T. Hininger, President and Chief Executive Officer  (Principal Executive Officer and Director) |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ David M. Garfinkle |  | February 20, 2020 |
| David M. Garfinkle, Executive Vice President and Chief Financial Officer  (Principal Financial and Accounting Officer) |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Mark A. Emkes |  | February 20, 2020 |
| Mark A. Emkes, Chairman of the Board of Directors |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Donna M. Alvarado |  | February 20, 2020 |
| Donna M. Alvarado, Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Robert J. Dennis |  | February 20, 2020 |
| Robert J. Dennis, Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Stacia A. Hylton |  | February 20, 2020 |
| Stacia A. Hylton, Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Harley G. Lappin |  | February 20, 2020 |
| Harley G. Lappin, Director |  |  |
|  |  |  |
| /s/ Anne L. Mariucci |  | February 20, 2020 |
| Anne L. Mariucci, Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Thurgood Marshall, Jr. |  | February 20, 2020 |
| Thurgood Marshall, Jr., Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ Devin I. Murphy |  | February 20, 2020 |
| Devin I. Murphy, Director |  |  |
|  |  |  |
| /s/ Charles L. Overby |  | February 20, 2020 |
| Charles L. Overby, Director |  |  |

|  |  |  |
| --- | --- | --- |
| /s/ John R. Prann, Jr. |  | February 20, 2020 |
| John R. Prann, Jr., Director |  |  |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of CoreCivic, Inc. and Subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of CoreCivic, Inc. and Subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 20, 2020 expressed an unqualified opinion thereon.

**Adoption of New Accounting Standard**

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases in 2019 due to the adoption of ASU No. 2016-02, “Leases” (ASC 842).

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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|  |  |
|  | ***Impairment of Long-Lived Assets*** |
| *Description of the Matter* | At December 31, 2019, the Company’s property and equipment, net of accumulated depreciation, was $2,700.1 million, which includes $136.3 million related to five idled facilities and $19.6 million related to other idle facilities.  As discussed in Note 2 and Note 6 to the consolidated financial statements, long-lived assets other than goodwill are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. When the estimated undiscounted cash flows associated with the asset or group of assets are less than their carrying value, an impairment is recognized as the difference between the carrying value of the asset and its fair value.    Auditing management’s evaluation of long-lived assets for impairment was subjective due to the estimation uncertainty in determining the future undiscounted cash flows of facilities where indicators of impairment are determined to be present. These estimates are particularly sensitive to the assumption as to whether the Company will obtain contracts to utilize idle facilities in the future, which can be affected by expectations about market developments as well as management’s intent to hold and operate each facility over the term and in the manner assumed in the analysis. |
| *How We Addressed the Matter in Our Audit* | We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s long-lived asset impairment review process, including controls over management’s review of evidence supporting the projected utilization of idle facilities.    To test the Company’s long-lived asset impairment analysis, we performed audit procedures that included, among others, evaluating evidence to support the projected utilization of facilities and to support recoverability of net book values based on anticipated cash flows.  We also performed sensitivity analyses to evaluate the impact of changes in future undiscounted cash flows. |
|  | ***Goodwill Impairment*** |
| *Description of the Matter* | At December 31, 2019, the Company’s goodwill was $50.5 million, with $7.9 million assigned to the Company's CoreCivic Safety reporting unit and $42.6 million assigned to the CoreCivic Community reporting unit. As discussed in Note 2 and Note 3 to the consolidated financial statements, goodwill is tested for impairment at the reporting unit level at least annually.    Auditing management’s annual goodwill impairment test for the CoreCivic Community reporting unit was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting unit. In particular, the fair value estimate is sensitive to certain significant assumptions, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations about future market or economic conditions. |

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|  |  |
| *How We Addressed the Matter in Our Audit* | We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s goodwill impairment review process, including controls over management’s review of the valuation methodologies and significant assumptions described above.    To test the estimated fair value of the Company’s CoreCivic Community reporting unit, we performed audit procedures that included, among others, assessing the methodologies applied, testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analysis. We compared the significant assumptions used by management to recent historical results; assessed the  historical accuracy of management’s projected cash flow estimates; and performed sensitivity analyses of changes in significant assumptions to evaluate the changes in fair value of the reporting unit that would result from changes in the assumptions. We involved a valuation specialist to assist in assessing the Company’s concluded valuation, valuation methodologies and certain significant assumptions used in the valuation analysis. |

|  |  |  |
| --- | --- | --- |
| /s/ Ernst & Young LLP |  |  |
|  |  |  |
| We have served as the Company’s auditor since 2002. |  |  |
| Nashville, Tennessee |  |  |
| February 20, 2020 |  |  |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

(in thousands, except per share data)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
| **ASSETS** |  | **2019** | |  |  | **2018** | |  |
| Cash and cash equivalents |  | **$** | **92,120** |  |  | $ | 52,802 |  |
| Restricted cash |  |  | **26,973** |  |  |  | 21,335 |  |
| Accounts receivable, net of allowance of $3,217 and $2,542, respectively |  |  | **280,785** |  |  |  | 270,597 |  |
| Prepaid expenses and other current assets |  |  | **35,507** |  |  |  | 28,791 |  |
| Total current assets |  |  | **435,385** |  |  |  | 373,525 |  |
| Real estate and related assets: |  |  |  |  |  |  |  |  |
| Property and equipment, net of accumulated depreciation of $1,510,117        and $1,516,664, respectively |  |  | **2,700,107** |  |  |  | 2,830,589 |  |
| Other real estate assets |  |  | **238,637** |  |  |  | 247,223 |  |
| Goodwill |  |  | **50,537** |  |  |  | 48,169 |  |
| Non-current deferred tax assets |  |  | **16,058** |  |  |  | 14,947 |  |
| Other assets |  |  | **350,907** |  |  |  | 141,207 |  |
| Total assets |  | **$** | **3,791,631** |  |  | $ | 3,655,660 |  |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses |  | **$** | **337,462** |  |  | $ | 352,275 |  |
| Current portion of long-term debt |  |  | **31,349** |  |  |  | 14,121 |  |
| Total current liabilities |  |  | **368,811** |  |  |  | 366,396 |  |
| Long-term debt, net |  |  | **1,928,023** |  |  |  | 1,787,555 |  |
| Deferred revenue |  |  | **12,469** |  |  |  | 26,102 |  |
| Other liabilities |  |  | **105,579** |  |  |  | 60,548 |  |
| Total liabilities |  |  | **2,414,882** |  |  |  | 2,240,601 |  |
| Commitments and contingencies |  |  |  |  |  |  |  |  |
| Preferred stock – $0.01 par value; 50,000 shares authorized; none issued     and outstanding at December 31, 2019 and 2018, respectively |  |  | **—** |  |  |  | — |  |
| Common stock – $0.01 par value; 300,000 shares authorized;     119,096 and 118,674 shares issued and outstanding     at December 31, 2019 and 2018, respectively |  |  | **1,191** |  |  |  | 1,187 |  |
| Additional paid-in capital |  |  | **1,821,810** |  |  |  | 1,807,202 |  |
| Accumulated deficit |  |  | **(446,252** | **)** |  |  | (393,330 | ) |
| Total stockholders' equity |  |  | **1,376,749** |  |  |  | 1,415,059 |  |
| Total liabilities and stockholders' equity |  | **$** | **3,791,631** |  |  | $ | 3,655,660 |  |

The accompanying notes are an integral part of these consolidated financial statements.

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**CORECIVIC, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| **REVENUES** |  | **$** | **1,980,689** |  |  | $ | 1,835,766 |  |  | $ | 1,765,498 |  |
| **EXPENSES:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating |  |  | **1,422,769** |  |  |  | 1,315,250 |  |  |  | 1,249,537 |  |
| General and administrative |  |  | **127,078** |  |  |  | 106,865 |  |  |  | 107,822 |  |
| Depreciation and amortization |  |  | **144,572** |  |  |  | 156,501 |  |  |  | 147,129 |  |
| Contingent consideration for acquisition of businesses |  |  | **—** |  |  |  | 6,085 |  |  |  | — |  |
| Asset impairments |  |  | **4,706** |  |  |  | 1,580 |  |  |  | 614 |  |
|  |  |  | **1,699,125** |  |  |  | 1,586,281 |  |  |  | 1,505,102 |  |
| **OPERATING INCOME** |  |  | **281,564** |  |  |  | 249,485 |  |  |  | 260,396 |  |
| **OTHER (INCOME) EXPENSE:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  |  | **84,401** |  |  |  | 80,753 |  |  |  | 68,535 |  |
| Expenses associated with debt refinancing transactions |  |  | **602** |  |  |  | 1,016 |  |  |  | — |  |
| Other (income) expense |  |  | **(164** | **)** |  |  | 156 |  |  |  | (90 | ) |
|  |  |  | **84,839** |  |  |  | 81,925 |  |  |  | 68,445 |  |
| **INCOME BEFORE INCOME TAXES** |  |  | **196,725** |  |  |  | 167,560 |  |  |  | 191,951 |  |
| Income tax expense |  |  | **(7,839** | **)** |  |  | (8,353 | ) |  |  | (13,911 | ) |
| **NET INCOME** |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |
| **BASIC EARNINGS PER SHARE** |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.51 |  |
| **DILUTED EARNINGS PER SHARE** |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.50 |  |
| **DIVIDENDS DECLARED PER SHARE** |  | **$** | **1.76** |  |  | $ | 1.72 |  |  | $ | 1.68 |  |

The accompanying notes are an integral part of these consolidated financial statements.

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**CORECIVIC, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |
| Adjustments to reconcile net income to net cash provided by operating     activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | **144,572** |  |  |  | 156,501 |  |  |  | 147,129 |  |
| Asset impairments |  |  | **4,706** |  |  |  | 1,580 |  |  |  | 614 |  |
| Amortization of debt issuance costs and other non-cash interest |  |  | **3,351** |  |  |  | 3,419 |  |  |  | 3,222 |  |
| Expenses associated with debt refinancing transactions |  |  | **602** |  |  |  | 1,016 |  |  |  | — |  |
| Deferred income taxes |  |  | **(1,162** | **)** |  |  | (4,436 | ) |  |  | 921 |  |
| Other expenses and non-cash items |  |  | **13,033** |  |  |  | 7,909 |  |  |  | 4,267 |  |
| Non-cash revenue and other income |  |  | **(11,292** | **)** |  |  | (14,509 | ) |  |  | (14,528 | ) |
| Non-cash equity compensation |  |  | **17,267** |  |  |  | 13,132 |  |  |  | 13,286 |  |
| Changes in assets and liabilities, net: |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable, prepaid expenses and other assets |  |  | **(16,938** | **)** |  |  | (19,470 | ) |  |  | (13,913 | ) |
| Accounts payable, accrued expenses and other liabilities |  |  | **11,359** |  |  |  | 18,531 |  |  |  | 22,287 |  |
| Net cash provided by operating activities |  |  | **354,384** |  |  |  | 322,880 |  |  |  | 341,325 |  |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Expenditures for facility development and expansions |  |  | **(136,128** | **)** |  |  | (58,239 | ) |  |  | (17,576 | ) |
| Expenditures for other capital improvements |  |  | **(57,192** | **)** |  |  | (63,438 | ) |  |  | (56,168 | ) |
| Acquisitions, net of cash acquired |  |  | **(48,396** | **)** |  |  | (175,588 | ) |  |  | (48,867 | ) |
| Proceeds from sale of assets |  |  | **4,295** |  |  |  | 12,911 |  |  |  | 970 |  |
| Increase in other assets |  |  | **(7,168** | **)** |  |  | (6,703 | ) |  |  | (3,605 | ) |
| Payments received on direct financing lease and notes receivable |  |  | **—** |  |  |  | — |  |  |  | 684 |  |
| Net cash used in investing activities |  |  | **(244,589** | **)** |  |  | (291,057 | ) |  |  | (124,562 | ) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Proceeds from issuance of debt and borrowings from credit facility |  |  | **1,146,691** |  |  |  | 809,831 |  |  |  | 475,500 |  |
| Scheduled principal repayments |  |  | **(14,121** | **)** |  |  | (7,816 | ) |  |  | (10,000 | ) |
| Principal repayments of credit facility |  |  | **(648,000** | **)** |  |  | (603,500 | ) |  |  | (461,500 | ) |
| Satisfaction and discharge of senior notes |  |  | **(325,000** | **)** |  |  | — |  |  |  | — |  |
| Payment of debt issuance and other refinancing and related costs |  |  | **(4,296** | **)** |  |  | (6,087 | ) |  |  | (4,169 | ) |
| Payment of lease obligations for financing leases |  |  | **(538** | **)** |  |  | (3,744 | ) |  |  | (2,483 | ) |
| Contingent consideration for acquisition of businesses |  |  | **(7,398** | **)** |  |  | (1,500 | ) |  |  | — |  |
| Proceeds from exercise of stock options |  |  | **876** |  |  |  | 2,367 |  |  |  | 6,534 |  |
| Proceeds from sale/leaseback |  |  | **—** |  |  |  | 7,783 |  |  |  | — |  |
| Purchase and retirement of common stock |  |  | **(3,531** | **)** |  |  | (3,005 | ) |  |  | (5,847 | ) |
| Dividends paid |  |  | **(209,522** | **)** |  |  | (204,198 | ) |  |  | (200,326 | ) |
| Net cash used in financing activities |  |  | **(64,839** | **)** |  |  | (9,869 | ) |  |  | (202,291 | ) |
| **NET INCREASE IN CASH, CASH EQUIVALENTS**  **AND RESTRICTED CASH** |  |  | **44,956** |  |  |  | 21,954 |  |  |  | 14,472 |  |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH,**  **beginning of period** |  |  | **74,137** |  |  |  | 52,183 |  |  |  | 37,711 |  |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH,**  **end of period** |  | **$** | **119,093** |  |  | $ | 74,137 |  |  | $ | 52,183 |  |
| **NON-CASH INVESTING AND FINANCING ACTIVITIES:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Debt assumed on acquisition of property |  | **$** | **—** |  |  | $ | 157,280 |  |  | $ | — |  |
| Establishment of right of use assets and lease liabilities |  | **$** | **137,946** |  |  | $ | — |  |  | $ | — |  |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash paid during the period for: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest (net of amounts capitalized of $6.0 million, $1.0 million, and     $0 in 2019, 2018, and 2017, respectively) |  | **$** | **85,698** |  |  | $ | 71,787 |  |  | $ | 57,485 |  |
| Income taxes paid |  | **$** | **16,437** |  |  | $ | 13,303 |  |  | $ | 8,089 |  |

The accompanying notes are an integral part of these consolidated financial statements.

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**CORECIVIC, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **Additional** | |  |  |  |  |  |  | **Total** | |  |
|  |  | **Common Stock** | | | | | |  |  | **Paid-in** | |  |  | **Accumulated** | |  |  | **Stockholders'** | |  |
|  |  | **Shares** | |  |  | **Par Value** | |  |  | **Capital** | |  |  | **Deficit** | |  |  | **Equity** | |  |
| Balance as of December 31, 2016 |  |  | 117,554 |  |  | $ | 1,176 |  |  | $ | 1,780,350 |  |  | $ | (322,563 | ) |  | $ | 1,458,963 |  |
| Net income |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 178,040 |  |  |  | 178,040 |  |
| Retirement of common stock |  |  | (176 | ) |  |  | (2 | ) |  |  | (5,845 | ) |  |  | — |  |  |  | (5,847 | ) |
| Dividends declared on common stock ($1.68 per     share) |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (199,764 | ) |  |  | (199,764 | ) |
| Restricted stock compensation, net of forfeitures |  |  | — |  |  |  | — |  |  |  | 13,286 |  |  |  | — |  |  |  | 13,286 |  |
| Restricted stock grants |  |  | 513 |  |  |  | 5 |  |  |  | (5 | ) |  |  | — |  |  |  | — |  |
| Stock options exercised |  |  | 313 |  |  |  | 3 |  |  |  | 6,927 |  |  |  | — |  |  |  | 6,930 |  |
| Balance as of December 31, 2017 |  |  | 118,204 |  |  | $ | 1,182 |  |  | $ | 1,794,713 |  |  | $ | (344,287 | ) |  | $ | 1,451,608 |  |
| Net income |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 159,207 |  |  |  | 159,207 |  |
| Retirement of common stock |  |  | (139 | ) |  |  | (1 | ) |  |  | (3,004 | ) |  |  | — |  |  |  | (3,005 | ) |
| Dividends declared on common stock ($1.72 per     share) |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (205,675 | ) |  |  | (205,675 | ) |
| Restricted stock compensation, net of forfeitures |  |  | — |  |  |  | — |  |  |  | 13,132 |  |  |  | — |  |  |  | 13,132 |  |
| Restricted stock grants |  |  | 462 |  |  |  | 5 |  |  |  | (5 | ) |  |  | — |  |  |  | — |  |
| Stock options exercised |  |  | 147 |  |  |  | 1 |  |  |  | 2,366 |  |  |  | — |  |  |  | 2,367 |  |
| Cumulative effect of adoption of new accounting      standard |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (2,575 | ) |  |  | (2,575 | ) |
| Balance as of December 31, 2018 |  |  | 118,674 |  |  | $ | 1,187 |  |  | $ | 1,807,202 |  |  | $ | (393,330 | ) |  | $ | 1,415,059 |  |
| Net income |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 188,886 |  |  |  | 188,886 |  |
| Retirement of common stock |  |  | (164 | ) |  |  | (2 | ) |  |  | (3,529 | ) |  |  | — |  |  |  | (3,531 | ) |
| Dividends declared on common stock ($1.76 per     share) |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (211,868 | ) |  |  | (211,868 | ) |
| Restricted stock compensation, net of forfeitures |  |  | — |  |  |  | — |  |  |  | 17,267 |  |  |  | — |  |  |  | 17,267 |  |
| Restricted stock grants |  |  | 524 |  |  |  | 5 |  |  |  | (5 | ) |  |  | — |  |  |  | — |  |
| Stock options exercised |  |  | 62 |  |  |  | 1 |  |  |  | 875 |  |  |  | — |  |  |  | 876 |  |
| Cumulative effect of adoption of new accounting      standard |  |  | — |  |  |  | — |  |  |  | — |  |  |  | (29,940 | ) |  |  | (29,940 | ) |
| **Balance as of December 31, 2019** |  |  | **119,096** |  |  | **$** | **1,191** |  |  | **$** | **1,821,810** |  |  | **$** | **(446,252** | **)** |  | **$** | **1,376,749** |  |

The accompanying notes are an integral part of these consolidated financial statements.

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**CORECIVIC, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019, 2018 AND 2017**

|  |  |
| --- | --- |
| **1.** | **ORGANIZATION AND OPERATIONS** |

CoreCivic, Inc. (together with its subsidiaries, the "Company" or "CoreCivic") is the nation's largest owner of partnership correctional, detention, and residential reentry facilities and one of the largest prison operators in the United States.  The Company also believes it is the largest private owner of real estate used by U.S. government agencies. Through three segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties, the Company provides a broad range of solutions to government partners that serve the public good through corrections and detention management, a growing network of residential reentry centers to help address America's recidivism crisis, and government real estate solutions.  As of December 31, 2019, through its CoreCivic Safety segment, the Company operated 50 correctional and detention facilities, 43 of which the Company owned, with a total design capacity of approximately 73,000 beds.  Through its CoreCivic Community segment, the Company owned and operated 29 residential reentry centers with a total design capacity of approximately 5,000 beds.  In addition, through its CoreCivic Properties segment, the Company owned 28 properties for lease to third parties and used by government agencies, totaling 2.4 million square feet.

In addition to providing fundamental residential services, CoreCivic's correctional, detention, and reentry facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training, and substance abuse treatment.  These services are intended to help reduce recidivism and to prepare offenders for their successful reentry into society upon their release.  CoreCivic also provides or makes available to offenders certain health care (including medical, dental, and mental health services), food services, and work and recreational programs.

CoreCivic began operating as a real estate investment trust ("REIT") effective January 1, 2013.  The Company provides services and conducts other business activities through taxable REIT subsidiaries ("TRSs"). A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax and certain qualification requirements. The Company's use of TRSs permits CoreCivic to engage in certain business activities in which the REIT may not engage directly, so long as these activities are conducted in entities that elect to be treated as TRSs under the Internal Revenue Code of 1986, as amended, and enable CoreCivic to, among other things, provide correctional services at facilities it owns and at facilities owned by its government partners.  A TRS is not subject to the distribution requirements applicable to REITs so it may retain income generated by its operations for reinvestment.

|  |  |
| --- | --- |
| **2.** | **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** |

**Basis of Presentation**

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles and include the accounts of CoreCivic on a consolidated basis with its wholly-owned subsidiaries.  All intercompany balances and transactions have been eliminated.

Certain reclassifications have been made to the consolidated balance sheet in 2018 and to the consolidated statements of cash flows in 2018 and 2017 to conform to the current year presentation.

**Cash and Cash Equivalents**

CoreCivic considers all liquid deposits and investments with a maturity of three months or less at the time of purchase to be cash equivalents.

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**Restricted Cash**

Restricted cash at December 31, 2019 and 2018 included deposit accounts totaling $22.3 million and $17.2 million, respectively, to ensure the timely completion of construction of the Lansing Correctional Facility and related debt service, as further discussed in Notes 6 and 11.  Restricted cash at December 31, 2019 and 2018 also included $4.7 million and $4.1 million, respectively, to ensure the timely payment of certain operating expenses, capital expenditures and debt service associated with the SSA-Baltimore property, also as further discussed in Notes 6 and 11.  The restricted cash accounts are required under the terms of the indebtedness securing such properties.

**Accounts Receivable and Allowance for Doubtful Accounts**

At December 31, 2019 and 2018, accounts receivable of $280.8 million and $270.6 million, respectively, were net of allowances for doubtful accounts totaling $3.2 million and $2.5 million, respectively.  Accounts receivable consist primarily of amounts due from federal, state, and local government agencies for the utilization of CoreCivic's properties.  Accounts receivable also consist of amounts due for operating and managing the Company's correctional, detention, and residential reentry facilities, as well as its electronic monitoring and case management services operations.

Accounts receivable are stated at estimated net realizable value.  CoreCivic recognizes allowances for doubtful accounts to ensure receivables are not overstated due to uncollectibility.  Bad debt reserves are maintained for customers based on a variety of factors, including the length of time receivables are past due, significant one-time events, and historical experience.  If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted.

**Property and Equipment**

Property and equipment are carried at cost.  Assets acquired by CoreCivic in conjunction with acquisitions are recorded at estimated fair market value at the time of purchase. Betterments, renewals and significant repairs that extend the life of an asset are capitalized; other repair and maintenance costs are expensed.  Interest is capitalized to the asset to which it relates in connection with the construction or expansion of real estate properties.  Construction costs directly associated with the development of a property are capitalized as part of the cost of the development project.  Such costs are written-off to expense whenever a project is abandoned. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the gain or loss on disposition is recognized in income.  Depreciation is computed over the estimated useful lives of depreciable assets using the straight-line method.  Useful lives for property and equipment are as follows:

|  |  |
| --- | --- |
| Land improvements | 5 – 20 years |
| Buildings and improvements | 5 – 50 years |
| Equipment and software | 3 – 10 years |
| Office furniture and fixtures | 5 years |

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**Other Real Estate Assets**

Other real estate assets are accounted for in accordance with Accounting Standards Codification ("ASC") 853, "Service Concession Arrangements".  ASC 853 stipulates that the facilities subject to the standard may not be accounted for as a lease, nor should the infrastructure used in the service concession arrangement be recognized as property and equipment by the operating entity.  Instead, the contracts should be accounted for under the applicable revenue standards.  The Company owns four facilities that are accounted for as service concession arrangements.  The facilities accounted for under ASC 853 were constructed in periods prior to 2013.

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" and its subsequent corresponding update, ASC 606.  For facilities which CoreCivic constructed for the public entity, two separate and distinct performance obligations exist. Service revenue is recognized as provided. All revenues and costs related to the construction of the facilities were recognized upon adoption of ASC 606. Revenue recognized related to the construction of the facilities for which cash has not yet been received is recorded as a contract asset and is amortized and evaluated for impairment on an on-going basis. For facilities contributed to a service contract, the cost of the facility is accounted for as costs to fulfill the service contract and the cost is recognized over the term of the service contract. The costs related to contract assets and costs to fulfill the service contracts are recoverable if the contract is terminated or not renewed due to the existence of residual interest options.

Prior to the adoption of ASC 606, other real estate assets were stated at cost, net of accumulated amortization. These assets represent the cost of all infrastructure to be transferred to the public entity grantors should the grantors exercise their residual interest. The costs related to the facilities constructed for a governmental entity were deferred as an other real estate asset, and the deferred costs were amortized in proportion to revenue recognized over the term of the related services arrangement. The costs related to the facilities that were constructed before entering into the service concession arrangement were amortized in proportion to revenue recognized over the term of the related service contract as an investment in the service contract.

**Accounting for the Impairment of Long-Lived Assets Other Than Goodwill**

Long-lived assets other than goodwill are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable.  When circumstances indicate an asset may not be recoverable, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value.  If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value.  Fair values are determined based on quoted market values, comparable sales data, discounted cash flows or internal and external appraisals, as applicable.

**Goodwill**

Goodwill represents the cost in excess of the net assets of businesses acquired. As further discussed in Note 3, goodwill is tested for impairment at least annually using a fair-value based approach.

**Investment in Affiliates**

Investments in affiliates that are equal to or less than 50%-owned over which CoreCivic can exercise significant influence are accounted for using the equity method of accounting.  Investments under the equity method are recorded at cost and subsequently adjusted for contributions, distributions, and net income attributable to the Company's ownership based on the governing agreement.

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**Debt Issuance Costs**

Debt issuance costs, excluding those costs incurred related to CoreCivic's revolving credit facility, are presented as a direct deduction from the face amount of the related liability on the consolidated balance sheets.  Debt issuance costs related to the Company's revolving credit facility are included in other assets on the consolidated balance sheets.  Generally, debt issuance costs are capitalized and amortized into interest expense using the interest method, or on a straight-line basis over the term of the related debt, if not materially different than the interest method.  However, certain debt issuance costs incurred in connection with debt refinancings are charged to expense in accordance with ASC 470-50, "Modifications and Extinguishments".

**Revenue Recognition**

CoreCivic maintains contracts with certain governmental entities to manage their facilities for fixed per diem rates.  CoreCivic also maintains contracts with various federal, state, and local governmental entities for the housing of offenders in company-owned facilities at fixed per diem rates or monthly fixed rates.  These contracts usually contain expiration dates with renewal options ranging from annual to multi-year renewals.  Most of these contracts have current terms that require renewal every two to five years.  Additionally, most facility management contracts contain clauses that allow the government agency to terminate a contract without cause, and are generally subject to legislative appropriations.  CoreCivic generally expects to renew these contracts for periods consistent with the remaining renewal options allowed by the contracts or other reasonable extensions; however, no assurance can be given that such renewals will be obtained.  Fixed monthly rate revenue is recorded in the month earned and fixed per diem revenue, including revenue under those contracts that include guaranteed minimum populations, is recorded based on the per diem rate multiplied by the number of offenders housed or guaranteed during the respective period.

CoreCivic recognizes any additional management service revenues upon completion of services provided to the customer.  Certain of the government agencies also have the authority to audit and investigate CoreCivic's contracts with them.  If the agency determines that CoreCivic has improperly allocated costs to a specific contract or otherwise was unable to perform certain contractual services, CoreCivic may not be reimbursed for those costs and could be required to refund the amount of any such costs that have been reimbursed, or to pay liquidated damages.  In these instances, the amounts required to be returned to the customer are classified as reductions to revenue. Prior to the adoption of ASU 2014-09 in the first quarter of 2018, these amounts were reflected as operating expenses.

Rental revenue is recognized in accordance with ASC 842, "Leases". In accordance with ASC 842, minimum rental revenue is recognized on a straight-line basis over the term of the related lease. Leasehold incentives are recognized as a reduction to rental revenue on a straight-line basis over the term of the related lease. Rental revenue associated with expense reimbursements from tenants is recognized in the period that the related expenses are incurred based upon the tenant lease provision.

Other revenue consists primarily of ancillary revenues associated with operating correctional, detention and residential reentry facilities, such as commissary, phone, and vending sales, and is recorded in the period the goods and services are provided.  Revenues generated from prisoner transportation services for governmental agencies are recorded in the period the inmates have been transported to their destination.

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**Self-Funded Insurance and Litigation Reserves**

CoreCivic is significantly self-insured for employee health, workers' compensation, automobile liability claims, and general liability claims.  As such, CoreCivic's insurance expense is largely dependent on claims experience and CoreCivic's ability to control its claims experience. CoreCivic has consistently accrued the estimated liability for employee health insurance based on its history of claims experience and time lag between the incident date and the date the cost is paid by CoreCivic.  CoreCivic has accrued the estimated liability for workers' compensation claims based on an actuarially determined liability, discounted to the net present value of the outstanding liabilities, using a combination of actuarial methods used to project ultimate losses, and the Company's automobile insurance claims based on estimated development factors on claims incurred. The liability for employee health, workers' compensation, and automobile insurance includes estimates for both claims incurred and for claims incurred but not reported.  CoreCivic records litigation reserves related to general liability matters for which it is probable that a loss has been incurred and the range of such loss can be estimated.  These estimates could change in the future.

**Income Taxes**

CoreCivic began operating in compliance with REIT requirements for federal income tax purposes effective January 1, 2013.  As a REIT, the Company generally is not subject to corporate level federal income tax on taxable income it distributes to its stockholders as long as it meets the organizational and operational requirements under the REIT rules. However, certain subsidiaries have made an election to be treated as TRSs in conjunction with the Company's REIT election.  The TRS elections permit CoreCivic to engage in certain business activities in which the REIT may not engage directly, so long as these activities are conducted in entities that elect to be treated as TRSs under the Internal Revenue Code of 1986, as amended.  A TRS is subject to federal and state income taxes on the income from these activities and therefore, CoreCivic includes a provision for taxes in its consolidated financial statements.

Income taxes are accounted for under the provisions of ASC 740, "Income Taxes". ASC 740 generally requires CoreCivic to record deferred income taxes for the tax effect of differences between book and tax bases of its assets and liabilities. Deferred income taxes reflect the available net operating losses and the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the statement of operations in the period that includes the enactment date.  Realization of the future tax benefits related to deferred tax assets is dependent on many factors, including CoreCivic's past earnings history, expected future earnings, the character and jurisdiction of such earnings, unsettled circumstances that, if unfavorably resolved, would adversely affect utilization of its deferred tax assets, carryback and carryforward periods, and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset.

CoreCivic's deferred tax assets and liabilities are classified as non-current on the consolidated balance sheets. See Note 13 for further discussion of the significant components of CoreCivic's deferred tax assets and liabilities and the impact on deferred tax assets and liabilities that resulted from the lower corporate tax rates enacted under the Tax Cuts and Jobs Act ("the TCJA") in December 2017.

Income tax contingencies are accounted for under the provisions of ASC 740.  ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance prescribed in ASC 740 establishes a recognition threshold of more likely than not that a tax position will be sustained upon examination.  The measurement attribute requires that a tax position be measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

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**Foreign Currency Transactions**

CoreCivic has extended a working capital loan to Agecroft Prison Management, Ltd. ("APM"), the operator of a correctional facility in Salford, England previously owned by a subsidiary of CoreCivic.  The working capital loan is denominated in British pounds; consequently, CoreCivic adjusts this receivable to the current exchange rate at each balance sheet date and recognizes the unrealized currency gain or loss in current period earnings.  See Note 8 for further discussion of CoreCivic's relationship with APM.

**Fair Value of Financial Instruments**

To meet the reporting requirements of ASC 825, "Financial Instruments", regarding fair value of financial instruments, CoreCivic calculates the estimated fair value of financial instruments using market interest rates, quoted market prices of similar instruments, or discounted cash flow techniques with observable Level 1 inputs for publicly traded debt and Level 2 inputs for all other financial instruments, as defined in ASC 820, "Fair Value Measurement".  At December 31, 2019 and 2018, there were no material differences between the carrying amounts and the estimated fair values of CoreCivic's financial instruments, other than as follows (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | | | | | | | | | |  |
|  |  | **2019** | | | | | |  |  | 2018 | | | | | |  |
|  |  | **Carrying**  **Amount** | |  |  | **Fair Value** | |  |  | Carrying  Amount | |  |  | Fair Value | |  |
| Note receivable from APM |  | **$** | **2,989** |  |  | **$** | **3,949** |  |  | $ | 2,887 |  |  | $ | 4,037 |  |
| Debt |  | **$** | **(1,986,865** | **)** |  | **$** | **(1,964,366** | **)** |  | $ | (1,814,795 | ) |  | $ | (1,744,045 | ) |

**Use of Estimates in Preparation of Financial Statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.  Actual results could differ from those estimates and those differences could be material.

**Concentration of Credit Risks**

CoreCivic's credit risks relate primarily to cash and cash equivalents, restricted cash, and accounts receivable.  Cash and cash equivalents and restricted cash are primarily held in bank accounts and overnight investments.  CoreCivic maintains deposits of cash in excess of federally insured limits with certain financial institutions. CoreCivic's accounts receivable represents amounts due primarily from governmental agencies.  CoreCivic's financial instruments are subject to the possibility of loss in carrying value as a result of either the failure of other parties to perform according to their contractual obligations or changes in market prices that make the instruments less valuable.

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CoreCivic derives its revenues primarily from amounts earned under federal, state, and local government contracts.  For each of the years ended December 31, 2019, 2018, and 2017, federal correctional and detention authorities represented 51%, 48%, and 48%, respectively, of CoreCivic's total revenue.  Federal correctional and detention authorities consist primarily of U.S. Immigration and Customs Enforcement ("ICE"), the United States Marshals Service ("USMS"), and the Federal Bureau of Prisons ("BOP").  ICE accounted for 29%, 25%, and 25% of total revenue for 2019, 2018, and 2017, respectively.  The USMS accounted for 17%, 17%, and 16% of total revenue for 2019, 2018, and 2017, respectively.  The BOP accounted for 5%, 6%, and 7% of total revenue for 2019, 2018, and 2017, respectively.  These federal customers have management contracts at facilities CoreCivic owns and at facilities CoreCivic manages but does not own.  State revenues from contracts at correctional, detention, and residential reentry facilities that CoreCivic operates represented 34%, 39%, and 41% of total revenue during the years ended December 31, 2019, 2018, and 2017, respectively.  ICE and the USMS each generated 10% or more of total revenue during 2019, 2018, and 2017. Although the revenue generated from each of these agencies is derived from numerous management contracts and various types of properties, i.e. correctional, detention, reentry, and leased, the loss of one or more of such contracts could have a material adverse impact on CoreCivic's financial condition and results of operations.

**Accounting for Stock-Based Compensation**

CoreCivic accounts for restricted stock-based compensation under the recognition and measurement principles of ASC 718, "Compensation-Stock Compensation". CoreCivic amortizes the fair market value as of the grant date of restricted stock unit ("RSU") awards over the vesting period using the straight-line method. The fair market value of performance-based restricted stock units is amortized over the vesting period as long as CoreCivic expects to meet the performance criteria. To the extent performance-based RSUs are expected to increase or decrease based on revised estimates of performance, the related expense is adjusted accordingly.  If achievement of the performance criteria becomes improbable, an adjustment is made to reverse the expense previously recognized. The Company estimates the number of awards expected to be forfeited and adjusts the estimate when it is likely to change.

**Recent Accounting Pronouncements – Lease Adoption**

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, "Leases (Topic 842)", which requires lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to previous accounting requirements.  ASU 2016-02 also eliminated previous real estate-specific provisions for all entities.  For lessors, the ASU modifies the classification criteria and the accounting for sales-type and direct financing leases.  For finance leases and operating leases, a lessee should recognize on the balance sheet a liability to make lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term, with each initially measured at the present value of the lease payments.  For public reporting entities such as CoreCivic, guidance in ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, and early adoption of the ASU is permitted.  In July 2018, the FASB issued ASU 2018-11, "Targeted Improvements – Leases (Topic 842)", which permits entities to adopt a new transition method whereby the modified retrospective transition method would allow companies to recognize the cumulative-effect adjustment in the period of adoption rather than the earliest period presented and continue to apply the legacy guidance in ASC 840, "Leases", in the comparative periods presented.  Further, ASU 2018-11 also allows entities to elect, by class of underlying asset, to not separate non-lease components from the associated lease components when certain criteria are met.  Adoption results in an increase in long-term assets and liabilities for leases where the Company is the lessee.

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CoreCivic adopted ASU 2016-02 and ASU 2018-11, cumulatively ("ASC 842"), on January 1, 2019.  The Company elected the modified retrospective transition method and recognized the cumulative-effect adjustment resulting from adoption of ASC 842 in the first quarter of 2019.  CoreCivic also elected to adopt the package of available practical expedients that permits lessees and lessors to not reassess certain items, including whether any expired or existing contracts are or contain leases, lease classification of any expired or existing leases, and initial direct costs for any expired or existing leases.  In addition, the Company made an accounting policy election to apply the "short-term lease exception" permitted by ASC 842 for all classes of underlying assets.  With the exception of the South Texas Family Residential Center lease, as further described in Note 5, the Company also elected the practical expedient that permits lessees to make an accounting policy election to account for each separate lease component of a contract and its associated non-lease components as a single lease component. Prior to the adoption of ASC 842, a portion of the rental payments for the South Texas Family Residential Center was classified as depreciation and interest expense in accordance with ASC 840-40-55, formerly Emerging Issues Task Force No. 97-10, "The Effect of Lessee Involvement in Asset Construction."  Upon adoption of ASC 842, all rental payments associated with this lease are classified as operating expenses.

Upon adoption of ASC 842, CoreCivic recognized a ROU asset of $115.6 million and a lease liability of $82.9 million for all operating leases identified by the Company as applicable under the guidance of ASC 842, including the lease for the South Texas Family Residential Center.  For those operating leases that contain renewal options, the Company included the renewal period in the lease terms, and the related payments are reflected in the ROU asset and lease liability, when it is reasonably certain that a renewal option will be exercised. The ROU asset is included in other assets on the consolidated balance sheets, while the current portion of the lease liability is included in accounts payable and accrued expenses, and the long-term portion of the liability is included in other liabilities on the consolidated balance sheets. The Company also recognized a net charge of approximately $29.9 million to accumulated deficit upon adoption of ASC 842.  Because CoreCivic does not generally have access to the interest rates implicit in its leases, the Company utilized its incremental borrowing rate, based upon the terms and tenure of each base lease, as the discount rate when calculating the present value of future minimum lease payments for each lease arrangement.  The weighted average discount rate associated with the operating leases at adoption of ASC 842 was 5.3%.

**Recent Accounting Pronouncements – Other**

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments," which will change how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The ASU will replace the current "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For trade and other receivables, held-to-maturity debt securities, contract assets, loans and other instruments, entities will be required to use a new forward-looking "expected loss" model that generally will result in the earlier recognition of allowances for losses. The ASU is effective for the Company in the first quarter of 2020**.** The Company is currently evaluating the effects of this ASU to determine the potential impact on its financial statements. Based principally on the fact that the largest portion of the Company's accounts receivable is with governmental agencies, the Company does not currently expect the new standard will have a material impact on its financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants and the Securities and Exchange Commission ("SEC") did not, or are not expected to, have a material effect on the Company's results of operations or financial position.

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| **3.** | **GOODWILL** |

ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test of Goodwill Impairment", establishes accounting and reporting requirements for goodwill and other intangible assets. Goodwill was $50.5 million and $48.2 million as of December 31, 2019 and 2018, respectively.  Of these amounts, goodwill was $7.9 million as of both December 31, 2019 and 2018 for the Company's CoreCivic Safety segment, and was $42.6 million and $40.3 million as of December 31, 2019 and 2018, respectively, for its CoreCivic Community segment. This goodwill was established in connection with multiple business combination transactions.

Under the provisions of ASU 2017-04, CoreCivic performs a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.  If, after assessing the totality of events or circumstances, the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing a quantitative impairment test is not necessary.  If a quantitative test is required, CoreCivic performs an assessment to identify the existence of impairment and to measure the excess of a reporting unit's carrying amount over its fair value by using a combination of various common valuation techniques, including market multiples and discounted cash flows.  These impairment tests are required to be performed at least annually.

CoreCivic performed its impairment tests during the fourth quarter of 2019, 2018 and 2017. CoreCivic performed a qualitative assessment for its goodwill allocated to the Company’s CoreCivic Safety segment.  CoreCivic performed a quantitative analysis for its goodwill allocated to its CoreCivic Community segment. The quantitative analysis was prepared using valuation methodologies that include an income approach and market approach. The income approach valuation included certain significant assumptions impacting projected future cash flows, such as projected revenue, projected operating costs, and the weighted average cost of capital, which are affected by expectations about future market or economic conditions.  Based on the impairment tests performed, CoreCivic concluded no impairments had occurred for the years ended December 31, 2019 and 2018.

In March 2017, the Texas Department of Criminal Justice ("TDCJ") notified CoreCivic that, in light of the current economic climate, as well as the fiscal constraints and budget outlook for the next biennium, the TDCJ would not be awarding the contract for the Bartlett State Jail. The TDCJ had previously solicited proposals for the rebid of the Bartlett facility, along with three other facilities that CoreCivic managed for the state of Texas.  The managed-only contracts at the four facilities were scheduled to expire in August 2017.  However, in collaboration with the TDCJ, the decision was made to close the Bartlett facility on June 24, 2017.  In anticipation of the termination of the contract and closing of the Bartlett facility, CoreCivic recorded an asset impairment of $0.3 million during the first quarter of 2017 for the write-off of goodwill associated with the facility.  During the third quarter of 2017, CoreCivic was notified that the TDCJ selected other operators for the three remaining facilities the Company managed for the state of Texas.  CoreCivic had no goodwill associated with these three facilities.

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| **4.** | **REAL ESTATE AND RELATED ASSETS** |

At December 31, 2019, CoreCivic owned 72 correctional, detention, and residential reentry real estate properties, and 28 properties for lease to third parties.  At December 31, 2019, CoreCivic also managed seven correctional and detention facilities owned by governmental agencies.

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Property and equipment, at cost, consists of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Land and improvements |  | **$** | **295,214** |  |  | $ | 294,774 |  |
| Buildings and improvements |  |  | **3,411,583** |  |  |  | 3,490,725 |  |
| Equipment and software |  |  | **435,628** |  |  |  | 432,196 |  |
| Office furniture and fixtures |  |  | **38,278** |  |  |  | 34,968 |  |
| Construction in progress |  |  | **29,521** |  |  |  | 94,590 |  |
|  |  |  | **4,210,224** |  |  |  | 4,347,253 |  |
| Less: Accumulated depreciation |  |  | **(1,510,117** | **)** |  |  | (1,516,664 | ) |
|  |  | **$** | **2,700,107** |  |  | $ | 2,830,589 |  |

Construction in progress primarily consists of properties under construction or expansion. Interest is capitalized on construction in progress and amounted to $6.0 million and $1.0 million in 2019 and 2018, respectively.  There was no interest capitalized on construction in progress in 2017.

Depreciation expense was $137.7 million, $152.0 million, and $145.7 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Eleven of the facilities owned by CoreCivic are subject to options that allow various governmental agencies to purchase those facilities. Certain of these options to purchase are based on a depreciated book value while others are based on a fair market value calculation.  Four of the facilities that are subject to options are accounted for in accordance with ASC 853 and are recorded in other real estate assets on the consolidated balance sheets, as further described in Note 2.  As of December 31, 2019, CoreCivic had approximately $238.6 million in other real estate assets, including $147.8 million accounted for as a contract cost and $90.8 million accounted for as costs of fulfilling the related service contract.  As of December 31, 2018, CoreCivic had approximately $247.2 million in other real estate assets, including $150.1 million accounted for as a contract cost and $97.1 million accounted for as costs of fulfilling the related service contract.

In June 2013, CoreCivic entered into an Economic Development Agreement ("EDA") with the Development Authority of Telfair County ("Telfair County") in Telfair County, Georgia to implement a tax abatement plan related to CoreCivic's bed expansion project at its McRae Correctional Facility.  The tax abatement plan provides for 90%abatement of real property taxes in the first year, decreasing by 10% over the subsequent nine years. In June 2013, Telfair County issued bonds in a maximum principal amount of $15.0 million.  According to the EDA, legal title of CoreCivic's real property was transferred to Telfair County.  Pursuant to the EDA, the bonds were issued to CoreCivic, so no cash exchanged hands.  Telfair County then leased the real property back to CoreCivic.  The lease payments are equal to the amount of the payments on the bonds.  At any time, CoreCivic has the option to purchase the real property by paying off the bonds, plus $100.  Due to the form of the transactions, CoreCivic has not recorded the bonds or the capital lease associated with the sale lease-back transaction. The original cost of CoreCivic's property and equipment is recorded on the balance sheet and is being depreciated over its estimated useful life.

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| **5.** | **LEASES** |

As further described in Note 2, CoreCivic accounts for leases in accordance with ASC 842.  CoreCivic leases land and buildings from third-party lessors for multiple properties under operating leases that expire over varying dates through 2032.  The ROU asset related to these leases amounted to $108.1 million at December 31, 2019, while the current portion of the lease liability amounted to $26.9 million and the long-term portion of the liability amounted to $51.2 million at December 31, 2019.  As of December 31, 2019, the weighted-average lease term of the operating leases was 4.2 years and the weighted average discount rate associated with the operating leases was 5.2%.

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CoreCivic leases the South Texas Family Residential Center and the site upon which it was constructed from a third-party lessor.  CoreCivic's lease agreement with the lessor is over a base period concurrent with an inter-governmental service agreement ("IGSA") with ICE, which was amended in October 2016 to extend the term of the agreement through September 2021.  However, ICE can terminate the IGSA for convenience or non-appropriation of funds, without penalty, by providing CoreCivic with at least a 60-day notice.  In the event CoreCivic cancels the lease with the third-party lessor prior to its expiration as a result of the termination of the IGSA by ICE for convenience, and if CoreCivic is unable to reach an agreement for the continued use of the facility within 90 days from the termination date, CoreCivic is required to pay a termination fee to the third-party lessor based on the termination date, currently equal to $4.5 million and declining to zero by October 2020.  Under provisions of ASC 842, CoreCivic determined that the South Texas Family Residential Center lease with the third-party lessor includes a non-lease component for food services representing approximately 44% of the consideration paid under the lease.

The expense incurred for all operating leases, inclusive of short-term and variable leases, but exclusive of the non-lease food services component of the South Texas Family Residential Center lease, was $34.8 million, $30.7 million, and $28.9 million for the years ended December 31, 2019, 2018, and 2017, respectively.  The cash payments for operating leases are reflected as cash flows from operating activities on the accompanying consolidated statements of cash flows and cash payments for financing leases are reflected as cash flows from financing activities.  Future minimum lease payments as of December 31, 2019 for the Company's operating lease liabilities, inclusive of $49.7 million of payments expected to be made under the cancelable lease at the South Texas facility (excluding the non-lease food services component), are as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2020 |  | $ | 32,797 |  |
| 2021 |  |  | 25,438 |  |
| 2022 |  |  | 3,886 |  |
| 2023 |  |  | 3,306 |  |
| 2024 |  |  | 3,144 |  |
| Thereafter |  |  | 21,033 |  |
| Total future minimum lease payments |  |  | 89,604 |  |
| Less amount representing interest |  |  | (11,443 | ) |
| Total present value of minimum lease payments |  | $ | 78,161 |  |

In addition, through its CoreCivic Properties segment, as of December 31, 2019, the Company owned $450.3 million in property, plant and equipment at 28 properties for lease to third parties and used by government agencies under operating leases that expire over varying dates through 2034, some of which contain renewal options.  In accordance with ASC 842, minimum rental revenue is recognized on a straight-line basis over the term of the related lease. Leasehold incentives are recognized as a reduction to rental revenue on a straight-line basis over the term of the related lease. Rental revenue associated with expense reimbursements from tenants is recognized in the period that the related expenses are incurred based upon the tenant lease provision.  See Note 6 for further discussion regarding a 20-year lease agreement with the Kansas Department of Corrections ("KDOC").  Future undiscounted cash flows to be received from third-party lessees as of December 31, 2019 for the Company's operating leases are as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2020 |  | $ | 74,525 |  |
| 2021 |  |  | 67,976 |  |
| 2022 |  |  | 61,554 |  |
| 2023 |  |  | 59,446 |  |
| 2024 |  |  | 59,200 |  |
| Thereafter |  |  | 353,144 |  |

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|  |  |
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| **6.** | **REAL ESTATE TRANSACTIONS** |

**Acquisitions**

*2017 Acquisitions*. On January 1, 2017, CoreCivic acquired the Arapahoe Community Treatment Center, a 135-bed residential reentry center in Englewood, Colorado, for $5.5 million in cash, excluding transaction-related expenses. The acquisition included a contract with Arapahoe County whereby CoreCivic provides residential reentry services for up to 135 residents.

On February 10, 2017, CoreCivic acquired the Stockton Female Community Corrections Facility, a 100-bed residential reentry center in Stockton, California, in a real estate-only transaction for $1.6 million, excluding transaction-related expenses.  The 100-bed Stockton facility is leased to a third-party operator pursuant to a lease agreement that extends through April 2021 and includes one five-year lease extension option.  The lessee separately contracts with the California Department of Corrections and Rehabilitation to provide rehabilitative and reentry services to female residents at the leased facility.

On August 1, 2017, CoreCivic acquired New Beginnings Treatment Center, Inc. ("NBTC"), an Arizona-based community corrections company, along with the real estate used in the operation of NBTC's business from an affiliate of NBTC, for an aggregate purchase price of $6.4 million, excluding transaction related expenses.  In connection with the acquisition, CoreCivic assumed a contract with the BOP to provide reentry services to male and female adults at the 92-bed Oracle Transitional Center located in Tucson, Arizona.

On September 15, 2017, CoreCivic acquired a portfolio of four properties for an aggregate purchase price of $8.7 million, excluding transaction related expenses. The acquisition included a 230-bed residential reentry center leased to the state of Georgia, and three properties in North Carolina and Georgia leased to the General Services Administration ("GSA"), an independent agency of the United States government, two of which are occupied by the Social Security Administration ("SSA"), and one of which is occupied by the Internal Revenue Service ("IRS").

In allocating the purchase price of the four acquisitions in 2017, CoreCivic recorded $20.1 million of net tangible assets, $1.8 million of identifiable intangible assets, and $0.3 million of tenant improvements associated with one of the North Carolina leased properties which was recognized as a receivable and is being recovered by payments from the lessee.  CoreCivic acquired the properties as strategic investments that further expand the Company's network of residential reentry centers and further diversify the Company's cash flows through government-leased properties.

*2018 Acquisitions.* On January 19, 2018, CoreCivic acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida for a purchase price of $44.7 million, excluding transaction-related costs and certain closing credits.  Capital Commerce Center is 98% leased, including 87% leased to the state of Florida on behalf of the Florida Department of Business and Professional Regulation.  In allocating the purchase price of this transaction, CoreCivic recorded $40.6 million of net tangible assets and $3.2 million of identifiable intangible assets.

On July 17, 2018, CoreCivic acquired a portfolio of twelve properties for $12.0 million, excluding transaction-related costs, 100% leased to the U.S. Federal Government through the GSA on behalf of the SSA, the Department of Homeland Security, and ICE. In allocating the purchase price of this transaction, CoreCivic recorded $11.1 million of net tangible assets and $1.9 million of identifiable intangible assets.

On August 23, 2018, CoreCivic acquired a 541,000 square-foot SSA office building in Baltimore, Maryland ("SSA-Baltimore") for a purchase price of $242.0 million, excluding transaction-related costs and certain closing credits.  The office building was purpose built to SSA specifications in 2014 under a 20-year firm term lease expiring in January 2034, and is backed by the full faith and credit of the U.S. Federal Government through the GSA.  In connection with the acquisition and as further described in Note 6, CoreCivic assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014.  In allocating the purchase price of this transaction, CoreCivic recorded $207.4 million of net tangible assets and $38.9 million of identifiable intangible assets.

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On September 21, 2018, CoreCivic acquired a 217,000 square-foot, steel frame property in Dayton, Ohio for $6.9 million, excluding transaction-related costs and certain closing credits, that was built-to-suit for the National Archives and Records Administration ("NARA") in 2002.  The building is 100% leased to the GSA on behalf of NARA through January 2023 and includes two additional 10-year renewal options.  The building provides 1.2 million cubic feet of storage space, approximately 90% of which is dedicated to archives of the IRS. In allocating the purchase price of this transaction, CoreCivic recorded $6.9 million of net tangible assets and $0.7 million of identifiable intangible assets.

CoreCivic acquired the 15 properties in 2018 as strategic investments that further diversify the Company's cash flows through government-leased properties and broaden the solutions it provides to its government partners.

*2019 Acquisitions*.  On February 20, 2019, CoreCivic acquired the South Raleigh Reentry Center, a 60-bed residential reentry center in Raleigh, North Carolina, for $0.9 million, excluding transaction-related expenses. In connection with the acquisition, CoreCivic provides reentry services for both male and female residents under custody of the BOP.

On May 6, 2019, CoreCivic acquired a 36,520-square foot office building in Detroit, Michigan, for $7.2 million, excluding transaction-related expenses, that was built-to-suit for the state of Michigan's Department of Health and Human Services ("MDHHS") in 2002.  The property is 100% leased to the Michigan Department of Technology, Management and Budget ("MDTMB") on behalf of MDHHS through June 2028 and includes one six-year renewal option at the sole discretion of the MDTMB.

In allocating the purchase price of the acquisitions in 2019, CoreCivic recorded $7.4 million of net tangible assets and $0.8 million of identifiable intangible assets.  CoreCivic acquired the properties as strategic investments that further expand the Company's network of residential reentry centers and enable the continued delivery of critical services that help people reintegrate into the community, and also further diversify the Company's cash flows through the acquisition of a government-leased property.

**Financing Leasing Transactions**

On January 24, 2018, CoreCivic entered into a 20-year lease agreement with the KDOC for a 2,432-bed correctional facility to be constructed by the Company in Lansing, Kansas.  The new facility replaces the Lansing Correctional Facility, Kansas' largest correctional complex for adult male inmates, originally constructed in 1863.  CoreCivic will be responsible for facility maintenance throughout the 20-year term of the lease, at which time ownership will revert to the state of Kansas.  Construction of the facility commenced in the first quarter of 2018, and construction was completed in January 2020.  CoreCivic will account for the lease with the KDOC as a multiple element lease with a portion of the lease payments attributable to the capital lease.  In addition, portions of the lease payments will be attributable to maintenance services and capital maintenance, representing two separately valued non-lease components.  As of December 31, 2019, CoreCivic had capitalized $137.7 million associated with the construction of the project, recognized as a construction receivable in Other Assets on the consolidated balance sheet until commencement of the financing lease in 2020.  The cash payments associated with the construction of the project are recognized as expenditures for facility development and expansions on the consolidated statements of cash flows.

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**Idle Facilities**

As of December 31, 2019, CoreCivic had five idled CoreCivic Safety correctional facilities that are currently available and being actively marketed as solutions to meet the needs of potential customers.  The following table summarizes each of the idled facilities and their respective carrying values, excluding equipment and other assets that could generally be transferred and used at other facilities CoreCivic owns without significant cost (dollars in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Design** | |  |  | **Date** |  | **Net Carrying Values at**  **December 31,** | | | | | |  |
| **Facility** |  | **Capacity** | |  |  | **Idled** |  | **2019** | |  |  | 2018 | |  |
| Prairie Correctional Facility |  |  | 1,600 |  |  | 2010 |  | **$** | **14,863** |  |  | $ | 15,278 |  |
| Huerfano County Correctional Center |  |  | 752 |  |  | 2010 |  |  | **16,266** |  |  |  | 16,660 |  |
| Diamondback Correctional Facility |  |  | 2,160 |  |  | 2010 |  |  | **39,729** |  |  |  | 40,962 |  |
| Marion Adjustment Center |  |  | 826 |  |  | 2013 |  |  | **11,351** |  |  |  | 11,770 |  |
| Kit Carson Correctional Center |  |  | 1,488 |  |  | 2016 |  |  | **54,041** |  |  |  | 55,507 |  |
|  |  |  | 6,826 |  |  |  |  | **$** | **136,250** |  |  | $ | 140,177 |  |

As of December 31, 2019, CoreCivic also had two idled non-core facilities in its Safety segment containing 440 beds with an aggregate net book value of $3.8 million; two facilities in its Community segment that became idle during 2019, as further described hereafter, containing an aggregate of 381 beds with an aggregate net book value of $6.5 million; and three previously leased residential reentry centers in its Properties segment that became idle in 2019, as further described hereafter, containing an aggregate of 430 beds with an aggregate net book value of $9.3 million. CoreCivic incurred approximately $8.0 million, $8.2 million, and $8.9 million in operating expenses at these idled facilities for the years ended December 31, 2019, 2018, and 2017, respectively.

CoreCivic considers the cancellation of a contract or an expiration and non-renewal of a lease agreement in its CoreCivic Properties segment as an indicator of impairment and tested each of the idled properties for impairment when it was notified by the respective customers or tenants that they would no longer be utilizing such property.  CoreCivic updates the impairment analyses on an annual basis for each of the idled properties and evaluates on a quarterly basis market developments for the potential utilization of each of these properties in order to identify events that may cause CoreCivic to reconsider its most recent assumptions.  As a result of CoreCivic's analyses, CoreCivic determined each of the idled properties to have recoverable values in excess of the corresponding carrying values as of December 31, 2019.

During the second quarter of 2019, CoreCivic idled one residential reentry center in Oklahoma due to declining utilization from the state of Oklahoma and the consolidation of residents into the Company's other reentry facilities located in the state.  Further, the Company received notice during the second quarter of 2019 of the BOP's decision to award the rebid of a contract at one of the Company's residential reentry facilities in Arizona to another operator.  The residential reentry facility in Arizona was idled in the third quarter of 2019 upon expiration of its contract with the BOP on August 31, 2019.  As a result of these residential reentry centers becoming idle, CoreCivic tested the facilities for impairment during the second quarter of 2019.  CoreCivic concluded that the residential reentry facility in Oklahoma had a recoverable value in excess of the corresponding carrying value.  CoreCivic concluded that the residential reentry facility in Arizona would likely be marketed for use other than as a residential reentry facility, and therefore, recorded an asset impairment of $4.3 million in the second quarter of 2019 to reduce the carrying value of the facility to its estimated fair value as a commercial real estate property.  The fair value measurement for the Arizona residential reentry facility was estimated using unobservable Level 3 inputs, as defined in ASC 820, using market comparable data for similar properties in the local market.

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During the third quarter of 2019, leases at three single-tenant residential reentry centers in the Company's CoreCivic Properties segment expired and were not renewed. The three properties located in Pennsylvania total approximately 54,000 square feet and contain an aggregate of 430 beds with an aggregate net book value of $9.3 million as of December 31, 2019.  The Company has begun to market the facilities to other potential customers to operate as a CoreCivic Community facility or for future lease as a CoreCivic Properties facility.  As a result of the expiration of the leases at the three properties located in Pennsylvania, CoreCivic tested the facilities for impairment during the third quarter of 2019.  CoreCivic concluded that each of the properties had a recoverable value in excess of the corresponding carrying value.

To illustrate CoreCivic's historical experience in securing new management contracts to utilize idle beds in its correctional facilities, the following are examples of new contracts the Company secured during 2019.

On May 1, 2019, the BOP announced that it elected not to renew the contract at the Company's Adams County Correctional Center in Adams County, Mississippi.  On June 28, 2019, the BOP executed an amendment to the existing contract to allow ICE to use up to 660 beds to care for adult male detainees.  On July 18, 2019, the BOP contract, which was originally scheduled to expire on July 31, 2019, was extended to August 30, 2019.  On September 3, 2019, the Company announced that it had entered into a new contract under an IGSA between Adams County, Mississippi and ICE for up to 2,348 adult detainees at the Adams facility.  The new management agreement commenced on August 31, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.  Either party may terminate the contract with 120 days' written notice.  ICE began utilizing the additional capacity at the Adams facility under the new contract and, as of December 31, 2019, the Company cared for approximately 850 detainees from ICE at the facility.  As a result of the transition at this facility, CoreCivic performed an impairment analysis of the Adams facility, which had a net carrying value $96.5 million as of December 31, 2019, and concluded that this asset has a recoverable value in excess of the carrying value.

On May 16, 2019, CoreCivic announced that it had entered into a new contract under an IGSA between Torrance County, New Mexico and ICE to activate the Company's 910-bed Torrance County Detention Facility in Estancia, New Mexico.  The Torrance facility had previously been idle since 2017 and had a net carrying value of $34.0 million as of December 31, 2019.  The new management contract commenced on May 15, 2019, and has an initial term of 60 months, with unlimited extension options thereafter upon mutual agreement.  Either party may terminate the contract with 120 days' written notice.  CoreCivic began accepting ICE detainee populations into the Torrance facility in the third quarter of 2019 and, as of December 31, 2019, cared for approximately 300 detainees at the facility.

On May 23, 2019, CoreCivic announced that it had entered into a new contract under an IGSA between the City of Eden, Texas and the USMS to activate the Company's 1,422-bed Eden Detention Center in Eden, Texas.  The new agreement also permits ICE to utilize capacity at the facility at any time in the future.  The Eden facility had previously been idle since 2017 and had a net carrying value of $37.0 million as of December 31, 2019.  The new management contract commenced on June 1, 2019, and has an indefinite term.  Either party may terminate the contract with 30 days' written notice. CoreCivic began accepting populations into the Eden facility in the third quarter of 2019 and, as of December 31, 2019, cared for an aggregate of approximately 1,000 detainees at the facility.

On December 9, 2019, CoreCivic entered into a lease with the Commonwealth of Kentucky Department of Corrections ("KYDOC") for its previously idled 656-bed Southeast Correctional Complex in Wheelwright, Kentucky, formerly known as the Southeast Kentucky Correctional Facility. The lease is expected to commence in mid-2020 and has an initial term of ten years and includes five two-year renewal options.  The KYDOC has the option to purchase the facility at its fair market value at any time during the term of the lease. The Southeast Correctional facility had previously been idle since 2012 and had a net carrying value of $20.3 million as of December 31, 2019.

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**Asset Dispositions**

In the second quarter of 2018, CoreCivic entered into an agreement to sell its former corporate headquarters for $12.6 million. In connection with the agreement, the Company wrote-down the value of the property to its net realizable value, recognizing an asset impairment charge of $1.6 million in the second quarter of 2018. CoreCivic closed on the sale during the third quarter of 2018 and used the net proceeds from the sale to pay-down a portion of the amounts outstanding under the Company's revolving credit facility.

On June 24, 2019, CoreCivic sold a property which was leased to a third-party and located in Chester, Pennsylvania for $3.4 million. The property had a net carrying value of $3.1 million at the time of the sale, with the gain on the sale of $0.3 million recognized in the second quarter of 2019 and reflected in other (income) expense on the consolidated statement of operations.

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| **7.** | **BUSINESS COMBINATIONS** |

On June 1, 2017, CoreCivic acquired the real estate operated by Center Point, Inc. ("Center Point"), a California-based non-profit organization, for $5.3 million in cash, excluding transaction-related expenses.  CoreCivic consolidated a portion of Center Point's operations into the Company's preexisting residential reentry center portfolio and assumed ownership and operations of the Oklahoma City Transitional Center, a 200-bed residential reentry center in Oklahoma City, Oklahoma.

On November 1, 2017, CoreCivic completed the acquisition of Time to Change, Inc. ("TTC"), a Colorado-based community corrections company, for an aggregate purchase price of $22.0 million, excluding transaction related expenses.  As a result of better than estimated financial performance of the acquisition, during the fourth quarter of 2018, the Company recognized the loss of $6.1 million for additional contingent consideration associated with the acquisition.  In connection with the acquisition, CoreCivic assumed contracts with Adams County, Colorado to provide residential reentry services to male and female adults in three facilities located in Colorado containing a total of 422 beds.

In allocating the purchase price for the two transactions in 2017, CoreCivic recorded the following (in millions):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Tangible current assets and liabilities, net |  | $ | 0.9 |  |
| Property and equipment |  |  | 19.7 |  |
| Intangible assets |  |  | 3.9 |  |
| Total identifiable assets |  |  | 24.5 |  |
| Goodwill |  |  | 2.8 |  |
| Total consideration |  | $ | 27.3 |  |

Effective January 1, 2018, CoreCivic closed on the acquisition of Rocky Mountain Offender Management Systems, LLC ("RMOMS"), which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in seven states.  The aggregate purchase price was $7.0 million, excluding transaction-related expenses.

Effective December 1, 2018, CoreCivic closed on the acquisition of Recovery Monitoring Solutions Corporation ("RMSC"), which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in four states.  The aggregate purchase price was $15.9 million, excluding transaction-related expenses.

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In allocating the purchase price for the two transactions in 2018, CoreCivic recorded the following (in millions):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Property and equipment |  | $ | 6.1 |  |
| Intangible assets |  |  | 12.4 |  |
| Tangible assets and liabilities, net |  |  | (2.8 | ) |
| Total identifiable assets, net |  |  | 15.7 |  |
| Goodwill |  |  | 7.2 |  |
| Total consideration |  | $ | 22.9 |  |

On December 7, 2019, CoreCivic completed the acquisition of certain assets of Rehabilitation Services, Inc. ("RSI") for $4.4 million, excluding transaction related expenses.  The acquisition resulted in the addition of two residential reentry centers in Virginia.  The Ghent Residential Reentry Center, a 36-bed residential reentry center in Norfolk, Virginia and the James River Residential Reentry Center, an 84-bed residential reentry center in Newport News, Virginia provide reentry services for residents under custody of the BOP.  The residential reentry facilities can also serve an additional 34 home confinement clients on behalf of the BOP.

In allocating the purchase price for the acquisition of certain assets of RSI in 2019, CoreCivic recorded the following (in millions):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Property and equipment |  | $ | 1.3 |  |
| Intangible assets |  |  | 0.7 |  |
| Total identifiable assets |  |  | 2.0 |  |
| Goodwill |  |  | 2.4 |  |
| Total consideration |  | $ | 4.4 |  |

Several factors gave rise to the goodwill recorded in the acquisitions of Center Point, TTC, RMOMS, RMSC, and RSI, such as the expected benefit from synergies of the business combinations and the long-term contracts for community corrections services that continue to broaden the scope of solutions CoreCivic provides.  The results of operations for these business combinations have been included in the Company's consolidated financial statements from the dates of the acquisitions.

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| **8.** | **INVESTMENT IN AFFILIATE** |

CoreCivic has a 50% ownership interest in APM, an entity holding the management contract for a correctional facility, HM Prison Forest Bank, under a 25-year prison management contract with an agency of the United Kingdom government.  CoreCivic has determined that its joint venture investment in APM represents a variable interest entity ("VIE") in accordance with ASC 810, "Consolidation" of which CoreCivic is not the primary beneficiary.  The Forest Bank facility, located in Salford, England, was previously constructed and owned by a wholly-owned subsidiary of CoreCivic, which was sold in April 2001.  All gains and losses under the joint venture are accounted for using the equity method of accounting.  During 2000, CoreCivic extended a working capital loan to APM, which has an outstanding balance of $3.0 million as of December 31, 2019.

For the years ended December 31, 2019, 2018, and 2017, equity in losses of the joint venture was $128,000, $100,000, and $62,000, respectively.  The equity in losses and earnings of the joint venture is included in other (income) expense in the consolidated statements of operations.  As of December 31, 2019, CoreCivic's equity investment in APM was $38,000 and is reported in other assets on the accompanying consolidated balance sheets.The outstanding working capital loan of $3.0 million, combined with the $38,000 investment in APM, represents CoreCivic's maximum exposure to loss in connection with APM.

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|  |  |
| --- | --- |
| **9.** | **OTHER ASSETS** |

Other assets consist of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Intangible assets: |  |  |  |  |  |  |  |  |
| Below market lease value, less accumulated          amortization of $8,850 |  |  | — |  |  |  | 32,738 |  |
| Deferred leasing assets, less accumulated          amortization of $5,647 and $2,021, respectively |  |  | **41,129** |  |  |  | 43,856 |  |
| Other intangible assets, less accumulated          amortization of $8,182 and $5,118, respectively |  |  | **14,517** |  |  |  | 17,311 |  |
| Construction receivable - Kansas lease |  |  | **137,665** |  |  |  | — |  |
| ROU lease assets |  |  | **108,118** |  |  |  | — |  |
| Lease incentive assets |  |  | **5,454** |  |  |  | 6,096 |  |
| Debt issuance costs, less accumulated amortization of      $1,475 and $631, respectively |  |  | **2,628** |  |  |  | 3,322 |  |
| Cash equivalents and cash surrender value of life      insurance held in Rabbi trust |  |  | **14,448** |  |  |  | 13,977 |  |
| Straight-line rent receivable |  |  | **7,836** |  |  |  | 10,729 |  |
| Insurance receivable |  |  | **13,179** |  |  |  | 6,599 |  |
| Other |  |  | **5,933** |  |  |  | 6,579 |  |
|  |  | **$** | **350,907** |  |  | $ | 141,207 |  |

The gross carrying amount of intangible assets amounted to $69.5 million and $109.9 million at December 31, 2019 and 2018, respectively.  Amortization expense related to intangible assets was $6.8 million, $6.5 million, and $3.4 million for 2019, 2018, and 2017, respectively, and depending upon the nature of the asset, was either reported as operating expense or depreciation and amortization in the accompanying statement of operations for the respective periods.

As of December 31, 2019, the estimated amortization expense related to intangible assets for each of the next five years is as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2020 |  | $ | 6,708 |  |
| 2021 |  |  | 5,781 |  |
| 2022 |  |  | 4,565 |  |
| 2023 |  |  | 3,569 |  |
| 2024 |  |  | 3,514 |  |

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|  |  |
| --- | --- |
| **10.** | **ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES** |

Accounts payable and accrued expenses consist of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Trade accounts payable |  | **$** | **75,152** |  |  | $ | 96,642 |  |
| Accrued salaries and wages |  |  | **51,845** |  |  |  | 42,556 |  |
| Accrued dividends |  |  | **54,843** |  |  |  | 52,572 |  |
| Accrued workers' compensation and auto liability |  |  | **7,062** |  |  |  | 6,901 |  |
| Accrued litigation |  |  | **14,134** |  |  |  | 13,937 |  |
| Accrued employee medical insurance |  |  | **6,110** |  |  |  | 5,442 |  |
| Accrued property taxes |  |  | **27,900** |  |  |  | 27,288 |  |
| Accrued interest |  |  | **10,142** |  |  |  | 12,957 |  |
| ROU lease liability |  |  | **26,914** |  |  |  | — |  |
| Deferred revenue |  |  | **15,387** |  |  |  | 15,173 |  |
| Construction payable |  |  | **7,504** |  |  |  | 21,099 |  |
| Lease financing obligation |  |  | **8,603** |  |  |  | 12,771 |  |
| Other |  |  | **31,866** |  |  |  | 44,937 |  |
|  |  | **$** | **337,462** |  |  | $ | 352,275 |  |

The total liability for workers' compensation and auto liability was $35.8 million and $29.7 million as of December 31, 2019 and 2018, respectively, with the long-term portion included in other long-term liabilities on the accompanying consolidated balance sheets.  These liabilities were discounted to the net present value of the outstanding liabilities using a 3.0% rate in 2019 and 2018.  These liabilities amounted to $40.4 million and $33.4 million on an undiscounted basis as of December 31, 2019 and 2018, respectively.

Other long-term liabilities consist of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| Intangible contract liability |  | **$** | **5,417** |  |  | $ | 5,804 |  |
| Accrued workers' compensation |  |  | **28,769** |  |  |  | 22,798 |  |
| Accrued deferred compensation |  |  | **10,919** |  |  |  | 11,507 |  |
| Lease financing obligation |  |  | **7,634** |  |  |  | 18,817 |  |
| ROU lease liability |  |  | **51,247** |  |  |  | — |  |
| Other |  |  | **1,593** |  |  |  | 1,622 |  |
|  |  | **$** | **105,579** |  |  | $ | 60,548 |  |

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|  |  |
| --- | --- |
| **11.** | **DEBT** |

Debt outstanding consists of the following (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| Revolving Credit Facility maturing April 2023.  Interest payable      periodically at variable interest rates. The weighted average rate      at December 31, 2019 and 2018 was 3.3% and 4.0%, respectively. |  | **$** | **365,000** |  |  | $ | 201,000 |  |
| Term Loan A maturing April 2023. Interest payable periodically at      variable interest rates. The rate at December 31, 2019 and 2018      was 3.3% and 4.0%, respectively.  Unamortized debt issuance      costs amounted to $0.1 million at both December 31, 2019 and      2018. |  |  | **190,000** |  |  |  | 197,500 |  |
| Term Loan B maturing December 2024. Interest payable periodically      at variable interest rates. The rate at December 31, 2019 was 6.3%.      Unamortized debt issuance costs amounted to $4.6 million      at December 31, 2019. |  |  | **250,000** |  |  |  | — |  |
| 4.625% Senior Notes maturing May 2023. Unamortized debt      issuance costs amounted to $2.1 million and $2.7 million      at December 31, 2019 and 2018, respectively. |  |  | **350,000** |  |  |  | 350,000 |  |
| 4.125% Senior Notes. Unamortized debt issuance costs amounted      to $1.0 million at 2018. |  |  | **—** |  |  |  | 325,000 |  |
| 5.0% Senior Notes maturing October 2022. Unamortized debt      issuance costs amounted to $1.3 million and $1.8 million at      December 31, 2019 and 2018, respectively. |  |  | **250,000** |  |  |  | 250,000 |  |
| 4.75% Senior Notes maturing October 2027.  Unamortized debt      issuance costs amounted to $3.1 million and $3.5 million at      December 31, 2019 and 2018, respectively. |  |  | **250,000** |  |  |  | 250,000 |  |
| 4.5% Capital Commerce Center Non-Recourse Mortgage Note      maturing January 2033.  Unamortized debt issuance costs      amounted to $0.3 million at both December 31, 2019 and 2018. |  |  | **22,209** |  |  |  | 23,429 |  |
| 4.43% Lansing Correctional Center Non-Recourse Mortgage Note      maturing January 2040. Unamortized debt issuance costs amounted      to $3.3 million and $3.4 million at December 31, 2019      and 2018, respectively. |  |  | **159,522** |  |  |  | 62,331 |  |
| 4.5% SSA- Baltimore Non-Recourse Mortgage Note maturing      February 2034. Unamortized debt issuance costs amounted to     $0.2 million and $0.3 million at December 31, 2019 and 2018,      respectively. |  |  | **150,134** |  |  |  | 155,535 |  |
| Total debt |  |  | **1,986,865** |  |  |  | 1,814,795 |  |
| Unamortized debt issuance costs |  |  | **(14,993** | **)** |  |  | (13,119 | ) |
| Unamortized original issue discount |  |  | **(12,500** | **)** |  |  | — |  |
| Current portion of long-term debt |  |  | **(31,349** | **)** |  |  | (14,121 | ) |
| Long-term debt, net |  | **$** | **1,928,023** |  |  | $ | 1,787,555 |  |

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*Revolving Credit Facility.*  On April 17, 2018, CoreCivic entered into the Second Amended and Restated Credit Agreement (referred to herein individually as the "Bank Credit Agreement") in an aggregate principal amount of up to $1.0 billion.  The Bank Credit Agreement provides for a term loan of $200.0 million (the "Term Loan A") and a revolving credit facility in an aggregate principal amount of up to $800.0 million (the "Revolving Credit Facility"). The Bank Credit Agreement has a maturity of April 2023.  The Bank Credit Agreement also contains an "accordion" feature that provides for uncommitted incremental extensions of credit in the form of increases in the revolving commitments or incremental term loans of up to $350.0 million. At CoreCivic's option, interest on outstanding borrowings under the Revolving Credit Facility is based on either a base rate plus a margin ranging from 0.00% to 1.00% or at the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 1.00% to 2.00% based on CoreCivic's then-current leverage ratio.  The Revolving Credit Facility includes a $30.0 million sublimit for swing line loans that enables CoreCivic to borrow at the base rate from the Administrative Agent on same-day notice.

Based on CoreCivic's total leverage ratio, loans under the Revolving Credit Facility currently bear interest at the base rate plus a margin of 0.50% or at LIBOR plus a margin of 1.50%, and a commitment fee equal to 0.35% of the unfunded balance.  The Revolving Credit Facility also has a $50.0 million sublimit for the issuance of standby letters of credit. As of December 31, 2019, CoreCivic had $365.0 million in borrowings outstanding under the Revolving Credit Facility as well as $22.3 million in letters of credit outstanding resulting in $412.7 million available under the Revolving Credit Facility.

The Revolving Credit Facility is secured by a pledge of all of the capital stock of CoreCivic's domestic restricted subsidiaries, 65% of the capital stock of CoreCivic's foreign subsidiaries, all of CoreCivic's accounts receivable, and all of CoreCivic's deposit accounts. The Revolving Credit Facility requires CoreCivic to meet certain financial covenants, including, without limitation, a maximum total leverage ratio, a maximum secured leverage ratio, and a minimum fixed charge coverage ratio.  As of December 31, 2019, CoreCivic was in compliance with all such covenants.  In addition, the Revolving Credit Facility contains certain covenants that, among other things, limit the incurrence of additional indebtedness, payment of dividends and other customary restricted payments, permitted investments, transactions with affiliates, asset sales, mergers and consolidations, liquidations, prepayments and modifications of other indebtedness, liens and other encumbrances and other matters customarily restricted in such agreements.  In addition, the Revolving Credit Facility is subject to certain cross-default provisions with terms of CoreCivic's other unsecured indebtedness, and is subject to acceleration upon the occurrence of a change of control.

As a result of opposition to immigration policies and the association of private companies with the enforcement of such policies, some banks have recently announced that they do not expect to continue providing credit or financial services to private entities that operate correctional and detentionfacilities, including CoreCivic.  The banks are legally obligated to honor their commitments under the Bank Credit Agreement, which expires in April 2023.

*Incremental Term Loan A.*Interest rate margins under the Term Loan A are the same as the interest rate margins under the Revolving Credit Facility.  The Term Loan A also has the same collateral requirements, financial and certain other covenants, and cross-default provisions as the Revolving Credit Facility.  The Term Loan A, which is pre-payable without penalty, also has a maturity concurrent with the Revolving Credit Facility due April 2023, with scheduled quarterly principal payments through April 2023.  As of December 31, 2019, the outstanding balance of the Term Loan A was $190.0 million.

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*Senior Secured Term Loan B.*On December 18, 2019, CoreCivic entered into a new $250.0 million Senior Secured Term Loan B ("Term Loan B").  The Term Loan B bears interest at a rate of LIBOR plus 4.50%, with a 1.00% LIBOR floor (or, at CoreCivic's option, a base rate plus 3.50%), and has a five-year maturity with scheduled quarterly principal payments through December 2024.  The Term Loan B will be secured by a first lien on certain specified real property assets, representing a loan-to-value of no greater than 80%.  CoreCivic can prepay the Term Loan B at any time and from time to time, without premium or penalty, except that a premium of 1.0% of the amount prepaid must accompany any prepayment made prior to December 18, 2020, with the proceeds of any new or replacement tranche of term loans that are in the nature of what are commonly referred to as "B" term loans and that bear interest with an all-in yield less than the all-in yield applicable to the Term Loan. The 1.0% prepayment premium is also payable in respect of certain repricing events occurring prior to December 18, 2020.  The Term Loan B was issued at a price of 95% of the principal amount of the Term Loan B, resulting in a discount of $12.5 million, which is amortized into interest expense over the term of the Term Loan B.   Proceeds from the issuance of the Term Loan B were used to partially fund the early redemption of the $325.0 million in aggregate principal amount of 4.125% senior notes due 2020 (the "4.125% Senior Notes"), as further described hereafter, transaction fees and expenses, and to provide for general corporate purposes.  CoreCivic capitalized approximately $4.6 million of costs associated with the issuance of the Term Loan B.

*Senior Notes.*  Interest on the $350.0 million aggregate principal amount of CoreCivic's 4.625% senior notes issued in April 2013 (the "4.625% Senior Notes") accrues at the stated rate and is payable in May and November of each year.  The 4.625% Senior Notes are scheduled to mature on May 1, 2023.  Interest on the $250.0 million aggregate principal amount of CoreCivic's 5.0% senior notes issued in September 2015 (the "5.0% Senior Notes") accrues at the stated rate and is payable in April and October of each year.  The 5.0% Senior Notes are scheduled to mature on October 15, 2022. Interest on the $250.0 million aggregate principal amount of CoreCivic's 4.75% senior notes issued in October 2017 (the "4.75% Senior Notes") accrues at the stated rate and is payable in April and October of each year.  The 4.75% Senior Notes are scheduled to mature on October 15, 2027.

The 4.625% Senior Notes, the 5.0% Senior Notes, and the 4.75% Senior Notes, collectively referred to herein as the "Senior Notes", are senior unsecured obligations of the Company and are guaranteed by all of the Company's subsidiaries that guarantee the Revolving Credit Facility.  CoreCivic may redeem all or part of the Senior Notes at any time prior to three months before their respective maturity date at a "make-whole" redemption price, plus accrued and unpaid interest thereon to, but not including, the redemption date.  Thereafter, the Senior Notes are redeemable at CoreCivic's option, in whole or in part, at a redemption price equal to 100% of the aggregate principal amount of the notes to be redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

On December 2, 2019, CoreCivic gave irrevocable notice that the Company would redeem the 4.125% Senior Notes on January 1, 2020 ("the Redemption Date") at a redemption price equal to 100% of the principal amount of the 4.125% Senior Notes, plus accrued and unpaid interest to but excluding the Redemption Date ("the Redemption Amount").  On December 27, 2019, and in accordance with the indenture governing the 4.125% Senior Notes, CoreCivic satisfied and discharged the 4.125% Senior Notes by irrevocably depositing the Redemption Amount due on the Redemption Date with the trustee.  Accordingly, the 4.125% Senior Notes are not included on the Company's consolidated balance sheet as of December 31, 2019. CoreCivic financed the Redemption Amount with borrowings under its Revolving Credit Facility and net proceeds from the Term Loan B. CoreCivic incurred $0.6 million of expenses associated with this debt refinancing transaction.

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***Non-Recourse Mortgage Notes*:**

*Capital Commerce Center.*  As previously discussed herein, on January 19, 2018, CoreCivic acquired the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida, for a purchase price of $44.7 million.  The acquisition was partially financed with a $24.5 million non-recourse mortgage note (the "Capital Commerce Note"), which is fully-secured by the Capital Commerce Center property, with an interest rate of 4.5%, maturing in January 2033.  Principal and interest on the Capital Commerce Note are payable in equal monthly payments over the 15-year term of the note. The Capital Commerce Note is pre-payable at any time with a prepayment charge, if any, equal to an amount so as to maintain the same yield on the Capital Commerce Note as if it had been carried through to its full term using Treasury instruments having a term equal to the remaining term of the Capital Commerce Note as of the prepayment date. CoreCivic capitalized approximately $0.4 million of costs associated with the Capital Commerce Note.  As of December 31, 2019, the outstanding balance of the mortgage note was $22.2 million.

*Lansing Correctional Facility.*On April 20, 2018, CoreCivic of Kansas, LLC (the "Issuer"), a wholly-owned unrestricted subsidiary of the Company, priced $159.5 million in aggregate principal amount of non-recourse senior secured notes of the Issuer (the "Kansas Notes"), in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.  The private placement closed on June 1, 2018.  The Company used the proceeds of the private placement, which were drawn on quarterly funding dates beginning in the second quarter of 2018, to fund construction of the Lansing Correctional Facility, along with costs and expenses of the project.  The Kansas Notes have a yield to maturity of 4.43% and are scheduled to mature in January 2040, 20 years following completion of the project, which occurred in January 2020. Principal and interest on the Kansas Notes will be payable in quarterly payments beginning in July 2020 until maturity. CoreCivic may redeem all or part of the Kansas Notes at any time upon written notice of not less than 30 days and not more than 60 days prior to the date fixed for such prepayment, with a "make-whole" amount, together with interest on the Kansas Notes accrued to, but not including, the redemption date. CoreCivic capitalized approximately $3.4 million of costs associated with the private placement. Because the Issuer has been designated as an unrestricted subsidiary of the Company under terms of the Company's Credit Agreement, the issuance and service of the Kansas Notes, and the revenues and expenses associated with the facility lease, will not impact the financial covenants associated with the Company's Credit Agreement.  As of December 31, 2019, the outstanding balance of the Kansas Notes was $159.5 million.

*SSA-Baltimore.*As previously discussed herein, on August 23, 2018, CoreCivic acquired the 541,000 square-foot SSA-Baltimore office building for a purchase price of $242.0 million.  In connection with the acquisition, a wholly-owned unrestricted subsidiary of the Company assumed $157.3 million of in-place financing that was used to fund the initial construction of the property in 2014.  The assumed non-recourse mortgage note (the "SSA-Baltimore Note") carries a fixed interest rate of 4.5% and requires monthly principal and interest payments, with a balloon payment of $40.0 million due at maturity in February 2034. The SSA-Baltimore Note is fully-secured by the SSA-Baltimore property.  CoreCivic may pre-pay the SSA-Baltimore Note in whole or in part upon not less than 30 days' and not more than 60 days' prior written notice and such pre-payment shall include a "make-whole" amount.  During the last 90 days of the permanent loan term and upon 30 days' prior written notice, CoreCivic may prepay the note in full, including any accrued and outstanding interest on any permanent loan payment date, without the payment of the "make-whole" amount. CoreCivic capitalized approximately $0.2 million of costs associated with the assumption of the SSA-Baltimore Note.  As of December 31, 2019, the outstanding balance of the SSA-Baltimore Note was $150.1 million.

CoreCivic may also seek to issue additional debt or equity securities from time to time when the Company determines that market conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.

*Guarantees and Covenants.*  All of the restricted domestic subsidiaries of CoreCivic (as the parent corporation) have provided full and unconditional guarantees of the Senior Notes.  All of CoreCivic's subsidiaries guaranteeing the Senior Notes are 100% owned subsidiaries of CoreCivic; and the subsidiary guarantees are full and unconditional and are joint and several obligations of the guarantors.

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As of December 31, 2019, neither CoreCivic nor any of its subsidiary guarantors had any material or significant restrictions on CoreCivic's ability to obtain funds from its subsidiaries by dividend or loan or to transfer assets from such subsidiaries.

The indentures governing the Senior Notes contain certain customary covenants that, subject to certain exceptions and qualifications, restrict CoreCivic's ability to, among other things, make restricted payments; incur additional debt or issue certain types of preferred stock; create or permit to exist certain liens; consolidate, merge or transfer all or substantially all of CoreCivic's assets; and enter into transactions with affiliates.  In addition, if CoreCivic sells certain assets (and generally does not use the proceeds of such sales for certain specified purposes) or experiences specific kinds of changes in control, CoreCivic must offer to repurchase all or a portion of the Senior Notes.  The offer price for the Senior Notes in connection with an asset sale would be equal to 100% of the aggregate principal amount of the notes repurchased plus accrued and unpaid interest and liquidated damages, if any, on the notes repurchased to the date of purchase.  The offer price for the Senior Notes in connection with a change in control would be 101% of the aggregate principal amount of the notes repurchased plus accrued and unpaid interest and liquidated damages, if any, on the notes repurchased to the date of purchase.  The Senior Notes are also subject to certain cross-default provisions with the terms of CoreCivic's Bank Credit Agreement, as well as the credit agreement governing the Term Loan B (referred to herein individually as the "Term Loan B Credit Agreement"), collectively referred to herein as CoreCivic's "Credit Agreements", as more fully described hereafter.

**Other Debt Transactions**

*Letters of Credit.*At December 31, 2019 and 2018, CoreCivic had $22.3 million and $24.0 million, respectively, in outstanding letters of credit.  The letters of credit were issued to secure CoreCivic's workers' compensation and general liability insurance policies, performance bonds, and utility deposits.  Except for $0.3 million outstanding at December 31, 2018, the letters of credit were provided by a sub-facility under the Revolving Credit Facility.

**Debt Maturities**

Scheduled principal payments as of December 31, 2019 for the next five years and thereafter were as follows (in thousands):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2020 |  | $ | 31,349 |  |
| 2021 |  |  | 39,087 |  |
| 2022 |  |  | 292,981 |  |
| 2023 |  |  | 904,110 |  |
| 2024 |  |  | 194,937 |  |
| Thereafter |  |  | 524,401 |  |
| Total debt |  | $ | 1,986,865 |  |

**Cross-Default Provisions**

The provisions of CoreCivic's debt agreements relating to the Credit Agreements and the Senior Notes contain certain cross-default provisions.  Any events of default under the Credit Agreements that result in the lenders' actual acceleration of amounts outstanding thereunder also result in an event of default under the Senior Notes.  Additionally, any events of default under the Senior Notes that give rise to the ability of the holders of such indebtedness to exercise their acceleration rights also result in an event of default under the Credit Agreements.

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If CoreCivic were to be in default under the Credit Agreements, and if the lenders under the Credit Agreements elected to exercise their rights to accelerate CoreCivic's obligations under the Credit Agreements, such events could result in the acceleration of all or a portion of CoreCivic's Senior Notes, which would have a material adverse effect on CoreCivic's liquidity and financial position.  CoreCivic does not have sufficient working capital to satisfy its debt obligations in the event of an acceleration of all or a substantial portion of CoreCivic's outstanding indebtedness.

|  |  |
| --- | --- |
| **12.** | **DEFERRED REVENUE** |

In September 2014, CoreCivic announced that it had agreed under an expansion of an existing IGSA between the city of Eloy, Arizona and ICE to care for up to 2,400 individuals at the South Texas Family Residential Center, a facility leased by CoreCivic in Dilley, Texas.  Services provided under the original amended IGSA commenced in the fourth quarter of 2014 and had an original term of up to four years. The agreement provided for a fixed monthly payment in accordance with a graduated schedule.  In October 2016, CoreCivic entered into an amended IGSA that provided for a new, lower fixed monthly payment commencing in November 2016, and extended the term of the contract through September 2021.  The agreement can be further extended by bi-lateral modification.However, ICE can also terminate the agreement for convenience or non-appropriation of funds, without penalty, by providing CoreCivic with at least a 60-day notice.  ICE began housing the first residents at the facility in December 2014, and the site was completed during the second quarter of 2015. In September 2018, the city of Dilley, Texas assumed the amended IGSA with ICE.

Under the fixed monthly payment schedule of the original amended IGSA, ICE agreed to pay CoreCivic $70.0 million in two $35.0 million installments during the fourth quarter of 2014 and graduated fixed monthly payments over the remaining months of the contract. CoreCivic used the multiple-element arrangement guidance prescribed in ASC 605, "Revenue Recognition" in determining the total revenue to be recognized over the term of the amended IGSA.  During the years ended December 31, 2019, 2018, and 2017, CoreCivic recognized $170.6 million, $170.6 million, and $170.1 million, respectively, in revenue associated with the amended IGSA with the unrecognized balance of the fixed monthly payments reported in deferred revenue.  The current portion of deferred revenue is reflected within accounts payable and accrued expenses while the long-term portion is reflected in deferred revenue on the accompanying consolidated balance sheets.  As of December 31, 2019 and 2018, total deferred revenue associated with this agreement amounted to $26.1 million and $39.7 million, respectively.

|  |  |
| --- | --- |
| **13.** | **INCOME TAXES** |

As discussed in Note 1, the Company began operating in compliance with REIT requirements for federal income tax purposes effective January 1, 2013.  As a REIT, the Company must distribute at least 90 percent of its taxable income (including dividends paid to it by its TRSs) and will not pay federal income taxes on the amount distributed to its stockholders.  In addition, the Company must meet a number of other organizational and operational requirements, which the Company currently expects to continue to meet. Most states where CoreCivic holds investments in real estate conform to the federal rules recognizing REITs. Certain subsidiaries have made an election with the Company to be treated as TRSs in conjunction with the Company's REIT election; the TRS elections permit CoreCivic to engage in certain business activities in which the REIT may not engage directly. A TRS is subject to federal and state income taxes on the income from these activities and therefore, CoreCivic includes a provision for taxes in its consolidated financial statements.

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The TCJA was enacted on December 22, 2017.  The TCJA reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and created new taxes on certain foreign-sourced earnings.  However, the TCJA did not change the dividends paid deduction applicable to REITs and, therefore, CoreCivic generally will not be subject to federal income taxes on the Company's REIT taxable income and gains that it distributes to its stockholders.  In the fourth quarter of 2017, the Company recorded, in accordance with ASC 740, the tax effects of enactment of the TCJA on existing deferred tax balances and there was no one-time transition tax on foreign earnings.  The Company re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. In the fourth quarter of 2017, the Company recognized a charge of $4.5 million, which was included as a component of income tax expense, for the revaluation of deferred tax assets and liabilities and other taxes associated with the TCJA. CoreCivic applied the guidance in the SEC Staff Accounting Bulletin 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act" when accounting for the enactment-date effects of the TCJA in 2017 and throughout 2018. During the third quarter of 2018, the Company revised its estimates of the revaluation of deferred tax assets and liabilities resulting in the recognition of an additional charge of $1.0 million, which was also included as a component of income tax expense.  Upon this revision in the third quarter of 2018, the Company completed its accounting for all of the enactment-date income tax effects of the TCJA.

Income tax expense is comprised of the following components (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| **Current income tax expense** |  |  |  |  |  |  |  |  |  |  |  |  |
| Federal |  | **$** | **5,324** |  |  | $ | 10,481 |  |  | $ | 10,202 |  |
| State |  |  | **3,677** |  |  |  | 2,308 |  |  |  | 2,788 |  |
|  |  |  | **9,001** |  |  |  | 12,789 |  |  |  | 12,990 |  |
| **Deferred income tax expense (benefit)** |  |  |  |  |  |  |  |  |  |  |  |  |
| Federal |  |  | **(489** | **)** |  |  | (3,422 | ) |  |  | 1,088 |  |
| State |  |  | **(673** | **)** |  |  | (1,014 | ) |  |  | (167 | ) |
|  |  |  | **(1,162** | **)** |  |  | (4,436 | ) |  |  | 921 |  |
| **Income tax expense** |  | **$** | **7,839** |  |  | $ | 8,353 |  |  | $ | 13,911 |  |

Significant components of CoreCivic's deferred tax assets and liabilities as of December 31, 2019 and 2018, are as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |
| **Noncurrent deferred tax assets:** |  |  |  |  |  |  |  |  |
| Asset reserves and liabilities not yet deductible for tax |  | **$** | **28,247** |  |  | $ | 21,742 |  |
| Tax over book basis of certain assets |  |  | **1,451** |  |  |  | 1,665 |  |
| Net operating loss and tax credit carryforwards |  |  | **5,130** |  |  |  | 5,483 |  |
| Intangible contract value |  |  | **262** |  |  |  | 148 |  |
| Other |  |  | **103** |  |  |  | 123 |  |
| Total noncurrent deferred tax assets |  |  | **35,193** |  |  |  | 29,161 |  |
| Less valuation allowance |  |  | **(3,865** | **)** |  |  | (3,986 | ) |
| Total noncurrent deferred tax assets |  |  | **31,328** |  |  |  | 25,175 |  |
| **Noncurrent deferred tax liabilities:** |  |  |  |  |  |  |  |  |
| Book over tax basis of certain assets |  |  | **(11,478** | **)** |  |  | (5,707 | ) |
| Intangible value |  |  | **(2,264** | **)** |  |  | (2,370 | ) |
| Other |  |  | **(1,528** | **)** |  |  | (2,151 | ) |
| Total noncurrent deferred tax liabilities |  |  | **(15,270** | **)** |  |  | (10,228 | ) |
| Net total noncurrent deferred tax assets |  | **$** | **16,058** |  |  | $ | 14,947 |  |

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A reconciliation of the income tax provision at the statutory income tax rate and the effective tax rate as a percentage of income from continuing operations before income taxes for the years ended December 31, 2019, 2018, and 2017 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Statutory federal rate |  |  | **21.0** | **%** |  |  | 21.0 | % |  |  | 35.0 | % |
| Dividends paid deduction |  |  | **(18.9** | **)** |  |  | (18.6 | ) |  |  | (31.3 | ) |
| State taxes, net of federal tax benefit |  |  | **1.2** |  |  |  | 1.0 |  |  |  | 1.2 |  |
| Permanent differences |  |  | **1.2** |  |  |  | 1.0 |  |  |  | 0.6 |  |
| Charges associated with adoption of tax reform |  |  | **—** |  |  |  | 0.6 |  |  |  | 2.4 |  |
| Tax benefit of equity-based compensation |  |  | **0.1** |  |  |  | 0.5 |  |  |  | (0.5 | ) |
| Other items, net |  |  | **(0.6** | **)** |  |  | (0.5 | ) |  |  | (0.2 | ) |
|  |  |  | **4.0** | **%** |  |  | 5.0 | % |  |  | 7.2 | % |

CoreCivic's effective tax rate was 4.0%, 5.0%, and 7.2% during 2019, 2018, and 2017, respectively.  As a REIT, CoreCivic is entitled to a deduction for dividends paid, resulting in a substantial reduction in the amount of federal income tax expense it recognizes.  Substantially all of CoreCivic's income tax expense is incurred based on the earnings generated by its TRSs.  CoreCivic's overall effective tax rate is based on its taxable income primarily generated by its TRSs. The Company's consolidated effective tax rate could fluctuate in the future based on changes in estimates of taxable income, the relative amounts of taxable income generated by the TRSs and the REIT, the implementation of additional tax planning strategies, changes in federal or state tax rates or laws affecting tax credits available to the Company, changes in other tax laws, changes in estimates related to uncertain tax positions, or changes in state apportionment factors, as well as changes in the valuation allowance applied to the Company's deferred tax assets that are based primarily on the amount of state net operating losses and tax credits that could expire unused.

CoreCivic had no liabilities for uncertain tax positions as of December 31, 2019 and 2018. CoreCivic recognizes interest and penalties related to unrecognized tax positions in income tax expense. CoreCivic does not currently anticipate that the total amount of unrecognized tax positions will significantly change in the next twelve months.

CoreCivic's U.S. federal income tax returns for tax years 2016 through 2018 remain subject to examination by the IRS.  All states in which CoreCivic files income tax returns follow the same statute of limitations as the federal government, with the exception of the following states whose open tax years include 2015 through 2018: Arizona, California, Colorado, Kentucky, Minnesota, New Jersey, Texas, and Wisconsin.

In October 2019, the Company received notification that the IRS intended to commence an audit of the federal income tax return of the Company's REIT for the year ended December 31, 2017.  The IRS has begun its audit.  Audit outcomes and the timing of any settlements of asserted income tax liabilities, if any, are subject to significant uncertainty.  The generally applicable statute of limitations for assessments of United States federal income taxes remains open for tax years 2016 to present.

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|  |  |
| --- | --- |
| **14.** | **STOCKHOLDERS' EQUITY** |

**Dividends on Common Stock**

The tax characterization of dividends per share on common shares as reported to stockholders was as follows for the years ended December 31, 2019, 2018, and 2017:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Ordinary** | |  |  |  | **Return of** | |  |  |  | **Total** | |  |
| **Declaration Date** |  | **Record Date** |  | **Payable Date** |  | **Income** | |  |  |  | **Capital** | |  |  |  | **Per Share** | |  |
| February 17, 2017 |  | April 3, 2017 |  | April 17, 2017 |  |  | 0.363660 |  | (1) |  |  | 0.056340 |  |  |  | $ | 0.42 |  |
| May 11, 2017 |  | July 3, 2017 |  | July 17, 2017 |  |  | 0.363660 |  | (1) |  |  | 0.056340 |  |  |  | $ | 0.42 |  |
| August 10, 2017 |  | October 2, 2017 |  | October 16, 2017 |  |  | 0.363660 |  | (1) |  |  | 0.056340 |  |  |  | $ | 0.42 |  |
| December 7, 2017 |  | January 2, 2018 |  | January 15, 2018 |  |  | 0.387446 |  | (2) |  |  | 0.032554 |  |  |  | $ | 0.42 |  |
| February 22, 2018 |  | April 2, 2018 |  | April 16, 2018 |  |  | 0.396671 |  | (3) |  |  | 0.033329 |  |  |  | $ | 0.43 |  |
| May 11, 2018 |  | July 2, 2018 |  | July 16, 2018 |  |  | 0.396671 |  | (3) |  |  | 0.033329 |  |  |  | $ | 0.43 |  |
| August 16, 2018 |  | October 1, 2018 |  | October 15, 2018 |  |  | 0.396671 |  | (3) |  |  | 0.033329 |  |  |  | $ | 0.43 |  |
| December 13, 2018 |  | January 2, 2019 |  | January 15, 2019 |  |  | 0.374927 |  | (4) |  |  | 0.055073 |  |  |  | $ | 0.43 |  |
| February 21, 2019 |  | April 1, 2019 |  | April 15, 2019 |  |  | 0.383646 |  | (5) |  |  | 0.056354 |  |  |  | $ | 0.44 |  |
| May 16, 2019 |  | July 1, 2019 |  | July 16, 2019 |  |  | 0.383646 |  | (5) |  |  | 0.056354 |  |  |  | $ | 0.44 |  |
| August 15, 2019 |  | October 1, 2019 |  | October 15, 2019 |  |  | 0.383646 |  | (5) |  |  | 0.056354 |  |  |  | $ | 0.44 |  |
| December 12, 2019 |  | January 6, 2020 |  | January 15, 2020 |  |  | — |  | (6) |  |  | — |  | (6) |  | $ | 0.44 |  |

(1) $0.000000 of this amount constitutes a "Qualified Dividend", as defined by the IRS.

(2) $0.051840 of this amount constitutes a "Qualified Dividend", as defined by the IRS.

(3) $0.053074 of this amount constitutes a "Qualified Dividend", as defined by the IRS.

(4) $0.041313 of this amount constitutes a "Qualified Dividend", as defined by the IRS.

(5) $0.042274 of this amount constitutes a "Qualified Dividend", as defined by the IRS.

(6) Taxable in 2020.

Future dividends will depend on CoreCivic's distribution requirements as a REIT, future cash flows and earnings, capital requirements, financial condition, limitations under debt covenants, opportunities for alternative uses of capital, and on such other factors as the Board of Directors of CoreCivic may consider relevant.

**Common Stock**

*Restricted shares.*  During 2019, CoreCivic issued approximately 934,000 shares of RSUs to certain of its employees and non-employee directors, with an aggregate value of $20.1 million, including 850,000 RSUs to employees and non-employee directors whose compensation is charged to general and administrative expense and 84,000 RSUs to employees whose compensation is charged to operating expense.  During 2018, CoreCivic issued approximately 945,000 RSUs to certain of its employees and non-employee directors, with an aggregate value of $20.5 million, including 850,000 RSUs to employees and non-employee directors whose compensation is charged to general and administrative expense and 95,000 RSUs to employees whose compensation is charged to operating expense.

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Since 2015, CoreCivic has established performance-based vesting conditions on the RSUs awarded to its officers and executive officers that, unless earlier vested under the terms of the agreements, were subject to vesting over a three-year period based upon the satisfaction of certain annual performance criteria, and no more than one-third of the RSUs could vest in any one performance period.  The RSUs awarded to officers and executive officers in 2019 consist of a combination of awards with performance-based conditions and time-based conditions.  Unless earlier vested under the terms of the RSU agreements, the RSUs with time-based vesting conditions vest evenly generally on the first, second, and third anniversary of the award. The RSUs with performance-based vesting conditions are divided into one-third increments, each of which is subject to vesting based upon satisfaction of certain annual performance criteria established at the beginning of the fiscal years ending December 31, 2019, 2020, and 2021, and which can be increased by up to 150% or decreased to 0% based on performance relative to the annual performance criteria, and further increased or decreased using a modifier of 80% to 120% based on CoreCivic's total shareholder return relative to a peer group.  Based on performance achieved for 2019, the RSUs subject to performance-based vesting criteria were increased by 145.8%, but were reduced to the 80% modifier based on CoreCivic's total shareholder return relative to the peer group. Because the performance criteria for the fiscal years ending December 31, 2020 and 2021 have not yet been established, the values of the second and third RSU increments for financial reporting purposes will not be determined until such criteria are established.  Time-based RSUs issued to other employees, unless earlier vested under the terms of the agreements, generally vest equally on the first, second, and third anniversary of the award.  RSUs issued to non-employee directors vest one year from the date of award.

Nonvested RSU transactions as of December 31, 2019 and for the year then ended are summarized below (in thousands, except per share amounts).

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Shares of**  **RSUs** | |  |  | **Weighted**  **average**  **grant date**  **fair value** | |  |
| Nonvested at December 31, 2018 |  |  | 1,225 |  |  | $ | 24.67 |  |
| Granted |  |  | **934** |  |  | **$** | **21.49** |  |
| Cancelled |  |  | **(73** | **)** |  | **$** | **23.78** |  |
| Vested |  |  | **(524** | **)** |  | **$** | **25.53** |  |
| **Nonvested at December 31, 2019** |  |  | **1,562** |  |  | **$** | **22.52** |  |

During 2019, 2018, and 2017, CoreCivic expensed $17.3 million ($1.8 million of which was recorded in operating expenses and $15.5 million of which was recorded in general and administrative expenses), $13.1 million ($1.8 million of which was recorded in operating expenses and $11.3 million of which was recorded in general and administrative expenses), and $13.3 million ($1.9 million of which was recorded in operating expenses and $11.4 million of which was recorded in general and administrative expenses), net of forfeitures, relating to RSUs, respectively. As of December 31, 2019, CoreCivic had $16.5 million of total unrecognized compensation cost related to RSUs that is expected to be recognized over a remaining weighted-average period of 1.6 years.The total fair value of restricted common stock and RSUs that vested during 2019, 2018, and 2017 was $13.4 million, $15.3 million, and $16.6 million, respectively.

On August 28, 2018, CoreCivic entered into an Amended and Restated ATM Equity Offering Sales Agreement, or ATM Agreement, with multiple sales agents, pursuant to which the Company may offer and sell to or through the agents, from time to time, shares of the Company's common stock, par value $0.01 per share, having an aggregate gross sales price of up to $200.0 million. Sales, if any, of the Company's shares of common stock will be made primarily in “at-the-market” offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. The shares of common stock will be offered and sold pursuant to CoreCivic's registration statement on Form S-3 and a related prospectus supplement, both filed with the SEC on August 28, 2018.  CoreCivic intends to use substantially all of the net proceeds from any sale of shares of the Company's common stock to repay outstanding borrowings or for working capital and other general corporate purposes, which may include investments.  There were no shares of the Company's common stock sold under the ATM Agreement during 2018 and 2019.

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**Preferred Stock**

CoreCivic has the authority to issue 50.0 million shares of $0.01 par value per share preferred stock (the "Preferred Stock").  The Preferred Stock may be issued from time to time upon authorization by the Board of Directors, in such series and with such preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or other provisions as may be fixed by CoreCivic's Board of Directors.

**Stock Option Plans**

CoreCivic has equity incentive plans under which, among other things, incentive and non-qualified stock options are granted to certain employees and non-employee directors of CoreCivic by the compensation committee of CoreCivic's Board of Directors.  The options are granted with exercise prices equal to the fair market value on the date of grant.  Vesting periods for options granted to employees generally range from three to four years.  Options granted to non-employee directors vest on a date approximately following the first anniversary of the grant date. The term of such options is ten years from the date of grant.

Since 2012, CoreCivic has elected not to issue stock options to its non-employee directors, officers, and executive officers as it had in prior years, and instead elected to issue all of its equity compensation in the form of RSUs as previously described herein. All outstanding stock options were fully vested as of December 31, 2016.

Stock option transactions relating to CoreCivic's non-qualified stock option plans are summarized below (in thousands, except exercise prices):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **No. of**  **options** | |  |  | **Weighted-**  **Average**  **Exercise**  **Price of**  **options** | |  |  | **Weighted-**  **Average**  **Remaining**  **Contractual**  **Term** |  | **Aggregate**  **Intrinsic**  **Value** | |  |
| Outstanding at December 31, 2018 |  |  | 706 |  |  | $ | 20.32 |  |  |  |  |  |  |  |
| Granted |  |  | **—** |  |  |  | **—** |  |  |  |  |  |  |  |
| Exercised |  |  | **(62** | **)** |  |  | **14.19** |  |  |  |  |  |  |  |
| Cancelled |  |  | **—** |  |  |  | **—** |  |  |  |  |  |  |  |
| Outstanding at December 31, 2019 |  |  | **644** |  |  | **$** | **20.91** |  |  | **1.4** |  | **$** | **—** |  |
| Exercisable at December 31, 2019 |  |  | **644** |  |  | **$** | **20.91** |  |  | **1.4** |  | **$** | **—** |  |

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between CoreCivic's stock price as of December 31, 2019 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2019. This amount changes based on the fair market value of CoreCivic's stock. The total intrinsic value of options exercised during the years ended December 31, 2019, 2018, and 2017 was $0.5 million, $1.3 million, and $2.9 million, respectively.

At CoreCivic's 2011 annual meeting of stockholders held in May 2011, CoreCivic's stockholders approved an amendment to the 2008 Stock Incentive Plan that increased the authorized limit on issuance of new awards to an aggregate of up to 18.0 million shares.  In addition, during the 2003 annual meeting the stockholders approved the adoption of CoreCivic's Non-Employee Directors' Compensation Plan, authorizing CoreCivic to issue up to 225,000 shares of common stock pursuant to the plan.  As of December 31, 2019, CoreCivic had 5.0 million shares available for issuance under the Amended and Restated 2008 Stock Incentive Plan and 0.2 million shares available for issuance under the Non-Employee Directors' Compensation Plan.

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|  |  |
| --- | --- |
| **15.** | **EARNINGS PER SHARE** |

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year.  Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.  For CoreCivic, diluted earnings per share is computed by dividing net income by the weighted average number of common shares after considering the additional dilution related to restricted share grants and stock options.

A reconciliation of the numerator and denominator of the basic earnings per share computation to the numerator and denominator of the diluted earnings per share computation is as follows (in thousands, except per share data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |  | 2017 | |  |
| **NUMERATOR** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Basic:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |
| **Diluted:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | **$** | **188,886** |  |  | $ | 159,207 |  |  | $ | 178,040 |  |
| **DENOMINATOR** |  |  |  |  |  |  |  |  |  |  |  |  |
| **Basic:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding |  |  | **119,028** |  |  |  | 118,544 |  |  |  | 118,084 |  |
| **Diluted:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding |  |  | **119,028** |  |  |  | 118,544 |  |  |  | 118,084 |  |
| Effect of dilutive securities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Stock options |  |  | **22** |  |  | 111 | |  |  | 310 | |  |
| Restricted stock-based awards |  | **114** | |  |  | 61 | |  |  | 71 | |  |
| Weighted average shares and assumed     conversions |  |  | **119,164** |  |  |  | 118,716 |  |  |  | 118,465 |  |
| **BASIC EARNINGS PER SHARE** |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.51 |  |
| **DILUTED EARNINGS PER SHARE** |  | **$** | **1.59** |  |  | $ | 1.34 |  |  | $ | 1.50 |  |

Approximately 486,000, 317,000, and 8,000 stock options were excluded from the computations of diluted earnings per share for the years ended December 31, 2019, 2018, and 2017, respectively, because they were anti-dilutive.

|  |  |
| --- | --- |
| **16.** | **COMMITMENTS AND CONTINGENCIES** |

**Legal Proceedings**

The nature of CoreCivic's business results in claims and litigation alleging that it is liable for damages arising from the conduct of its employees, offenders or others.  The nature of such claims includes, but is not limited to, claims arising from employee or offender misconduct, medical malpractice, employment matters, property loss, contractual claims, including claims regarding compliance with contract performance requirements, and personal injury or other damages resulting from contact with CoreCivic's facilities, personnel or offenders, including damages arising from an offender's escape or from a disturbance at a facility.  CoreCivic maintains insurance to cover many of these claims, which may mitigate the risk that any single claim would have a material effect on CoreCivic's consolidated financial position, results of operations, or cash flows, provided the claim is one for which coverage is available.  The combination of self-insured retentions and deductible amounts means that, in the aggregate, CoreCivic is subject to substantial self-insurance risk.

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CoreCivic records litigation reserves related to certain matters for which it is probable that a loss has been incurred and the range of such loss can be estimated.  Based upon management's review of the potential claims and outstanding litigation, and based upon management's experience and history of estimating losses, and taking into consideration CoreCivic's self-insured retention amounts, management believes a loss in excess of amounts already recognized would not be material to CoreCivic's financial statements.  In the opinion of management, there are no pending legal proceedings that would have a material effect on CoreCivic's consolidated financial position, results of operations, or cash flows.  Any receivable for insurance recoveries is recorded separately from the corresponding litigation reserve, and only if recovery is determined to be probable.  Adversarial proceedings and litigation are, however, subject to inherent uncertainties, and unfavorable decisions and rulings resulting from legal proceedings could occur which could have a material adverse impact on CoreCivic's consolidated financial position, results of operations, or cash flows for the period in which such decisions or rulings occur, or future periods.  Expenses associated with legal proceedings may also fluctuate from quarter to quarter based on changes in CoreCivic's assumptions, new developments, or by the effectiveness of CoreCivic's litigation and settlement strategies.

**Insurance Contingencies**

Each of CoreCivic's management contracts and the statutes of certain states require the maintenance of insurance. CoreCivic maintains various insurance policies including employee health, workers' compensation, automobile liability, and general liability insurance.  These policies are fixed premium policies with various deductible amounts that are self-funded by CoreCivic.  Reserves are provided for estimated incurred claims for which it is probable that a loss has been incurred and the range of such loss can be estimated.

**Retirement Plan**

All employees of CoreCivic are eligible to participate in the CoreCivic 401(k) Savings and Retirement Plan (the "Plan") upon reaching age 18 and completing six months of qualified service.  Eligible employees may contribute up to 90% of their eligible compensation, subject to IRS limitations.  For the years ended December 31, 2019, 2018, and 2017, CoreCivic provided a discretionary matching contribution equal to 100% of the employee's contributions up to 5% of the employee's eligible compensation to employees with at least 500 hours of employment in the plan year. Employer matching contributions paid into the Plan each pay period vest immediately pursuant to safe harbor provisions adopted by the Plan.

During 2019, 2018, and 2017, CoreCivic's discretionary contributions to the Plan, net of forfeitures, were $14.2 million, $13.2 million, and $12.3 million, respectively.

**Deferred Compensation Plans**

CoreCivic provides two non-qualified deferred compensation plans (the "Deferred Compensation Plans") for non-employee directors and for certain senior executives.  The Deferred Compensation Plans are unfunded plans maintained for the purpose of providing CoreCivic's directors and certain of its senior executives the opportunity to defer a portion of their compensation.  Under the terms of the Deferred Compensation Plans, certain senior executives may elect to contribute on a pre-tax basis up to 50% of their base salary and up to 100% of their cash bonus, and non-employee directors may elect to contribute on a pre-tax basis up to 100% of their director retainer and meeting fees.  During the years ended December 31, 2019, 2018, and 2017, CoreCivic matched 100% of employee contributions up to 5% of total cash compensation.  CoreCivic also contributes a fixed rate of return on balances in the Deferred Compensation Plans, determined at the beginning of each plan year.  Matching contributions and investment earnings thereon become vested 20% after two years of service, 40% after three years of service, 80% after four years of service, and 100% after five or more years of service.  Distributions are generally payable no earlier than five years subsequent to the date an individual becomes a participant in the Plan, or upon termination of employment (or the date a director ceases to serve as a director of CoreCivic), at the election of the participant.  Distributions to senior executives must commence on or before the later of 60 days after the participant's separation from service or the fifteenth day of the month following the month the individual attains age 65.

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During 2019, 2018, and 2017, CoreCivic provided a fixed return of 5.0% in each year to participants in the Deferred Compensation Plans.  CoreCivic has purchased life insurance policies on the lives of certain employees of CoreCivic, which are intended to fund distributions from the Deferred Compensation Plans.  CoreCivic is the sole beneficiary of such policies.  At the inception of the Deferred Compensation Plans, CoreCivic established an irrevocable Rabbi Trust to secure the plans' obligations.  However, assets in the Deferred Compensation Plans are subject to creditor claims in the event of bankruptcy.  During 2019, 2018, and 2017, CoreCivic recorded $0.2 million, $0.3 million, and $0.1 million, respectively, of matching contributions as general and administrative expense associated with the Deferred Compensation Plans.  Assets in the Rabbi Trust were $14.4 million and $14.0 million as of December 31, 2019 and 2018, respectively, and were reflected in other assets on the accompanying consolidated balance sheets. As of December 31, 2019 and 2018, CoreCivic's liability related to the Deferred Compensation Plans was $12.9 million and $12.3 million, respectively, which was reflected in accounts payable and accrued expenses and other liabilities on the accompanying consolidated balance sheets.

**Employment and Severance Agreements**

CoreCivic currently has employment agreements with several of its executive officers, which provide for the payment of certain severance amounts upon termination of employment under certain circumstances or a change of control, as defined in the agreements.

|  |  |
| --- | --- |
| **17.** | **SEGMENT REPORTING** |

As of December 31, 2019, CoreCivic operated 50 correctional and detention facilities, 43 of which the Company owned.  In addition, CoreCivic owned and operated 29 residential reentry centers and owned 28 properties for lease to third parties.  Management views CoreCivic's operating results in three operating segments, CoreCivic Safety, CoreCivic Community, and CoreCivic Properties.  CoreCivic Safety includes the operating results of those correctional and detention facilities placed into service that were owned, or controlled via a long-term lease, and managed by CoreCivic, as well as those correctional and detention facilities owned by a third party and managed by CoreCivic.  CoreCivic Safety also includes the operating results of TransCor America, LLC, a subsidiary of the Company that provides transportation services to governmental agencies.  CoreCivic Community includes the operating results of those residential reentry centers placed into service that were owned, or controlled via a long-term lease, and managed by CoreCivic.  CoreCivic Community also includes the operating results of the Company's electronic monitoring and case management services. CoreCivic Properties includes the operating results of those properties leased to third parties.  The operating performance of the three segments can be measured based on their net operating income.  CoreCivic defines facility net operating income as a facility's revenues less operating expenses.

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The revenue and net operating income for each of the three segments and a reconciliation to CoreCivic's operating income is as follows for the three years ended December 31, 2019, 2018, and 2017 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |  | 2017 | |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |
| Safety |  | **$** | **1,779,958** |  |  | $ | 1,675,998 |  |  | $ | 1,648,224 |  |
| Community |  |  | **123,265** |  |  |  | 101,841 |  |  |  | 74,263 |  |
| Properties |  |  | **77,307** |  |  |  | 57,899 |  |  |  | 40,440 |  |
| Total segment revenue |  |  | **1,980,530** |  |  |  | 1,835,738 |  |  |  | 1,762,927 |  |
| Operating expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Safety |  |  | **1,304,121** |  |  |  | 1,222,418 |  |  |  | 1,185,621 |  |
| Community |  |  | **95,159** |  |  |  | 76,898 |  |  |  | 51,501 |  |
| Properties |  |  | **22,803** |  |  |  | 15,420 |  |  |  | 11,831 |  |
| Total segment operating expenses |  |  | **1,422,083** |  |  |  | 1,314,736 |  |  |  | 1,248,953 |  |
| Facility net operating income: |  |  |  |  |  |  |  |  |  |  |  |  |
| Safety |  |  | **475,837** |  |  |  | 453,580 |  |  |  | 462,603 |  |
| Community |  |  | **28,106** |  |  |  | 24,943 |  |  |  | 22,762 |  |
| Properties |  |  | **54,504** |  |  |  | 42,479 |  |  |  | 28,609 |  |
| Total facility net operating income |  |  | **558,447** |  |  |  | 521,002 |  |  |  | 513,974 |  |
| Other revenue (expense): |  |  |  |  |  |  |  |  |  |  |  |  |
| Other revenue |  |  | **159** |  |  |  | 28 |  |  |  | 2,571 |  |
| Other operating expense |  |  | **(686** | **)** |  |  | (514 | ) |  |  | (584 | ) |
| General and administrative |  |  | **(127,078** | **)** |  |  | (106,865 | ) |  |  | (107,822 | ) |
| Depreciation and amortization |  |  | **(144,572** | **)** |  |  | (156,501 | ) |  |  | (147,129 | ) |
| Contingent consideration for acquisition     of businesses |  |  | **—** |  |  |  | (6,085 | ) |  |  | — |  |
| Asset impairments |  |  | **(4,706** | **)** |  |  | (1,580 | ) |  |  | (614 | ) |
| Operating income |  | **$** | **281,564** |  |  | $ | 249,485 |  |  | $ | 260,396 |  |

The following table summarizes capital expenditures including accrued amounts for the years ended December 31, 2019, 2018, and 2017 (in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the Years Ended December 31, | | | | | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |  | 2017 | |  |
| Capital expenditures: |  |  |  |  |  |  |  |  |  |  |  |  |
| Safety |  | **$** | **77,662** |  |  | $ | 94,559 |  |  | $ | 55,712 |  |
| Community |  |  | **5,859** |  |  |  | 15,689 |  |  |  | 35,489 |  |
| Properties |  |  | **95,109** |  |  |  | 365,628 |  |  |  | 18,327 |  |
| Corporate and other |  |  | **12,111** |  |  |  | 11,260 |  |  |  | 5,219 |  |
| Total capital expenditures |  | **$** | **190,741** |  |  | $ | 487,136 |  |  | $ | 114,747 |  |

The total assets are as follows (in thousands):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | December 31, | | | | | |  |
|  |  | **2019** | |  |  | 2018 | |  |
| Assets: |  |  |  |  |  |  |  |  |
| Safety |  | **$** | **2,606,127** |  |  | $ | 2,621,880 |  |
| Community |  |  | **275,882** |  |  |  | 281,198 |  |
| Properties |  |  | **682,249** |  |  |  | 606,770 |  |
| Corporate and other |  |  | **227,373** |  |  |  | 145,812 |  |
| Total assets |  | **$** | **3,791,631** |  |  | $ | 3,655,660 |  |

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|  |  |
| --- | --- |
| **18.** | **SUBSEQUENT EVENTS** |

On January 2, 2020, CoreCivic completed the acquisition of a portfolio of 28 properties, 24 of which the counter-party contributed to a newly formed partnership of the Company's, for total consideration of $83.2 million, excluding transaction-related expenses.  All of the properties are leased to the federal government through the GSA. CoreCivic financed the acquisition with $7.7 million of cash, assumed debt of $52.2 million and the balance with the issuance of 1.3 million limited partnership units that are convertible into cash or shares of the Company's common stock following a two-year period, using a "DownREIT" structure.  The assumed debt carries a fixed interest rate of 4.9%, with fixed monthly payments extending through November 2025, and a balloon payment of $46.2 million due at maturity.

During February 2020, CoreCivic issued approximately 1.2 million RSUs to certain of CoreCivic's employees and non-employee directors, with an aggregate value of $20.7 million.  Unless earlier vested under the terms of the RSU agreement, approximately 0.8 million RSUs were issued to officers and executive officers, a portion of which vest evenly on the first, second, and third anniversary of the award, and a portion of which are subject to vesting over a three-year period based upon satisfaction of certain annual performance criteria for the fiscal years ending December 31, 2020, 2021, and 2022, and which can be increased or decreased based on performance relative to the annual performance criteria, and further increased or decreased based on total shareholder return relative to a peer group.  Approximately 0.4 million RSUs issued to other employees vest evenly on the first, second, and third anniversary of the award.  RSUs issued to non-employee directors vest on the first anniversary of the award. Any RSUs that become vested will be settled in shares of CoreCivic's common stock.

On February 20, 2020, the Company's Board of Directors declared a quarterly dividend of $0.44 per common share payable April 15, 2020 to stockholders of record on April 1, 2020.

|  |  |
| --- | --- |
| **19.** | **CONDENSED CONSOLIDATING FINANCIAL STATEMENTS OF CORECIVIC AND SUBSIDIARIES** |

The following condensed consolidating financial statements of CoreCivic and subsidiaries have been prepared pursuant to Rule 3-10 of Regulation S-X.  These condensed consolidating financial statements have been prepared from the Company's financial information on the same basis of accounting as the consolidated financial statements.

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**CONDENSED CONSOLIDATING BALANCE SHEET**

**As of December 31, 2019**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ASSETS** |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **and Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| Cash and cash equivalents |  | **$** | **45,427** |  |  | **$** | **45,309** |  |  | **$** | **1,384** |  |  | **$** | **—** |  |  | **$** | **92,120** |  |
| Restricted cash |  |  | **—** |  |  |  | **7** |  |  |  | **26,966** |  |  |  | **—** |  |  |  | **26,973** |  |
| Accounts receivable, net of allowance |  |  | **154,533** |  |  |  | **545,291** |  |  |  | **86** |  |  |  | **(419,125** | **)** |  |  | **280,785** |  |
| Prepaid expenses and other current assets |  |  | **3,084** |  |  |  | **32,600** |  |  |  | **3,966** |  |  |  | **(4,143** | **)** |  |  | **35,507** |  |
| Total current assets |  |  | **203,044** |  |  |  | **623,207** |  |  |  | **32,402** |  |  |  | **(423,268** | **)** |  |  | **435,385** |  |
| Real estate and related assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Property and equipment, net |  |  | **2,226,822** |  |  |  | **272,888** |  |  |  | **200,397** |  |  |  | **—** |  |  |  | **2,700,107** |  |
| Other real estate assets |  |  | **238,637** |  |  |  | **—** |  |  |  | **—** |  |  |  | **—** |  |  |  | **238,637** |  |
| Goodwill |  |  | **35,425** |  |  |  | **15,112** |  |  |  | **—** |  |  |  | **—** |  |  |  | **50,537** |  |
| Non-current deferred tax assets |  |  | **—** |  |  |  | **14,125** |  |  |  | **2,411** |  |  |  | **(478** | **)** |  |  | **16,058** |  |
| Other assets |  |  | **606,718** |  |  |  | **136,125** |  |  |  | **173,268** |  |  |  | **(565,204** | **)** |  |  | **350,907** |  |
| Total assets |  | **$** | **3,310,646** |  |  | **$** | **1,061,457** |  |  | **$** | **408,478** |  |  | **$** | **(988,950** | **)** |  | **$** | **3,791,631** |  |
| **LIABILITIES AND STOCKHOLDERS'**  **EQUITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses |  | **$** | **261,588** |  |  | **$** | **396,703** |  |  | **$** | **102,404** |  |  | **$** | **(423,233** | **)** |  | **$** | **337,462** |  |
| Current portion of long-term debt |  |  | **23,776** |  |  |  | **—** |  |  |  | **7,573** |  |  |  | **—** |  |  |  | **31,349** |  |
| Total current liabilities |  |  | **285,364** |  |  |  | **396,703** |  |  |  | **109,977** |  |  |  | **(423,233** | **)** |  |  | **368,811** |  |
| Long-term debt, net |  |  | **1,629,745** |  |  |  | **114,682** |  |  |  | **298,596** |  |  |  | **(115,000** | **)** |  |  | **1,928,023** |  |
| Non-current deferred tax liabilities |  |  | **478** |  |  |  | **—** |  |  |  | **—** |  |  |  | **(478** | **)** |  |  | **—** |  |
| Deferred revenue |  |  | **—** |  |  |  | **12,469** |  |  |  | **—** |  |  |  | **—** |  |  |  | **12,469** |  |
| Other liabilities |  |  | **18,310** |  |  |  | **87,269** |  |  |  | **—** |  |  |  | **—** |  |  |  | **105,579** |  |
| Total liabilities |  |  | **1,933,897** |  |  |  | **611,123** |  |  |  | **408,573** |  |  |  | **(538,711** | **)** |  |  | **2,414,882** |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total stockholders' equity |  |  | **1,376,749** |  |  |  | **450,334** |  |  |  | **(95** | **)** |  |  | **(450,239** | **)** |  |  | **1,376,749** |  |
| Total liabilities and stockholders' equity |  | **$** | **3,310,646** |  |  | **$** | **1,061,457** |  |  | **$** | **408,478** |  |  | **$** | **(988,950** | **)** |  | **$** | **3,791,631** |  |

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**CONDENSED CONSOLIDATING BALANCE SHEET**

**As of December 31, 2018**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **ASSETS** |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **and Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| Cash and cash equivalents |  | $ | 11,109 |  |  | $ | 40,348 |  |  | $ | 1,345 |  |  | $ | — |  |  | $ | 52,802 |  |
| Restricted cash |  |  | — |  |  |  | — |  |  | $ | 21,335 |  |  |  | — |  |  |  | 21,335 |  |
| Accounts receivable, net of allowance |  |  | 254,766 |  |  |  | 445,105 |  |  |  | 1,809 |  |  |  | (431,083 | ) |  |  | 270,597 |  |
| Prepaid expenses and other current assets |  |  | 4,412 |  |  |  | 26,939 |  |  |  | 1,951 |  |  |  | (4,511 | ) |  |  | 28,791 |  |
| Total current assets |  |  | 270,287 |  |  |  | 512,392 |  |  |  | 26,440 |  |  |  | (435,594 | ) |  |  | 373,525 |  |
| Real estate and related assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Property and equipment, net |  |  | 2,255,361 |  |  |  | 310,989 |  |  |  | 264,239 |  |  |  | — |  |  |  | 2,830,589 |  |
| Other real estate assets |  |  | 247,223 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 247,223 |  |
| Goodwill |  |  | 33,057 |  |  |  | 15,112 |  |  |  | — |  |  |  | — |  |  |  | 48,169 |  |
| Non-current deferred tax assets |  |  | 727 |  |  |  | 14,220 |  |  |  | 1,165 |  |  |  | (1,165 | ) |  |  | 14,947 |  |
| Other assets |  |  | 507,161 |  |  |  | 61,104 |  |  |  | 38,112 |  |  |  | (465,170 | ) |  |  | 141,207 |  |
| Total assets |  | $ | 3,313,816 |  |  | $ | 913,817 |  |  | $ | 329,956 |  |  | $ | (901,929 | ) |  | $ | 3,655,660 |  |
| **LIABILITIES AND STOCKHOLDERS'**  **EQUITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses |  | $ | 294,474 |  |  | $ | 377,699 |  |  | $ | 115,661 |  |  | $ | (435,559 | ) |  | $ | 352,275 |  |
| Current portion of long-term debt |  |  | 8,720 |  |  |  | — |  |  |  | 5,401 |  |  |  | — |  |  |  | 14,121 |  |
| Total current liabilities |  |  | 303,194 |  |  |  | 377,699 |  |  |  | 121,062 |  |  |  | (435,559 | ) |  |  | 366,396 |  |
| Long-term debt, net |  |  | 1,579,273 |  |  |  | 114,428 |  |  |  | 208,854 |  |  |  | (115,000 | ) |  |  | 1,787,555 |  |
| Non-current deferred tax liabilities |  |  | 1,165 |  |  |  | — |  |  |  | — |  |  |  | (1,165 | ) |  |  | — |  |
| Deferred revenue |  |  | — |  |  |  | 26,102 |  |  |  | — |  |  |  | — |  |  |  | 26,102 |  |
| Other liabilities |  |  | 15,125 |  |  |  | 45,423 |  |  |  | — |  |  |  | — |  |  |  | 60,548 |  |
| Total liabilities |  |  | 1,898,757 |  |  |  | 563,652 |  |  |  | 329,916 |  |  |  | (551,724 | ) |  |  | 2,240,601 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total stockholders' equity |  |  | 1,415,059 |  |  |  | 350,165 |  |  |  | 40 |  |  |  | (350,205 | ) |  |  | 1,415,059 |  |
| Total liabilities and stockholders' equity |  | $ | 3,313,816 |  |  | $ | 913,817 |  |  | $ | 329,956 |  |  | $ | (901,929 | ) |  | $ | 3,655,660 |  |

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**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**

**For the year ended December 31, 2019**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **and Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| **REVENUES** |  | **$** | **1,363,562** |  |  | **$** | **1,627,226** |  |  | **$** | **23,546** |  |  | **$** | **(1,033,645** | **)** |  | **$** | **1,980,689** |  |
| **EXPENSES:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating |  |  | **1,065,596** |  |  |  | **1,381,676** |  |  |  | **9,142** |  |  |  | **(1,033,645** | **)** |  |  | **1,422,769** |  |
| General and administrative |  |  | **42,680** |  |  |  | **84,398** |  |  |  | **—** |  |  |  | **—** |  |  |  | **127,078** |  |
| Depreciation and amortization |  |  | **93,575** |  |  |  | **43,231** |  |  |  | **7,766** |  |  |  | **—** |  |  |  | **144,572** |  |
| Asset impairments |  |  | **4,706** |  |  |  | **—** |  |  |  | **—** |  |  |  | **—** |  |  |  | **4,706** |  |
|  |  |  | **1,206,557** |  |  |  | **1,509,305** |  |  |  | **16,908** |  |  |  | **(1,033,645** | **)** |  |  | **1,699,125** |  |
| **OPERATING INCOME** |  |  | **157,005** |  |  |  | **117,921** |  |  |  | **6,638** |  |  |  | **—** |  |  |  | **281,564** |  |
| **OTHER (INCOME) EXPENSE:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  |  | **71,969** |  |  |  | **5,658** |  |  |  | **6,774** |  |  |  | **—** |  |  |  | **84,401** |  |
| Expenses associated with debt refinancing     transactions |  |  | **493** |  |  |  | **109** |  |  |  | **—** |  |  |  | **—** |  |  |  | **602** |  |
| Other (income) expense |  |  | **(363** | **)** |  |  | **72** |  |  |  | **335** |  |  |  | **(208** | **)** |  |  | **(164** | **)** |
|  |  |  | **72,099** |  |  |  | **5,839** |  |  |  | **7,109** |  |  |  | **(208** | **)** |  |  | **84,839** |  |
| **INCOME BEFORE INCOME TAXES** |  |  | **84,906** |  |  |  | **112,082** |  |  |  | **(471** | **)** |  |  | **208** |  |  |  | **196,725** |  |
| Income tax expense |  |  | **(1,710** | **)** |  |  | **(6,129** | **)** |  |  | **—** |  |  |  | **—** |  |  |  | **(7,839** | **)** |
| **INCOME BEFORE EQUITY IN**  **SUBSIDIARIES** |  |  | **83,196** |  |  |  | **105,953** |  |  |  | **(471** | **)** |  |  | **208** |  |  |  | **188,886** |  |
| Income from equity in subsidiaries |  |  | **105,690** |  |  |  | **—** |  |  |  | **—** |  |  |  | **(105,690** | **)** |  |  | **—** |  |
| **NET INCOME** |  | **$** | **188,886** |  |  | **$** | **105,953** |  |  | **$** | **(471** | **)** |  | **$** | **(105,482** | **)** |  | **$** | **188,886** |  |

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**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**

**For the year ended December 31, 2018**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **and Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| **REVENUES** |  | $ | 1,279,991 |  |  | $ | 1,514,503 |  |  | $ | 8,243 |  |  | $ | (966,971 | ) |  | $ | 1,835,766 |  |
| **EXPENSES:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating |  |  | 994,505 |  |  |  | 1,284,616 |  |  |  | 3,100 |  |  |  | (966,971 | ) |  |  | 1,315,250 |  |
| General and administrative |  |  | 36,409 |  |  |  | 70,456 |  |  |  | — |  |  |  | — |  |  |  | 106,865 |  |
| Depreciation and amortization |  |  | 92,702 |  |  |  | 61,206 |  |  |  | 2,593 |  |  |  | — |  |  |  | 156,501 |  |
| Contingent consideration for acquisition of    businesses |  |  | 6,085 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 6,085 |  |
| Asset impairments |  |  | 1,580 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 1,580 |  |
|  |  |  | 1,131,281 |  |  |  | 1,416,278 |  |  |  | 5,693 |  |  |  | (966,971 | ) |  |  | 1,586,281 |  |
| **OPERATING INCOME** |  |  | 148,710 |  |  |  | 98,225 |  |  |  | 2,550 |  |  |  | — |  |  |  | 249,485 |  |
| **OTHER (INCOME) EXPENSE:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  |  | 67,340 |  |  |  | 10,905 |  |  |  | 2,508 |  |  |  | — |  |  |  | 80,753 |  |
| Expenses associated with debt refinancing    transactions |  |  | 1,016 |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | 1,016 |  |
| Other (income) expense |  |  | 160 |  |  |  | (105 | ) |  |  | 101 |  |  |  | — |  |  |  | 156 |  |
|  |  |  | 68,516 |  |  |  | 10,800 |  |  |  | 2,609 |  |  |  | — |  |  |  | 81,925 |  |
| **INCOME BEFORE INCOME TAXES** |  |  | 80,194 |  |  |  | 87,425 |  |  |  | (59 | ) |  |  | — |  |  |  | 167,560 |  |
| Income tax expense |  |  | (1,383 | ) |  |  | (6,970 | ) |  |  | — |  |  |  | — |  |  |  | (8,353 | ) |
| **INCOME BEFORE EQUITY IN**  **SUBSIDIARIES** |  |  | 78,811 |  |  |  | 80,455 |  |  |  | (59 | ) |  |  | — |  |  |  | 159,207 |  |
| Income from equity in subsidiaries |  |  | 80,396 |  |  |  | — |  |  |  | — |  |  |  | (80,396 | ) |  |  | — |  |
| **NET INCOME** |  | $ | 159,207 |  |  | $ | 80,455 |  |  | $ | (59 | ) |  | $ | (80,396 | ) |  | $ | 159,207 |  |

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**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS**

**For the year ended December 31, 2017**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Consolidating**  **Adjustments**  **and Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| **REVENUES** |  | $ | 1,194,690 |  |  | $ | 1,454,194 |  |  | $ | (883,386 | ) |  | $ | 1,765,498 |  |
| **EXPENSES:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating |  |  | 914,443 |  |  |  | 1,218,480 |  |  |  | (883,386 | ) |  |  | 1,249,537 |  |
| General and administrative |  |  | 36,964 |  |  |  | 70,858 |  |  |  | — |  |  |  | 107,822 |  |
| Depreciation and amortization |  |  | 87,694 |  |  |  | 59,435 |  |  |  | — |  |  |  | 147,129 |  |
| Asset impairments |  |  | 300 |  |  |  | 314 |  |  |  | — |  |  |  | 614 |  |
|  |  |  | 1,039,401 |  |  |  | 1,349,087 |  |  |  | (883,386 | ) |  |  | 1,505,102 |  |
| **OPERATING INCOME** |  |  | 155,289 |  |  |  | 105,107 |  |  |  | — |  |  |  | 260,396 |  |
| **OTHER (INCOME) EXPENSE:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest expense, net |  |  | 56,712 |  |  |  | 11,823 |  |  |  | — |  |  |  | 68,535 |  |
| Other (income) expense |  |  | (255 | ) |  |  | 103 |  |  |  | 62 |  |  |  | (90 | ) |
|  |  |  | 56,457 |  |  |  | 11,926 |  |  |  | 62 |  |  |  | 68,445 |  |
| **INCOME BEFORE INCOME TAXES** |  |  | 98,832 |  |  |  | 93,181 |  |  |  | (62 | ) |  |  | 191,951 |  |
| Income tax expense |  |  | (1,765 | ) |  |  | (12,146 | ) |  |  | — |  |  |  | (13,911 | ) |
| **INCOME BEFORE EQUITY IN SUBSIDIARIES** |  |  | 97,067 |  |  |  | 81,035 |  |  |  | (62 | ) |  |  | 178,040 |  |
| Income from equity in subsidiaries |  |  | 80,973 |  |  |  | — |  |  |  | (80,973 | ) |  |  | — |  |
| **NET INCOME** |  | $ | 178,040 |  |  | $ | 81,035 |  |  | $ | (81,035 | ) |  | $ | 178,040 |  |

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**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2019**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **And Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| Net cash provided by operating activities |  | **$** | **284,933** |  |  | **$** | **61,845** |  |  | **$** | **7,606** |  |  | **$** | **—** |  |  | **$** | **354,384** |  |
| Net cash used in investing activities |  |  | **(71,312** | **)** |  |  | **(79,477** | **)** |  |  | **(93,800** | **)** |  |  | **—** |  |  |  | **(244,589** | **)** |
| Net cash provided by (used in) financing activities |  |  | **(179,303** | **)** |  |  | **22,600** |  |  |  | **91,864** |  |  |  | **—** |  |  |  | **(64,839** | **)** |
| Net increase in cash, cash equivalents      and restricted cash |  |  | **34,318** |  |  |  | **4,968** |  |  |  | **5,670** |  |  |  | **—** |  |  |  | **44,956** |  |
| CASH, CASH EQUIVALENTS AND      RESTRICTED CASH, beginning of year |  |  | **11,109** |  |  |  | **40,348** |  |  |  | **22,680** |  |  |  | **—** |  |  |  | **74,137** |  |
| CASH, CASH EQUIVALENTS AND      RESTRICTED CASH, end of year |  | **$** | **45,427** |  |  | **$** | **45,316** |  |  | **$** | **28,350** |  |  | **$** | **—** |  |  |  | **119,093** |  |

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2018**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Non-**  **Guarantor**  **Subsidiaries** | |  |  | **Consolidating**  **Adjustments**  **And Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| Net cash provided by operating activities |  | $ | 243,083 |  |  | $ | 75,011 |  |  | $ | 4,786 |  |  | **$** | **—** |  |  | $ | 322,880 |  |
| Net cash used in investing activities |  |  | (109,114 | ) |  |  | (47,940 | ) |  |  | (134,003 | ) |  |  | **—** |  |  |  | (291,057 | ) |
| Net cash provided by (used in) financing activities |  |  | (148,605 | ) |  |  | (13,161 | ) |  |  | 151,897 |  |  |  | **—** |  |  |  | (9,869 | ) |
| Net increase (decrease) in cash, cash equivalents      and restricted cash |  |  | (14,636 | ) |  |  | 13,910 |  |  |  | 22,680 |  |  |  | **—** |  |  |  | 21,954 |  |
| CASH, CASH EQUIVALENTS AND      RESTRICTED CASH, beginning of year |  |  | 25,745 |  |  |  | 26,438 |  |  |  | — |  |  |  | **—** |  |  |  | 52,183 |  |
| CASH, CASH EQUIVALENTS AND       RESTRICTED CASH, end of year |  | $ | 11,109 |  |  | $ | 40,348 |  |  | $ | 22,680 |  |  | **$** | **—** |  |  | $ | 74,137 |  |

**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2017**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Parent** | |  |  | **Combined**  **Subsidiary**  **Guarantors** | |  |  | **Consolidating**  **Adjustments**  **And Other** | |  |  | **Total**  **Consolidated**  **Amounts** | |  |
| Net cash provided by operating activities |  | $ | 276,055 |  |  | $ | 65,270 |  |  | $ | — |  |  | $ | 341,325 |  |
| Net cash used in investing activities |  |  | (55,242 | ) |  |  | (69,320 | ) |  |  | — |  |  |  | (124,562 | ) |
| Net cash provided by (used in) financing activities |  |  | (206,446 | ) |  |  | 4,155 |  |  |  | — |  |  |  | (202,291 | ) |
| Net increase in cash, cash equivalents and restricted cash |  |  | 14,367 |  |  |  | 105 |  |  |  | — |  |  |  | 14,472 |  |
| CASH, CASH EQUIVALENTS AND RESTRICTED      CASH, beginning of year |  |  | 11,378 |  |  |  | 26,333 |  |  |  | — |  |  |  | 37,711 |  |
| CASH, CASH EQUIVALENTS AND RESTRICTED      CASH, end of year |  | $ | 25,745 |  |  | $ | 26,438 |  |  | $ | — |  |  | $ | 52,183 |  |

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|  |  |
| --- | --- |
| **20.** | **SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)** |

Selected quarterly financial information for each of the quarters in the years ended December 31, 2019 and 2018 is as follows (in thousands, except per share data):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31,**  **2019** | |  |  | **June 30,**  **2019** | |  |  | **September 30,**  **2019** | |  |  | **December 31,**  **2019** | |  |
| Revenue |  | $ | 484,064 |  |  | $ | 490,294 |  |  | $ | 508,522 |  |  | $ | 497,809 |  |
| Operating income |  |  | 73,264 |  |  |  | 70,954 |  |  |  | 71,095 |  |  |  | 66,251 |  |
| Net income |  |  | 49,340 |  |  |  | 48,578 |  |  |  | 48,994 |  |  |  | 41,974 |  |
| Basic earnings per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 0.42 |  |  | $ | 0.41 |  |  | $ | 0.41 |  |  | $ | 0.35 |  |
| Diluted earnings per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 0.41 |  |  | $ | 0.41 |  |  | $ | 0.41 |  |  | $ | 0.35 |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **March 31,**  **2018** | |  |  | **June 30,**  **2018** | |  |  | **September 30,**  **2018** | |  |  | **December 31,**  **2018** | |  |
| Revenue |  | $ | 440,916 |  |  | $ | 449,929 |  |  | $ | 462,728 |  |  | $ | 482,193 |  |
| Operating income |  |  | 58,705 |  |  |  | 61,712 |  |  |  | 64,419 |  |  |  | 64,649 |  |
| Net income |  |  | 37,777 |  |  |  | 39,197 |  |  |  | 40,994 |  |  |  | 41,239 |  |
| Basic earnings per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 0.32 |  |  | $ | 0.33 |  |  | $ | 0.35 |  |  | $ | 0.35 |  |
| Diluted earnings per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | $ | 0.32 |  |  | $ | 0.33 |  |  | $ | 0.34 |  |  | $ | 0.35 |  |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| Adams County Correctional     Center |  | Adams County, Mississippi |  | $ | 874 |  |  | $ | 119,565 |  |  | $ | 3,798 |  |  | $ | 1,089 |  |  | $ | 123,148 |  |  | $ | 124,237 |  |  | $ | (27,756 | ) |  | 2008 |
| Adams Transitional Center |  | Denver, Colorado |  |  | 6,090 |  |  |  | 853 |  |  |  | 236 |  |  |  | 6,090 |  |  |  | 1,089 |  |  |  | 7,179 |  |  |  | (84 | ) |  | 2017 |
| Arapahoe Community     Treatment Center |  | Englewood, Colorado |  |  | 3,760 |  |  |  | 1,239 |  |  |  | 511 |  |  |  | 3,760 |  |  |  | 1,750 |  |  |  | 5,510 |  |  |  | (175 | ) |  | 2017 |
| Augusta Transitional Center |  | Augusta, Georgia |  |  | 1,281 |  |  |  | 2,674 |  |  |  | 77 |  |  |  | 1,281 |  |  |  | 2,751 |  |  |  | 4,032 |  |  |  | (163 | ) |  | 2017 |
| Austin Residential Reentry     Center |  | Del Valle, Texas |  |  | 4,190 |  |  |  | 1,058 |  |  |  | 371 |  |  |  | 4,201 |  |  |  | 1,418 |  |  |  | 5,619 |  |  |  | (292 | ) |  | 2015 |
| Austin Transitional Center |  | Del Valle, Texas |  |  | 19,488 |  |  |  | 4,607 |  |  |  | 949 |  |  |  | 19,497 |  |  |  | 5,547 |  |  |  | 25,044 |  |  |  | (986 | ) |  | 2015 |
| Bent County Correctional Facility |  | Las Animas, Colorado |  |  | 550 |  |  |  | 13,115 |  |  |  | 68,330 |  |  |  | 1,545 |  |  |  | 80,450 |  |  |  | 81,995 |  |  |  | (27,741 | ) |  | 1992 |
| Bridgeport Pre-Parole Transfer     Facility |  | Bridgeport, Texas |  |  | 70 |  |  |  | 291 |  |  |  | — |  |  |  | 70 |  |  |  | — |  |  |  | 70 |  | **(D)** |  | - |  |  | 1995 |
| Broad Street Residential Reentry     Center |  | Philadelphia, Pennsylvania |  |  | 663 |  |  |  | 2,700 |  |  |  | 197 |  |  |  | 663 |  |  |  | 2,897 |  |  |  | 3,560 |  |  |  | (338 | ) |  | 2015 |
| CAI Boston Avenue |  | San Diego, California |  |  | 800 |  |  |  | 11,440 |  |  |  | 1,197 |  |  |  | 845 |  |  |  | 12,592 |  |  |  | 13,437 |  |  |  | (2,751 | ) |  | 2013 |
| California City Correctional     Center |  | California City, California |  |  | 1,785 |  |  |  | 125,337 |  |  |  | 15,759 |  |  |  | 2,748 |  |  |  | 140,133 |  |  |  | 142,881 |  |  |  | (55,342 | ) |  | 1999 |
| Capital Commerce Center |  | Tallahassee, Florida |  |  | 2,255 |  |  |  | 38,362 |  |  |  | 522 |  |  |  | 2,255 |  |  |  | 38,884 |  |  |  | 41,139 |  |  |  | (1,955 | ) |  | 2018 |
| Carver Transitional Center |  | Oklahoma City, Oklahoma |  |  | 8,562 |  |  |  | 4,631 |  |  |  | 1,140 |  |  |  | 8,599 |  |  |  | 5,734 |  |  |  | 14,333 |  |  |  | (1,024 | ) |  | 2015 |
| Centennial Community     Transition Center |  | Englewood, Colorado |  |  | 4,905 |  |  |  | 1,256 |  |  |  | 269 |  |  |  | 4,908 |  |  |  | 1,522 |  |  |  | 6,430 |  |  |  | (209 | ) |  | 2016 |
| Central Arizona Florence     Correctional Complex |  | Florence, Arizona |  |  | 1,298 |  |  |  | 133,531 |  |  |  | 49,348 |  |  |  | 4,395 |  |  |  | 179,782 |  |  |  | 184,177 |  |  |  | (76,328 | ) |  | 1994/1999 |
| Cheyenne Transitional Center |  | Cheyenne, Wyoming |  |  | 5,567 |  |  |  | 2,092 |  |  |  | 831 |  |  |  | 5,567 |  |  |  | 2,923 |  |  |  | 8,490 |  |  |  | (475 | ) |  | 2015 |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| Cibola County Corrections     Center |  | Milan, New Mexico |  |  | 444 |  |  |  | 16,215 |  |  |  | 32,620 |  |  |  | 1,368 |  |  |  | 47,911 |  |  |  | 49,279 |  |  |  | (21,346 | ) |  | 1994 |
| Cimarron Correctional Facility |  | Cushing, Oklahoma |  |  | 250 |  |  |  | 71,303 |  |  |  | 45,200 |  |  |  | 602 |  |  |  | 116,151 |  |  |  | 116,753 |  |  |  | (42,079 | ) |  | 1997 |
| Coffee Correctional Facility (C) |  | Nicholls, Georgia |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  | 1998 |
| Columbine Facility |  | Denver, Colorado |  |  | 1,414 |  |  |  | 488 |  |  |  | 230 |  |  |  | 1,438 |  |  |  | 694 |  |  |  | 2,132 |  |  |  | (111 | ) |  | 2016 |
| Commerce Transitional Center |  | Commerce City, Colorado |  |  | 5,166 |  |  |  | 1,758 |  |  |  | 207 |  |  |  | 5,166 |  |  |  | 1,965 |  |  |  | 7,131 |  |  |  | (152 | ) |  | 2017 |
| Corpus Christi Transitional     Center |  | Corpus Christi, Texas |  |  | — |  |  |  | 1,886 |  |  |  | 486 |  |  |  | — |  |  |  | 2,372 |  |  |  | 2,372 |  |  |  | (1,001 | ) |  | 2015 |
| Crossroads Correctional Center |  | Shelby, Montana |  |  | 413 |  |  |  | 33,196 |  |  |  | 43,867 |  |  |  | 1,614 |  |  |  | 75,862 |  |  |  | 77,476 |  |  |  | (42,217 | ) |  | 1999 |
| Crowley County Correctional     Facility |  | Olney Springs, Colorado |  |  | 211 |  |  |  | 46,845 |  |  |  | 31,122 |  |  |  | 2,680 |  |  |  | 75,498 |  |  |  | 78,178 |  |  |  | (27,444 | ) |  | 2003 |
| Dahlia Facility |  | Denver, Colorado |  |  | 6,788 |  |  |  | 727 |  |  |  | 269 |  |  |  | 6,835 |  |  |  | 949 |  |  |  | 7,784 |  |  |  | (155 | ) |  | 2016 |
| Dallas Transitional Center |  | Hutchins, Texas |  |  | — |  |  |  | 3,852 |  |  |  | 1,731 |  |  |  | — |  |  |  | 5,583 |  |  |  | 5,583 |  |  |  | (1,326 | ) |  | 2015 |
| Davis Correctional Facility |  | Holdenville, Oklahoma |  |  | 250 |  |  |  | 66,701 |  |  |  | 41,840 |  |  |  | 1,209 |  |  |  | 107,582 |  |  |  | 108,791 |  |  |  | (39,346 | ) |  | 1996 |
| DHS-Chattanooga |  | Chattanooga, Tennessee |  |  | — |  |  |  | 205 |  |  |  | 5 |  |  |  | — |  |  |  | 210 |  |  |  | 210 |  |  |  | (7 | ) |  | 2018 |
| DHS-Knoxville |  | Knoxville, Tennessee |  |  | 275 |  |  |  | 67 |  |  |  | 5 |  |  |  | 275 |  |  |  | 72 |  |  |  | 347 |  |  |  | (3 | ) |  | 2018 |
| Diamondback Correctional     Facility |  | Watonga, Oklahoma |  |  | 208 |  |  |  | 41,677 |  |  |  | 25,689 |  |  |  | 1,361 |  |  |  | 66,213 |  |  |  | 67,574 |  |  |  | (27,844 | ) |  | 1998 |
| Eden Detention Center |  | Eden, Texas |  |  | 925 |  |  |  | 27,645 |  |  |  | 34,273 |  |  |  | 5,552 |  |  |  | 57,291 |  |  |  | 62,843 |  |  |  | (25,800 | ) |  | 1995 |
| El Paso Multi-Use Facility |  | El Paso, Texas |  |  | 14,936 |  |  |  | 4,536 |  |  |  | 1,234 |  |  |  | 14,936 |  |  |  | 5,770 |  |  |  | 20,706 |  |  |  | (1,039 | ) |  | 2015 |
| El Paso Transitional Center |  | El Paso, Texas |  |  | 10,325 |  |  |  | 4,198 |  |  |  | 789 |  |  |  | 10,389 |  |  |  | 4,923 |  |  |  | 15,312 |  |  |  | (849 | ) |  | 2015 |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| Eloy Detention Center |  | Eloy, Arizona |  |  | 498 |  |  |  | 33,308 |  |  |  | 17,428 |  |  |  | 2,180 |  |  |  | 49,054 |  |  |  | 51,234 |  |  |  | (23,747 | ) |  | 1995 |
| Fort Worth Transitional Center |  | Fort Worth, Texas |  |  | 3,251 |  |  |  | 334 |  |  |  | 286 |  |  |  | 3,264 |  |  |  | 607 |  |  |  | 3,871 |  |  |  | (568 | ) |  | 2015 |
| Fox Facility and Training Center |  | Denver, Colorado |  |  | 3,038 |  |  |  | 1,203 |  |  |  | 657 |  |  |  | 3,180 |  |  |  | 1,718 |  |  |  | 4,898 |  |  |  | (257 | ) |  | 2016 |
| Houston Processing Center |  | Houston, Texas |  |  | 2,250 |  |  |  | 53,373 |  |  |  | 40,884 |  |  |  | 3,587 |  |  |  | 92,920 |  |  |  | 96,507 |  |  |  | (39,568 | ) |  | 1984 |
| Huerfano County Correctional     Center |  | Walsenburg, Colorado |  |  | 124 |  |  |  | 26,358 |  |  |  | 4,771 |  |  |  | 1,115 |  |  |  | 30,138 |  |  |  | 31,253 |  |  |  | (14,988 | ) |  | 1997 |
| James River Residential Center |  | Newport News, Virginia |  |  | 800 |  |  |  | 501 |  |  |  | — |  |  |  | 800 |  |  |  | 501 |  |  |  | 1,301 |  |  |  | — |  |  | 2019 |
| ICE-Fayetteville |  | Fayetteville, Arkansas |  |  | 159 |  |  |  | 641 |  |  |  | 49 |  |  |  | 159 |  |  |  | 690 |  |  |  | 849 |  |  |  | (23 | ) |  | 2018 |
| IRS-Greenville |  | Greenville, North Carolina |  |  | 361 |  |  |  | 1,387 |  |  |  | 8 |  |  |  | 361 |  |  |  | 1,395 |  |  |  | 1,756 |  |  |  | (83 | ) |  | 2017 |
| Jenkins Correctional Center (C) |  | Millen, Georgia |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  | 2012 |
| Kit Carson Correctional Center |  | Burlington, Colorado |  |  | 432 |  |  |  | 35,980 |  |  |  | 43,967 |  |  |  | 1,051 |  |  |  | 79,328 |  |  |  | 80,379 |  |  |  | (26,338 | ) |  | 1998 |
| La Palma Correctional Center |  | Eloy, Arizona |  |  | 283 |  |  |  | 183,155 |  |  |  | 13,819 |  |  |  | 486 |  |  |  | 196,771 |  |  |  | 197,257 |  |  |  | (48,836 | ) |  | 2008 |
| Lake Erie Correctional     Institution |  | Conneaut, Ohio |  |  | 2,871 |  |  |  | 69,779 |  |  |  | 6,274 |  |  |  | 4,031 |  |  |  | 74,893 |  |  |  | 78,924 |  |  |  | (13,483 | ) |  | 2011 |
| Laredo Processing Center |  | Laredo, Texas |  |  | 788 |  |  |  | 26,737 |  |  |  | 3,482 |  |  |  | 986 |  |  |  | 30,021 |  |  |  | 31,007 |  |  |  | (13,228 | ) |  | 1985 |
| Leavenworth Detention Center |  | Leavenworth, Kansas |  |  | 130 |  |  |  | 44,970 |  |  |  | 43,566 |  |  |  | 491 |  |  |  | 88,175 |  |  |  | 88,666 |  |  |  | (32,913 | ) |  | 1992 |
| Lee Adjustment Center |  | Beattyville, Kentucky |  |  | 500 |  |  |  | 515 |  |  |  | 17,893 |  |  |  | 1,277 |  |  |  | 17,631 |  |  |  | 18,908 |  |  |  | (8,491 | ) |  | 1998 |
| Leo Chesney Correctional     Center |  | Live Oak, California |  |  | 250 |  |  |  | 4,774 |  |  |  | 1,603 |  |  |  | 250 |  |  |  | 6,377 |  |  |  | 6,627 |  |  |  | (3,376 | ) |  | 1989 |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| Long Beach Community     Corrections Center |  | Long Beach, California |  |  | 5,038 |  |  |  | 2,413 |  |  |  | — |  |  |  | 5,038 |  |  |  | 2,413 |  |  |  | 7,451 |  |  |  | (216 | ) |  | 2016 |
| Longmont Community     Treatment Center |  | Longmont, Colorado |  |  | 3,364 |  |  |  | 582 |  |  |  | 118 |  |  |  | 3,363 |  |  |  | 701 |  |  |  | 4,064 |  |  |  | (100 | ) |  | 2016 |
| Marion Adjustment Center |  | St. Mary, Kentucky |  |  | 250 |  |  |  | 9,994 |  |  |  | 8,772 |  |  |  | 918 |  |  |  | 18,098 |  |  |  | 19,016 |  |  |  | (7,665 | ) |  | 1998 |
| McRae Correctional Facility |  | McRae, Georgia |  |  | 462 |  |  |  | 60,396 |  |  |  | 20,354 |  |  |  | 1,099 |  |  |  | 80,113 |  |  |  | 81,212 |  |  |  | (24,812 | ) |  | 2000 |
| MDHHS-Detroit |  | Detroit, Michigan |  |  | 830 |  |  |  | 5,739 |  |  |  | 113 |  |  |  | 943 |  |  |  | 5,739 |  |  |  | 6,682 |  |  |  | (111 | ) |  | 2019 |
| Mineral Wells Pre-Parole     Transfer Facility |  | Mineral Wells, Texas |  |  | 176 |  |  |  | 22,589 |  |  |  | — |  |  |  | 100 |  |  |  | — |  |  |  | 100 |  | **(D)** |  | - |  |  | 1995 |
| NARA-Dayton |  | Dayton, Ohio |  |  | 548 |  |  |  | 6,439 |  |  |  | 317 |  |  |  | 569 |  |  |  | 6,735 |  |  |  | 7,304 |  |  |  | (248 | ) |  | 2018 |
| Nevada Southern Detention     Center |  | Pahrump, Nevada |  |  | 7,548 |  |  |  | 64,362 |  |  |  | 10,123 |  |  |  | 8,399 |  |  |  | 73,634 |  |  |  | 82,033 |  |  |  | (16,705 | ) |  | 2010 |
| North Fork Correctional     Facility |  | Sayre, Oklahoma |  |  | — |  |  |  | 42,166 |  |  |  | 62,506 |  |  |  | 368 |  |  |  | 104,304 |  |  |  | 104,672 |  |  |  | (36,794 | ) |  | 1998 |
| Northeast Ohio Correctional     Center |  | Youngstown, Ohio |  |  | 750 |  |  |  | 39,583 |  |  |  | 13,616 |  |  |  | 1,901 |  |  |  | 52,048 |  |  |  | 53,949 |  |  |  | (22,782 | ) |  | 1997 |
| Northwest New Mexico     Correctional Center |  | Grants, New Mexico |  |  | 142 |  |  |  | 15,888 |  |  |  | 19,199 |  |  |  | 879 |  |  |  | 34,350 |  |  |  | 35,229 |  |  |  | (16,285 | ) |  | 1989 |
| Oklahoma City Transitional    Center |  | Oklahoma City, Oklahoma |  |  | 1,114 |  |  |  | 2,626 |  |  |  | 1,654 |  |  |  | 1,144 |  |  |  | 4,250 |  |  |  | 5,394 |  |  |  | (375 | ) |  | 2017 |
| Oracle Transitional Center |  | Tucson, Arizona |  |  | 4,544 |  |  |  | 1,220 |  |  |  | 354 |  |  |  | 895 |  |  |  | 1,183 |  |  |  | 2,078 |  | **(D)** |  | (129 | ) |  | 2017 |
| Otay Mesa Detention Center |  | San Diego, California |  |  | 28,845 |  |  |  | 114,411 |  |  |  | 46,853 |  |  |  | 37,092 |  |  |  | 153,017 |  |  |  | 190,109 |  |  |  | (11,586 | ) |  | 2015/2019 |
| Prairie Correctional Facility |  | Appleton, Minnesota |  |  | 100 |  |  |  | 22,306 |  |  |  | 9,940 |  |  |  | 1,068 |  |  |  | 31,278 |  |  |  | 32,346 |  |  |  | (17,484 | ) |  | 1991 |
| Recovery Monitoring Solutions |  | Dallas, Texas |  |  | 1,152 |  |  |  | 1,979 |  |  |  | 462 |  |  |  | 1,280 |  |  |  | 2,313 |  |  |  | 3,593 |  |  |  | (212 | ) |  | 2018 |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| Red Rock Correctional    Center (C) |  | Eloy, Arizona |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  | 2006 |
| Roth Hall Residential     Reentry Center |  | Philadelphia, Pennsylvania |  |  | 654 |  |  |  | 2,693 |  |  |  | — |  |  |  | 654 |  |  |  | 2,693 |  |  |  | 3,347 |  |  |  | (297 | ) |  | 2015 |
| Saguaro Correctional Facility |  | Eloy, Arizona |  |  | 193 |  |  |  | 98,903 |  |  |  | 1,942 |  |  |  | 486 |  |  |  | 100,552 |  |  |  | 101,038 |  |  |  | (25,539 | ) |  | 2007 |
| Shelby Training Center |  | Memphis, Tennessee |  |  | 150 |  |  |  | 6,393 |  |  |  | 3,495 |  |  |  | 279 |  |  |  | 9,759 |  |  |  | 10,038 |  |  |  | (9,510 | ) |  | 1986 |
| South Raleigh Reentry Center |  | Raleigh, North Carolina |  |  | 277 |  |  |  | 663 |  |  |  | — |  |  |  | 277 |  |  |  | 663 |  |  |  | 940 |  |  |  | (15 | ) |  | 2019 |
| Southeast Kentucky     Correctional Facility |  | Wheelwright, Kentucky |  |  | 500 |  |  |  | 24,487 |  |  |  | 11,776 |  |  |  | 1,590 |  |  |  | 35,173 |  |  |  | 36,763 |  |  |  | (16,429 | ) |  | 1998 |
| SSA-Balch Springs |  | Balch Springs, Texas |  |  | 541 |  |  |  | 405 |  |  |  | 428 |  |  |  | 541 |  |  |  | 833 |  |  |  | 1,374 |  |  |  | (22 | ) |  | 2018 |
| SSA-Baltimore |  | Baltimore, Maryland |  |  | 27,987 |  |  |  | 179,424 |  |  |  | — |  |  |  | 29,717 |  |  |  | 177,694 |  |  |  | 207,411 |  |  |  | (7,015 | ) |  | 2018 |
| SSA-Bryan |  | Bryan, Texas |  |  | 277 |  |  |  | 578 |  |  |  | — |  |  |  | 277 |  |  |  | 578 |  |  |  | 855 |  |  |  | (17 | ) |  | 2018 |
| SSA-Denton |  | Denton, Texas |  |  | 467 |  |  |  | 823 |  |  |  | 32 |  |  |  | 467 |  |  |  | 855 |  |  |  | 1,322 |  |  |  | (26 | ) |  | 2018 |
| SSA-Florissant |  | St Louis, Missouri |  |  | 245 |  |  |  | 553 |  |  |  | 19 |  |  |  | 245 |  |  |  | 572 |  |  |  | 817 |  |  |  | (18 | ) |  | 2018 |
| SSA-Harrison |  | Harrison, Arkansas |  |  | 188 |  |  |  | 1,524 |  |  |  | 79 |  |  |  | 188 |  |  |  | 1,603 |  |  |  | 1,791 |  |  |  | (48 | ) |  | 2018 |
| SSA-Hot Springs |  | Hot Springs, Arkansas |  |  | 337 |  |  |  | 1,323 |  |  |  | 47 |  |  |  | 346 |  |  |  | 1,361 |  |  |  | 1,707 |  |  |  | (45 | ) |  | 2018 |
| SSA-Marshall |  | Marshall, Texas |  |  | 44 |  |  |  | 790 |  |  |  | 419 |  |  |  | 44 |  |  |  | 1,209 |  |  |  | 1,253 |  |  |  | (28 | ) |  | 2018 |
| SSA-McAlester |  | McAlester, Oklahoma |  |  | 139 |  |  |  | 1,094 |  |  |  | 8 |  |  |  | 139 |  |  |  | 1,102 |  |  |  | 1,241 |  |  |  | (34 | ) |  | 2018 |
| SSA-Milledgeville |  | Milledgeville, Georgia |  |  | 120 |  |  |  | 714 |  |  |  | — |  |  |  | 120 |  |  |  | 714 |  |  |  | 834 |  |  |  | (42 | ) |  | 2017 |
| SSA-Poteau |  | Poteau, Oklahoma |  |  | 175 |  |  |  | 275 |  |  |  | 46 |  |  |  | 175 |  |  |  | 321 |  |  |  | 496 |  |  |  | (12 | ) |  | 2018 |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Initial Cost to**  **Company** | | | | | |  |  |  |  |  |  | **Gross Amount at Which Carried at**  **Close of Period** | | | | | | | | | |  |  |  |  |  |  |  |
| **Description** |  | **Location** |  | **Land** | |  |  | **Buildings and**  **Improvements** | |  |  | **Cost**  **Capitalized Subsequent to Acquisition** | |  |  | **Land and Land**  **Improvements** | |  |  | **Buildings and**  **Leasehold**  **Improvements** | |  |  | **Total (A)** | |  |  | **Accumulated Depreciation (B)** | |  |  | **Date**  **Constructed/**  **Acquired** |
| SSA-Rockingham |  | Rockingham, North Carolina |  |  | 95 |  |  |  | 1,070 |  |  |  | 33 |  |  |  | 117 |  |  |  | 1,081 |  |  |  | 1,198 |  |  |  | (67 | ) |  | 2017 |
| Stewart Detention Center |  | Lumpkin, Georgia |  |  | 143 |  |  |  | 70,560 |  |  |  | 21,356 |  |  |  | 1,622 |  |  |  | 90,437 |  |  |  | 92,059 |  |  |  | (27,967 | ) |  | 2004 |
| Stockton Female Community    Corrections Facility |  | Stockton, California |  |  | 692 |  |  |  | 788 |  |  |  | — |  |  |  | 692 |  |  |  | 788 |  |  |  | 1,480 |  |  |  | (57 | ) |  | 2017 |
| T. Don Hutto Residential     Center |  | Taylor, Texas |  |  | 183 |  |  |  | 13,418 |  |  |  | 5,112 |  |  |  | 594 |  |  |  | 18,119 |  |  |  | 18,713 |  |  |  | (8,686 | ) |  | 1997 |
| Tallahatchie County     Correctional Facility |  | Tutwiler, Mississippi |  |  | — |  |  |  | 44,638 |  |  |  | 101,356 |  |  |  | 1,650 |  |  |  | 144,344 |  |  |  | 145,994 |  |  |  | (51,747 | ) |  | 2000 |
| Torrance County Detention     Facility |  | Estancia, New Mexico |  |  | 511 |  |  |  | 52,599 |  |  |  | 8,564 |  |  |  | 1,719 |  |  |  | 59,955 |  |  |  | 61,674 |  |  |  | (27,650 | ) |  | 1990 |
| Trousdale Turner Correctional     Center |  | Hartsville, TN |  |  | 649 |  |  |  | 135,412 |  |  |  | 4,896 |  |  |  | 1,701 |  |  |  | 139,256 |  |  |  | 140,957 |  |  |  | (11,562 | ) |  | 2015 |
| Tulsa Transitional Center |  | Tulsa, OK |  |  | 8,206 |  |  |  | 4,061 |  |  |  | 864 |  |  |  | 8,206 |  |  |  | 4,925 |  |  |  | 13,131 |  |  |  | (858 | ) |  | 2015 |
| Turley Residential Center |  | Tulsa, OK |  |  | 421 |  |  |  | 4,105 |  |  |  | 930 |  |  |  | 421 |  |  |  | 5,035 |  |  |  | 5,456 |  |  |  | (914 | ) |  | 2015 |
| Ulster Facility |  | Denver, Colorado |  |  | 4,068 |  |  |  | 442 |  |  |  | 195 |  |  |  | 4,126 |  |  |  | 579 |  |  |  | 4,705 |  |  |  | (90 | ) |  | 2016 |
| Walker Hall Residential     Reentry Center |  | Philadelphia, PA |  |  | 654 |  |  |  | 2,693 |  |  |  | 1 |  |  |  | 654 |  |  |  | 2,694 |  |  |  | 3,348 |  |  |  | (299 | ) |  | 2015 |
| Webb County Detention     Center |  | Laredo, Texas |  |  | 498 |  |  |  | 20,160 |  |  |  | 6,262 |  |  |  | 2,206 |  |  |  | 24,714 |  |  |  | 26,920 |  |  |  | (12,499 | ) |  | 1998 |
| West Tennessee Detention     Facility |  | Mason, Tennessee |  |  | 538 |  |  |  | 31,931 |  |  |  | 6,670 |  |  |  | 2,012 |  |  |  | 37,127 |  |  |  | 39,139 |  |  |  | (18,409 | ) |  | 1990 |
| Wheeler Correctional     Facility (C) |  | Alamo, Georgia |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  | 1998 |
| Whiteville Correctional     Facility |  | Whiteville, Tennessee |  |  | 303 |  |  |  | 51,694 |  |  |  | 7,866 |  |  |  | 1,671 |  |  |  | 58,192 |  |  |  | 59,863 |  |  |  | (26,027 | ) |  | 1998 |
| Totals |  |  |  | **$** | **223,596** |  |  | **$** | **2,433,971** |  |  | **$** | **974,566** |  |  | **$** | **272,148** |  |  | **$** | **3,332,989** |  |  | **$** | **3,605,137** |  |  | **$** | **(1,053,670** | **)** |  |  |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**DECEMBER 31, 2019**

**(in thousands)**

**NOTES TO SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

|  |  |
| --- | --- |
| **(A)** | The aggregate cost of properties for federal income tax purposes is approximately $4.0 billion at December 31, 2019. |

|  |  |
| --- | --- |
| **(B)** | Depreciation is calculated using estimated useful lives of depreciable assets up to 50 years for prison facilities. |

**(C)**CoreCivic retains title to this asset, which is classified under other real estate assets on the Company's consolidated balance sheets in accordance with ASC 853.

|  |  |
| --- | --- |
| **(D)** | CoreCivic recorded non-cash impairments during the fourth quarter of 2014 to write down the book value of the Mineral Wells facility, during the third quarter of 2017 to write down the book value of the Bridgeport facility, and during the second quarter of 2019 to write down the book value of the Oracle facility to the estimated fair values assuming uses other than correctional facilities. |

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**CORECIVIC, INC. AND SUBSIDIARIES**

**SCHEDULE III - REAL ESTATE ASSETS AND ACCUMULATED DEPRECIATION**

**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended December 31,** | | | | | | | | | |  |
|  |  | **2019** | |  |  | **2018** | |  |  | **2017** | |  |
| Investment in Real Estate: |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at beginning of period |  | $ | 3,697,160 |  |  | $ | 3,367,358 |  |  | $ | 3,306,896 |  |
| Additions through capital expenditures |  |  | 64,423 |  |  |  | 26,547 |  |  |  | 29,730 |  |
| Acquisitions |  |  | 8,809 |  |  |  | 269,271 |  |  |  | 37,827 |  |
| Asset impairments |  |  | (4,040 | ) |  |  | — |  |  |  | (879 | ) |
| Reclassifications and other |  |  | (161,215 | ) |  |  | 33,984 |  |  |  | (6,216 | ) |
| Balance at end of period |  | $ | 3,605,137 |  |  | $ | 3,697,160 |  |  | $ | 3,367,358 |  |
| Accumulated Depreciation: |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at beginning of period |  | $ | (1,075,389 | ) |  | $ | (976,121 | ) |  | $ | (888,745 | ) |
| Depreciation |  |  | (87,492 | ) |  |  | (99,361 | ) |  |  | (94,116 | ) |
| Disposals/Other |  |  | 109,211 |  |  |  | 93 |  |  |  | 6,162 |  |
| Asset impairments |  |  | — |  |  |  | — |  |  |  | 578 |  |
| Balance at end of period |  | $ | (1,053,670 | ) |  | $ | (1,075,389 | ) |  | $ | (976,121 | ) |

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