The GEO Group, Inc.

# Geo Group Annual Report 2021

## Form 10-K (NYSE:GEO)

Published: February 16th, 2021

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# Form 10-K

**(Mark One)**

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

**For the fiscal year ended December 31, 2020**

**OR**

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

**For the transition period from to**

**Commission file number: 1-14260**

# The GEO Group, Inc.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Florida** | **65-0043078** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **4955 Technology Way<br>Boca Raton, Florida** | **33431** |
| (Address of principal executive offices) | (Zip Code) |

**Registrant's telephone number, including area code: (561) 893-0101**

**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, $0.01 Par Value | GEO | 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 (§232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 87,144,087 voting and non-voting shares of common stock held by non-affiliates of the registrant as of June 30, 2020 (based on the last reported sales price of such stock on the New York Stock Exchange on such date, the last business day of the registrant's quarter ended June 30, 2020 of $11.83 per share) was approximately $1.0 billion.

As of February 11, 2021, the registrant had 121,307,472 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the registrant's definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 for its 2021 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this report, are incorporated by reference into Part III of this report.

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## PART I

### Item 1. *Business*

*As used in this report, the terms "we," "us," "our," "GEO" and the "Company" refer to The GEO Group, Inc., its consolidated subsidiaries and its unconsolidated affiliates, unless otherwise expressly stated or the context otherwise requires.*

**General**

We are a fully-integrated real estate investment trust ("REIT") specializing in the ownership, leasing and management of secure facilities, processing centers and reentry facilities and the provision of community-based services and youth services in the United States, Australia, South Africa and the United Kingdom. We own, lease and operate a broad range of secure facilities including maximum, medium and minimum-security facilities, processing centers, as well as community-based reentry facilities. We develop new facilities based on contract awards, using our project development expertise and experience to design, construct and finance what we believe are state-of-the-art facilities. We provide innovative technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community based programs. We also provide secure transportation services domestically and in the United Kingdom through our joint venture GEOAmey PECS Ltd. ("GEOAmey"). As of December 31, 2020, our worldwide operations included the management and/or ownership of approximately 93,000 beds at 118 secure and community-based facilities, including idle facilities, and also includes the provision of community supervision services for more than 210,000 individuals, including over 100,000 individuals through an array of technology products including radio frequency, GPS, and alcohol monitoring devices.

We provide a diversified scope of services on behalf of our government agency partners:

- our secure facility management services involve the provision of security, administrative, rehabilitation, education, and food services at secure services facilities;
- our community based services involve supervision of individuals in community-based programs and re-entry centers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;
- our youth services include residential, shelter care and community-based services along with rehabilitative and educational programs;
- we provide comprehensive electronic monitoring and supervision services;
- we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities;
- we provide secure transportation services; and
- our services are provided at facilities which we either own, lease or are owned by government.

We began operating as a REIT for federal income tax purposes effective January 1, 2013. As a result of the REIT conversion, we reorganized our operations and moved non-real estate components into taxable REIT subsidiaries ("TRSs"). We are a Florida corporation and our predecessor corporation prior to the REIT conversion was originally organized in 1984.

**Business Segments**

We conduct our business through four reportable business segments: our U.S. Secure Services segment; our GEO Care segment; our International Services segment and our Facility Construction & Design segment. We have identified these four reportable segments to reflect our current view that we operate four distinct business lines, each of which constitutes a material part of our overall business. Our U.S. Secure Services segment primarily encompasses our U.S.-based public-private partnership secure services business. Our GEO Care segment, which conducts its services in the U.S., consists of our community-based services business, our youth services business and our electronic monitoring and supervision service. Our International Services segment primarily consists of our public-private partnership secure services operations in Australia, South Africa and the United Kingdom. Our Facility Construction & Design segment primarily contracts with various states, local and federal agencies, as well as international agencies, for the design and construction of facilities for which we generally have been, or expect to be, awarded management contracts. Financial information about these segments for years 2020, 2019 and 2018 is contained in Note 15 — Business Segments and Geographic Information included in the notes to our audited consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K.

**Recent Developments**

***COVID-19***

We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business and geographies, including how it will impact those entrusted in our care and governmental partners. During the year ended December 31, 2020 we incurred significant disruptions from the COVID-19 pandemic but are unable to predict the overall future impact that the COVID-19 pandemic will have on our financial condition, results of operations and cash flows due to numerous uncertainties related to the pandemic. Refer to further discussion regarding the economic impacts of COVID-19 to our operations in the Outlook section included in Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

***Executive Order***

On January 26, 2021, President Biden signed an executive order directing the United States Attorney General not to renew U.S. Department of Justice ("DOJ") contracts with privately operated criminal detention facilities, as consistent with applicable law (the "Executive Order"). Two agencies of the DOJ, the Federal Bureau of Prisons ("BOP") and U.S. Marshals Service ("USMS"), utilize our services. The BOP houses inmates who have been convicted of federal crimes, and the USMS is generally responsible for detainees who are awaiting trial or sentencing in U.S. federal courts. Our contracts with the BOP for our company-owned 1,940-bed Great Plains Correctional Facility, our company-owned 1,732-bed Big Spring Correctional Facility, our company-owned 1,800-bed Flightline Correctional Facility, and our company-owned 1,800-bed North Lake Correctional Facility have renewal option periods that expire on May 31, 2021, November 30, 2021, November 30, 2021, and September 30, 2022, respectively. Additionally, the contracts with the BOP for the county owned and managed 1,800-bed Reeves County Detention Center I & II and the 1,376-bed Reeves County Detention Center III have renewal option periods that expire September 30, 2022 and June 30, 2022, respectively. We have a management agreement with Reeves County, Texas for the management oversight of these two county-owned facilities. The Great Plains, Big Spring, Flightline, Northlake Correctional Facilities, Reeves County Detention Center I & II and Reeves County Detention Center III generate annualized revenues for GEO of approximately $35 million, $33 million, $35 million, $35 million, $4 million and $3 million, respectively. The BOP has experienced a decline in federal prison populations over the last several years, a trend that has more recently been accelerated by the COVID-19 global pandemic. As a result of the Executive Order and the decline in federal prison populations, we expect that our above described contracts with the BOP may not be renewed over the coming years. Please see "Risk Factors—Risks Relating to Public-Private Partnerships." Additionally, please refer to "Contract Expirations" below for a discussion of three other BOP contracts whose expiration we had already announced prior to the signing of the Executive Order. For the year ended December 31, 2020, our secure services contracts with the BOP accounted for approximately 12% of our total revenues.

Unlike the BOP, the USMS does not own and operate its detention facilities. The USMS contracts for the use of facilities, which are generally located in areas near federal courthouses, primarily through intergovernmental service agreements, and to a lesser extent, direct contracts. With respect to the USMS, the agency may determine to conduct a review of the possible application of the Executive Order on its facilities. For the year ended December 31, 2020, our contract and agreements with the USMS accounted for approximately 13% of our total revenues.

President Biden's administration may implement further executive orders or directives relating to federal criminal justice policies and immigration policies which may impact the federal government's use of public-private partnerships with respect to correctional and detention needs, including with respect to our contracts, and/or may impact the budget and spending priorities of federal agencies, including the BOP, USMS, and Immigration and Customs Enforcement ("ICE"). For a description of BOP, USMS and ICE facilities, please see "Business—Facilities and Day Reporting Centers."

***Quarterly Dividends***

In October 2020, the GEO Board of Directors decided to reduce GEO's quarterly cash dividend beginning with the quarterly dividend paid on October 23, 2020 from $0.48 per share, or $1.92 per share annualized, to $0.34 per share, or $1.36 per share annualized. The GEO Board of Directors took this action based on a determination that it is in the best interests of GEO and our shareholders to apply excess cash flow to debt reduction. In January 2021, the GEO Board of Directors decided to further reduce GEO's quarterly cash dividend beginning with the quarterly dividend paid on February 1, 2021 from $0.34 per share, or $1.36 per share annualized, to $0.25 per share, or $1.00 per share annualized. The reduction of GEO's quarterly dividend payment will allow GEO to continue its focus on paying down debt and to balance its continued creation of value for GEO shareholders with prudent management of its balance sheet. The GEO Board of Directors will continue to evaluate GEO's dividend policy and capital allocation. The declaration of future quarterly cash dividends is subject to approval by the GEO Board of Directors and to meeting the requirements of all applicable laws and regulations. The GEO Board of Directors retains the power to modify or eliminate GEO's quarterly dividend as it may deem necessary or appropriate in the future to consider factors including, but not limited to, long-term capital needs and access to the capital markets.

***Senior Credit Facility***

On November 6, 2020, out of an abundance of caution and as a liquidity management strategy, GEO elected to draw down $250 million in borrowings under its credit facility. In order to maintain maximum financial flexibility, GEO plans to maintain this liquidity on hand.

***Contract Awards***

On March 24, 2020, we announced that our wholly owned subsidiary, BI Incorporated, has signed a contract with ICE for the continued provision of case management and supervision services under the federal government's Intensive Supervision and Appearance Program ("ISAP"). The contract has a term of five years, effective April 1, 2020. Subsequently, a competitor filed a protest challenging the award of the contact. On July 8, 2020, the Government Accountability Office denied the protest and upheld the contract award.

We were also successful in our rebid of the continued operation of our company-owned 1,904-bed South Texas ICE Processing Center contract. The contract became effective on August 6, 2020 and has a ten-year term, inclusive of renewal options.

***Contract Expirations***

On June 19, 2020, GEO was notified by BOP that the BOP will not be resoliciting the 1,900 beds at GEO's company-owned D Ray James Correctional Facility in Folkston, Georgia upon the expiration of the facility management contract between GEO and the BOP. The facility management contract was entered into in October 2010 with a base period of four years and with three renewal options for successive two-year periods. The third renewal period concluded on September 30, 2020. During the third quarter of 2020, GEO entered into a four-month extension of this contract through January 31, 2021, as the BOP evaluates its future capacity needs. The facility management contract for the D Ray James Correctional Facility generated approximately $60 million in annualized revenues for GEO.

On November 23, 2020, GEO announced that the BOP has decided to not rebid the contract for the company-owned, 1,450-bed Rivers Correctional Facility in North Carolina, which is set to expire on March 31, 2021. The 10-year contract for the Rivers Correctional Facility generated approximately $43 million in annualized revenues for GEO.

On January 20, 2021, GEO announced that the BOP has decided to not exercise the contract renewal option for the company-owned, 1,878-bed Moshannon Valley Correctional Facility in Pennsylvania, when the contract base period expires on March 31, 2021. The 10-year contract for the Moshannon Valley Correctional Facility generated approximately $42 million in annualized revenues for GEO.

GEO expects to market the D. Ray James Correctional Facility, the Rivers Correctional Facility and the Moshannon Valley Correctional Facility to other federal and state agencies.

***Idle Facilities***

In our Secure Services segment, we are currently marketing approximately 990 vacant beds with a net book value of approximately $24 million at two of our idle facilities to potential customers. In our GEO Care segment, we are currently marketing approximately 1,100 vacant beds with a net book value of approximately $26 million at two of our idle facilities to potential customers. The combined annual carrying cost of these idle facilities in 2021 is estimated to be $6.3 million, including depreciation expense of $2.3 million. We currently do not have any firm commitments or agreements in place to activate these facilities but have ongoing contact with several potential customers. Historically, some facilities have been idle for multiple years before they received a new contract award. The per diem rates that we charge our clients often vary by contract across our portfolio. However, if the two idle facilities in our Secure Services and GEO Care segments were to be activated using our Secure Services average per diem rate in 2020, (calculated as the Secure Services revenue divided by the number of Secure Services mandays) and based on the average occupancy rate in our facilities for 2020, we would expect to receive annual incremental revenue of approximately $51 million and an increase in annual earnings per share of approximately $.02 to $.05 per share based on our average operating margin. Refer to the discussion under ***Executive Order*** and ***Contract Expirations*** above for discussion of recent developments.

**Quality of Operations**

We operate each facility in accordance with our company-wide policies and procedures and with the standards and guidelines required under the relevant management contract. For many facilities, the standards and guidelines include those established by the American Correctional Association, or ("ACA"). The ACA is an independent organization of corrections professionals, which establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of our contracts in the United States require us to seek and maintain ACA accreditation for our facilities. We have sought and received ACA accreditation and re-accreditation for all such facilities. We achieved a median re-accreditation score of 100% as of

December 31, 2020. Approximately 89% of our 2020 U.S. Secure Services revenue was derived from ACA accredited facilities for the year ended December 31, 2020. We have also achieved and maintained accreditation by The Joint Commission at five of our secure service facilities and at seven of our youth services locations. We have been successful in achieving and maintaining accreditation under the National Commission on Correctional Health Care ("NCCHC") in a majority of the facilities that we currently operate. The NCCHC accreditation is a voluntary process which we have used to establish comprehensive health care policies and procedures to meet and adhere to the ACA standards. The NCCHC standards, in most cases, exceed ACA Health Care Standards and we have achieved this accreditation at 14 of our U.S. Secure Services facilities and at one youth services location. Additionally, B.I. Incorporated ("BI") has achieved a certification for ISO 9001:2008 for the design, production, installation and servicing of products and services produced by the electronic monitoring business units, including electronic home arrest and electronic monitoring technology products and monitoring services, installation services, and automated caseload management services.

**Corporate Social Responsibility**

In September 2020, we issued our second Human Rights and ESG report. The Human Rights and ESG report builds on the important milestone we achieved in 2013 when our Board adopted a Global Human Rights Policy by providing disclosures related to how we inform our employees of our commitment to respecting human rights; the criteria we use to assess human rights performance; and our contract compliance program, remedies to shortcomings in human rights performance, and independent verification of our performance by third party organizations. The Human Rights and ESG report also addresses criteria, based on recognized ESG reporting standards, related to the development of our employees; our efforts to advance environmental sustainability in the construction and operation of our facilities; and our adherence to ethical governance practices throughout our company. The report covers the year ended December 31, 2019 with supporting data from 2017-2019 where possible. The report showcases, among other items, our company wide awareness and training programs, our commitment to a safe and humane environment for everyone in our care, employee diversity, addressing recidivism through our GEO Continuum of Care, our engagement efforts with our stakeholders, oversight and contract compliance, conservation measures and enhanced environmental sustainability efforts.

The Human Rights and Environmental, Social and Governance, (“ESG”) report was prepared with reference to the GRI Standards related to General Disclosures, Economic Topics, Environmental Topics and Social Topics based on the Global Reporting Initiative, or GRI, issued by the Global Sustainability Standards Board and the UN Guiding Principles on Business and Human Rights. 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. We have referenced the GRI Standards and the UN Guiding Principles on Business and Human Rights as we have recognized the need for a transparent and disciplined enterprise-wide approach. In our pursuit of this approach, we have begun with the following set of ongoing objectives:

- Provide greater transparency for our stakeholders and the general public with respect to our various efforts in all our facilities aimed at respecting human rights.

- Enhance our ability to flag potential issues in all areas of our operations and compress the time it takes to respond with corrective measures.

- Use widely accepted methodologies for evaluating performance and setting objectives for improvements in corporate governance, corporate social policy, environmental impact and energy conservation.

The ESG report may be accessed on our website under "Investors-Latest Reports-Latest ESG Report." The information included in the Human Rights and ESG report is not incorporated by reference into this Annual Report on Form 10-K.

**Business Development Overview**

Our primary potential customers include: governmental agencies responsible for local, state and federal secure facilities in the United States; governmental agencies responsible for secure facilities in Australia, South Africa and the United Kingdom; federal, state and local government agencies in the United States responsible for community-based services for adult and juvenile offenders; federal, state and local government agencies responsible for monitoring community-based parolees, probationers and pretrial defendants; and other foreign governmental agencies. We achieve organic growth through competitive bidding that begins with the issuance by a government agency of a request for proposal, or RFP. We primarily rely on the RFP process for organic growth in our U.S. and international secure services operations as well as in our community based reentry services and electronic monitoring services business.

For our facility management contracts, our state and local experience has been that a period of approximately 60 to 90 days is generally required from the issuance of a request for proposal to the submission of our response to the request for proposal; that between one and four months elapse between the submission of our response and the agency’s award of a contract; and that between one and four months elapse between the award of a contract and the commencement of facility construction or management of the facility, as applicable.

For our facility management contracts, our federal experience has been that a period of approximately 60 to 90 days is generally required from the issuance of a request for proposal to the submission of our response to the request for proposal; that between 12 and 18 months elapse between the submission of our response and the agency's award of a contract; and that between four and 18 weeks elapse between the award of a contract and the commencement of facility construction or management of the facility, as applicable.

If the local, state or federal facility for which an award has been made must be constructed, our experience is that construction usually takes between nine and 24 months to complete, depending on the size and complexity of the project. Therefore, management of a newly constructed facility typically commences between 10 and 28 months after the governmental agency's award.

For the services provided by BI, local, state and federal experience has been that a period of approximately 30 to 90 days is generally required from the issuance of an RFP or Invitation to Bid, or ITB, to the submission of our response; that between one and three months elapse between the submission of our response and the agency's award of a contract; and that between one and three months elapse between the award of a contract and the commencement of a program or the implementation of program operations, as applicable.

The term of our local, state and federal contracts range from one to five years and some contracts include provisions for optional renewal terms beyond the initial contract term. Contracts can, and are periodically, extended beyond the initial contract term and optional renewal terms through alternative procurement processes including sole source justification processes, cooperative procurement vehicles and agency decisions to add extension time periods.

We believe that our long operating history and reputation have earned us credibility with both existing and prospective customers when bidding on new facility management contracts or when renewing existing contracts.

We also plan to leverage our experience and scale of service offerings to expand the range of public-private partnership services that we provide. We have engaged and intend in the future to engage independent consultants to assist us in developing public-private partnership opportunities and in responding to requests for proposals, monitoring the legislative and business climate, and maintaining relationships with existing customers.

**Facility Design, Construction and Finance**

We offer governmental agencies consultation and management services relating to the design and construction of new secure facilities and the redesign and renovation of older facilities including facilities we own, lease or manage as well as facilities we do not own, lease or manage. Domestically, as of December 31, 2020, we have provided services for the design and construction of approximately 57 facilities and for the redesign, renovation and expansion of approximately 78 facilities. Internationally, as of December 31, 2020, we have provided services for the design and construction of 11 facilities and for the redesign, renovation and expansion of two facilities.

Contracts to design and construct or to redesign and renovate facilities may be financed in a variety of ways. Governmental agencies may finance the construction of such facilities through any of the following methods:

- a one time general revenue appropriation by the governmental agency for the cost of the new facility;
- general obligation bonds that are secured by either a limited or unlimited tax levy by the issuing governmental entity; or
- revenue bonds or certificates of participation secured by an annual lease payment that is subject to annual or bi-annual legislative appropriations.

We may also act as a source of financing or as a facilitator with respect to the financing of the construction of a facility. In these cases, the construction of such facilities may be financed through various methods including the following:

- funds from equity offerings of our stock;
- cash on hand and/or cash flows from our operations;
- borrowings by us from banks or other institutions (which may or may not be subject to government guarantees in the event of contract termination);
- funds from debt offerings of our notes; or
- lease arrangements with third parties.

If the project is financed using direct governmental appropriations, with proceeds of the sale of bonds or other obligations issued prior to the award of the project, then financing is in place when the contract relating to the construction or renovation project is executed. If the project is financed using project-specific tax-exempt bonds or other obligations, the construction contract is generally subject to the sale of such bonds or obligations. Generally, substantial expenditures for construction will not be made on such a project until the tax-exempt bonds or other obligations are sold; and, if such bonds or obligations are not sold, construction and therefore, management of the facility, may either be delayed until alternative financing is procured or the development of the project will be suspended or entirely canceled. If the project is self-financed by us, then financing is generally in place prior to the commencement of construction.

Under our construction and design management contracts, we generally agree to be responsible for overall project development and completion. We typically act as the primary developer on construction contracts for facilities and subcontract with bonded National and/or Regional Design Build Contractors. Where possible, we subcontract with construction companies that we have worked with previously. We make use of an in-house staff of architects and operational experts from various service disciplines (e.g. security, medical service, food service, programs and facility maintenance) as part of the team that participates from conceptual design through final construction of the project. This staff coordinates all aspects of the development with subcontractors and provides site-specific services.

When designing a facility, our architects use, with appropriate modifications, prototype designs we have used in developing prior projects. We believe that the use of these designs allows us to reduce the potential of cost overruns and construction delays, thus controlling costs both to construct and to manage the facility. Our facility designs also maintain security because they increase the area under direct surveillance by correctional officers and make use of additional electronic surveillance.

**Competitive Strengths**

***Attractive REIT Profile***

We believe the key characteristics of our business make us a highly attractive REIT. We are in a real estate intensive industry. Since our inception, we have financed and developed dozens of facilities. We have a diversified set of investment grade customers in the form of government agencies which are required to pay us on time by law. Our occupancy rates have historically generated a stable and sustainable stream of revenue. The REIT structure also allows us to pursue growth opportunities due to the capital-intensive nature of our business.

***Long-Term Relationships with High-Quality Government Customers***

We have developed long-term relationships with our federal, state and other governmental customers, which we believe enhance our ability to win new contracts and retain existing business. We have provided secure management services to the United States Federal Government for 34 years, the State of California for 32 years, prior to the new California law AB 32 that went into effect on January 1, 2020 (aimed at phasing out public-private partnership contracts for the operation of secure facilities within California and facilities outside of the State of California housing State of California inmates), the State of Texas for approximately 33 years, various Australian state government entities for 29 years and the State of Florida for approximately 27 years. These customers accounted for approximately 73% of our consolidated revenues for the fiscal year ended December 31, 2020.

***Recurring Revenue with Strong Cash Flow***

Our revenue base has historically been derived from our long-term customer relationships. We have historically been able to expand our revenue base by continuing to reinvest our strong operating cash flow into expansionary projects and through strategic acquisitions that provide scale and further enhance our service offerings. Our consolidated revenues have grown to $2.4 billion in 2020. We expect our operating cash flow to be well in excess of our anticipated annual maintenance capital expenditure needs, which would provide us significant flexibility for the repayment of indebtedness and future dividend payments in connection with operating as a REIT.

***Sizeable International Business***

Our international infrastructure, which leverages our operational excellence in the U.S., allows us to aggressively target foreign opportunities that our U.S. based competitors without overseas operations may have difficulty pursuing. We currently have international operations in Australia, South Africa and the United Kingdom. Our international services business, including our facility construction and design business currently in Australia, generated approximately $227.5 million of revenues, representing approximately 10% of our consolidated revenues for the year ended December 31, 2020. Included in our international revenues in 2020, 2019 and 2018 are construction revenues related to the expansion of our Fulham facility in Victoria, Australia which are also presented in our Facility Design & Construction segment. We believe we are well positioned to continue benefiting from foreign governments' initiatives to enter into public-private partnerships for secure services.

***Experienced, Proven Senior Management Team***

Our Chief Executive Officer and founder, George C. Zoley, Ph.D., has led our Company for 36 years and has established a track record of growth and profitability. Under his leadership, our annual consolidated revenues from operations have grown from $207.0 million in 1997 to $2.4 billion in 2020. Dr. Zoley is one of the pioneers of the industry, having developed and opened what we believe to be one of the first public-private partnership secure services facilities in the U.S. in 1986. Our Chief Financial Officer, Brian R. Evans, has been with our Company for over 20 years and led our conversion to a REIT as well as the integration of our recent acquisitions and financing activities. Our top seven senior executives have an average tenure with our Company of over 10 years.

**Business Strategies**

***Provide High Quality, Comprehensive Services and Cost Savings Throughout the Corrections Lifecycle***

Our objective is to provide federal, state and local governmental agencies with a comprehensive offering of high quality, essential services at a lower cost than they themselves could achieve. We believe government agencies facing budgetary constraints will increasingly seek to outsource a greater proportion of their correctional needs to reliable providers that can enhance quality of service at a reduced cost. We believe our expanded and diversified service offerings uniquely position us to bundle our high quality services and provide a comprehensive continuum of care for our clients, which we believe will lead to lower cost outcomes for our clients and larger scale business opportunities for us.

***Maintain Disciplined Operating Approach***

We refrain from pursuing contracts that we do not believe will yield attractive profit margins in relation to the associated operational risks. In addition, although we engage in facility development from time to time without having a corresponding management contract award in place, we endeavor to do so only where we have determined that there is medium to long-term client demand for a facility in that geographical area. We have also elected not to enter certain international markets with a history of economic and political instability. We believe that our strategy of emphasizing lower risk and higher profit opportunities helps us to consistently deliver strong operational performance, lower our costs and increase our overall profitability.

***Pursue International Growth Opportunities***

As a global provider of public-private partnership secure services, we are able to capitalize on opportunities to operate existing or new facilities on behalf of foreign governments. We have seen increased business development opportunities including opportunities to cross sell our expanded service offerings in recent years in the international markets in which we operate. We will continue to actively bid on new international projects in our current markets and in new markets that fit our target profile for profitability and operational risk.

***Selectively Pursue Acquisition Opportunities***

We intend to continue to supplement our organic growth by selectively identifying, acquiring and integrating businesses that fit our strategic objectives and enhance our geographic platform and service offerings. Since 2005, and including the acquisitions of Community Education Centers, Protocol Criminal Justice, Inc., Soberlink, Inc. and the correctional and detention facilities of LCS Corrections Services, Inc. we have completed nine acquisitions for total consideration, including debt assumed, in excess of $2.0 billion. Our management team utilizes a disciplined approach to analyze and evaluate acquisition opportunities, which we believe has contributed to our success in completing and integrating our acquisitions.

**Intellectual Property and Patents**

We have numerous United States and foreign patents issued as well as a number of United States patents pending in the electronic monitoring space. These patents protect our intellectual property rights and provide us with a competitive advantage by seeking to prevent our competitors from duplicating our technology and/or products in the electronic monitoring line of business. The remaining duration of our patents range from 18 months to 20 years.